

Resilience for sustainable growth



In a year of global upheavals,
the constant has been
every 3Mer's will to
rise above.

Driven by scientific expertise, 3M India has embraced these challenging times with agility and resilience to deliver solutions that matter, uphold health and safety and nurture a more inclusive, sustainable world.



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Dear Shareholders,

It is my privilege to write to you again as the Chairman of 3M India Limited, and present to you the Annual Report of your Company's performance for the Financial Year 2019-20.

We are experiencing unprecedented times today. As I write this message, our economy is adapting to the dynamic challenges emerging out of the ongoing COVID-19 situation. With the onset of the pandemic, economies were forced to shut down which triggered a sharp global downturn and contraction. The outlook for the remainder of this financial year also remains very uncertain at this time. Realistic estimates by economy watchers such as International Monetary Fund (IMF) reveal the likely contraction of the global economy by 4.9% in FY 2020-21.

India's economy experienced a soft demand most of fiscal FY 2019-20 with fall in investment and domestic consumption and slow growth of agriculture and manufacturing sectors. The real GDP decelerated to its lowest in over six years in the third quarter of FY 2019-20. The outbreak of COVID-19 towards the last quarter of FY 2019-20 further aggravated the slowdown, impacting all sectors of the economy.

Coming out of a difficult year, and moving into an uncertain period, your Company registered a modest performance while focusing on strengthening the portfolio mix, maintaining fiscal prudence and cash flow management through most of FY 19-20. Your Company's revenue from operations on a standalone basis de-grew by 1.56% and on a consolidated basis de-grew by 1% for the financial year ended March 31, 2020. The operating margin on a standalone basis for the current year is 13.59% compared to 19.02% for the previous financial year and on a consolidated basis, it is 16.34% for the current year vs 18.75 % for the previous financial year.

COVID-19 brought with it several new and unprecedented challenges. I would like to commend the leadership and employees of your Company for a comprehensive response to the situation. Actions were undertaken to



Bharat D. Shah

Chairman

“Adversity is often the true test of character and it is the spirit of resilience that shines through tough times, time and again.”

protect employees and ensure business continuity through a smooth transition to work from home. Medical and safety products were prioritised to nodal government agencies and hospitals overcoming supply chain disruptions. The employees of the Ranjangaon plant were committed to support critical manufacturing lines to ensure essential supplies throughout the lockdown period. Humanitarian support was also extended to local communities affected by lockdown restrictions with timely food security initiatives.

Your Company's emphasis on sustainable growth was evident in the several CSR initiatives undertaken to support various causes under education, community and environment. The culture of the company continues to celebrate innovation, inclusivity and doing good, extending to all stakeholders.

We are looking at uncertain times ahead. I am confident of your Company's ability to adapt with resilient business models and financial strength, continuing to take advantage of emerging opportunities and offering differentiated value to customers.

On behalf of the Board of Directors of 3M India Limited, I want to thank you, our shareholders, for your trust and continued support. We are also very thankful to the various government agencies which extended their unstinting support through the year, and more specifically during the recent lockdown period to facilitate movement of essential commodities and critical staff members. I wish the 3M India team the very best to continue to operate safely and effectively manage the volatile period ahead of us.

Thank you.

Bharat D. Shah
Chairman of the Board
3M India Limited

Dear Shareholders,

It is my privilege to share my message and thoughts with all of 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 their support. It is my honour to present to you the Annual Report of your Company for the Financial Year (FY) 2019-20.

Through most of the year under review, the Indian economy remained soft compared to the prior financial year. This slowdown affected a number of sectors, and the government introduced several measures and monetary policies to boost investment and demand. However, in the last few days of FY 2019-20, the economy was further affected by the lockdown actions necessitated by the health challenges posed by COVID-19.

Our world is going through profound change as we live through uncertain times. Humbled by a global pandemic, we are learning to adapt to new challenges as they emerge. The onset of COVID-19 and its impact on the economy has been quite significant in recent months with various agencies projecting a contraction of the Indian economy in FY 2020-21.

FY 19-20 Performance

Your Company drew from its strengths in a diversified business portfolio to tide over the challenging external environment. This portfolio diversity enabled your Company to deliver a 2019-20 consolidated turnover which was almost flat (-1% growth) versus previous year, despite significant slowdown particularly in the automotive and manufacturing sectors. Profit after tax declined by 6.1% versus prior year. Your Company maintained a diligent focus on managing cash as liquidity pressures were felt in the market during the year.

Resilience to build a stronger future:

Your Company is guided by our aspirational vision:

3M Technology Advancing Every Company
3M Products Enhancing Every Home
3M Innovation Improving Every Life



Ramesh Ramadurai
Managing Director

“Guided by our culture of using science to create a positive world, for our customers and society at large.”

This vision combined with our fundamental strengths and competitive advantages provides us the strength to weather the current external challenges. They will give us the resilience not only to bounce back with strength, but also be resurgent in building for a bright future.

Customer at our core

We are guided by our culture of using science to create a positive world, for our customers and society at large. During the year under review, we delivered our performance through strong customer focus, innovation, geographic coverage and brand. In FY 2019-20, we added our third customer innovation center at Mumbai, in addition to our centers at Bengaluru and Gurgaon. Our customer innovation centers act as hubs to work collaboratively with our customers, partners and government policymakers. The Mumbai Innovation Center brings to life the diversity of 3M's expertise across markets to build a memorable brand experience.

Innovating for India

Over the years, it has been our endeavor to address the unique challenges of our customers in India with a science-based approach to problem solving, through new products and innovative business models.

- As road networks expand across the country, we embarked on a new business model to reach the fragmented rural road segment with an array of road safety solutions to build safer road infrastructure in rural areas.
- We enhanced penetration of new consumer products such as Scotch-Brite® broom and Silver Sparks scrub pad in Tier 2 and Tier 3 markets.
- We launched a national level nursing leadership awards program to recognize the contributions of nurses in India.
- Our India R&D team developed a coating technology for the Indian railways to reduce the temperature in passenger trains, which I am proud to share has earned an honourable mention in **Fast Company's World Changing Ideas** in the Energy category.

Building credibility and reputation

We are proud to share some of the noteworthy accolades we received during the year:

- a. Amongst the Top 100 companies for women in India by Working Mother and AVTAR.
- b. Gold award for Manufacturing Excellence by Frost and Sullivan for the 2nd year in a row
- c. Ranked 107th in Business Today's 2019 list of India's most valuable listed companies by market capitalisation.
- d. 3M Company worldwide was recognised for the seventh consecutive year by Ethisphere® as the World's Most Ethical Company, underscoring our unwavering commitment to ethical practices.

Responding with agility and resilience to COVID-19

Our organisational purpose and culture have empowered our employees to act in times of uncertainty and respond in the time of crisis. With the outbreak of the COVID-19 pandemic and subsequent lockdown restrictions, our priority was to safeguard the health and safety of our employees while ensuring business continuity with our customers. We were able to quickly adapt to working from home and it was heartening to see the symbiotic nature of our deep associations with our customers come to life during this difficult time.

As one of the premier manufacturers of critical and essential commodities, your Company rose to the occasion to serve the critical needs of the healthcare sector. Our manufacturing plant in Ranjangaon, Pune remained operational right through the lockdown period. We significantly increased the production of respirators and hand sanitisers, directing our supplies to a number of government and private healthcare providers, and nodal agencies in India.

The lockdown restrictions also brought to light the unfortunate plight of migrant workers with the disruption of operations in industrial areas. Our employees in Ranjangaon plant responded to the needs in our local village communities, supporting migrant workers and their families with close to 50,000 cooked

meals, and also with dry rations for local community kitchens to support another 90,000+ families.

We are grateful to the tremendous support received from various national, state and local government agencies, to facilitate movement of essential goods, as well as movement of essential workers to accomplish these tasks.

In the current scenario of a gradual and phased return to work, your Company continues to proactively engage with our customers to support them in critical areas of health, safety and hygiene. We are also continuing to monitor the government's focus on sectoral development and the impetus they are providing to revive those sectors. This will enable us respond to emerging opportunities and support our customers to meet their goals

A sustainable way forward

With the COVID-19 situation extending, sustainability of our economies and communities is absolutely critical. Your Company has built a strong foundation through sustained and scalable programs under our focus areas of education, community and the environment. Each of our programs are directly contributing to specific overarching goals laid out as per the 2030 UN Sustainable Development Goals. This holistic approach extends to the way we manage our manufacturing operations and develop new products.

The India market opportunity remains a very attractive one, despite the immediate challenges facing us. Your Company's broad portfolio acts as a buffer against volatility in any particular market and our ability to leverage global technology and apply to Indian market needs, uniquely position us to stay relevant to evolving customer needs.

I am grateful for the support and guidance from each of the members of our Board of Directors, led by our Chairman, Mr. Bharat Shah. Thank you, dear shareholders for your continued trust and confidence in your Company. I look forward to your sustained support as we emerge from this crisis, stronger and more resilient in the coming days.

Thank you.

Ramesh Ramadurai
Managing Director
3M India Limited

Creating a positive world through science

The diversity and depth of our technological expertise enabled us to apply our knowledge to develop solutions for markets on the upswing.

Some of our successes featured in this report show how science-backed, positive actions are solving problems for our customers as we expand our relevance across sectors.

PROCESS





Staying close to where our customers are

Customer Innovation Center, Mumbai

Innovation is often a co-created, collaborative process. All over the world, we stay close to our customers with labs and manufacturing sites located where our customers are. In this context, we inaugurated 3M's third customer innovation center at Mumbai. Through a re-imagined approach of focusing on market and industry trends, the space brings to life the diversity of 3M's expertise to our customers in an engaging way. Design is a prominent feature of the center, bringing in a refreshing storytelling format that enables visitors to see how science powers 3M innovations. The center serves as a hub to bring together our customers, partners and policymakers to foster collaboration and co-creation, thereby delivering value.



(This photograph was taken during pre-COVID-19 times)

Empowering transformation in the nursing community

3M Nursing Leadership Awards

Nurses are the backbone of any hospital, inspiring hope, warmth and a sense of ease amongst patients. 3M India's commitment to raise awareness on the immense contributions of the nursing community in India took a step further when we launched the first national awards program for nursing professionals in FY 2019-20. The awards recognise nurses for excellence in clinical practice, quality, safety, community outreach, service, leadership and innovation. The program saw a positive response in its first year of launch with over 150+ nominations from across 100+ hospitals in India. The awards program will enhance 3M's sustained engagement with the nursing community to build skills across ICU and operating room services departments of hospitals.



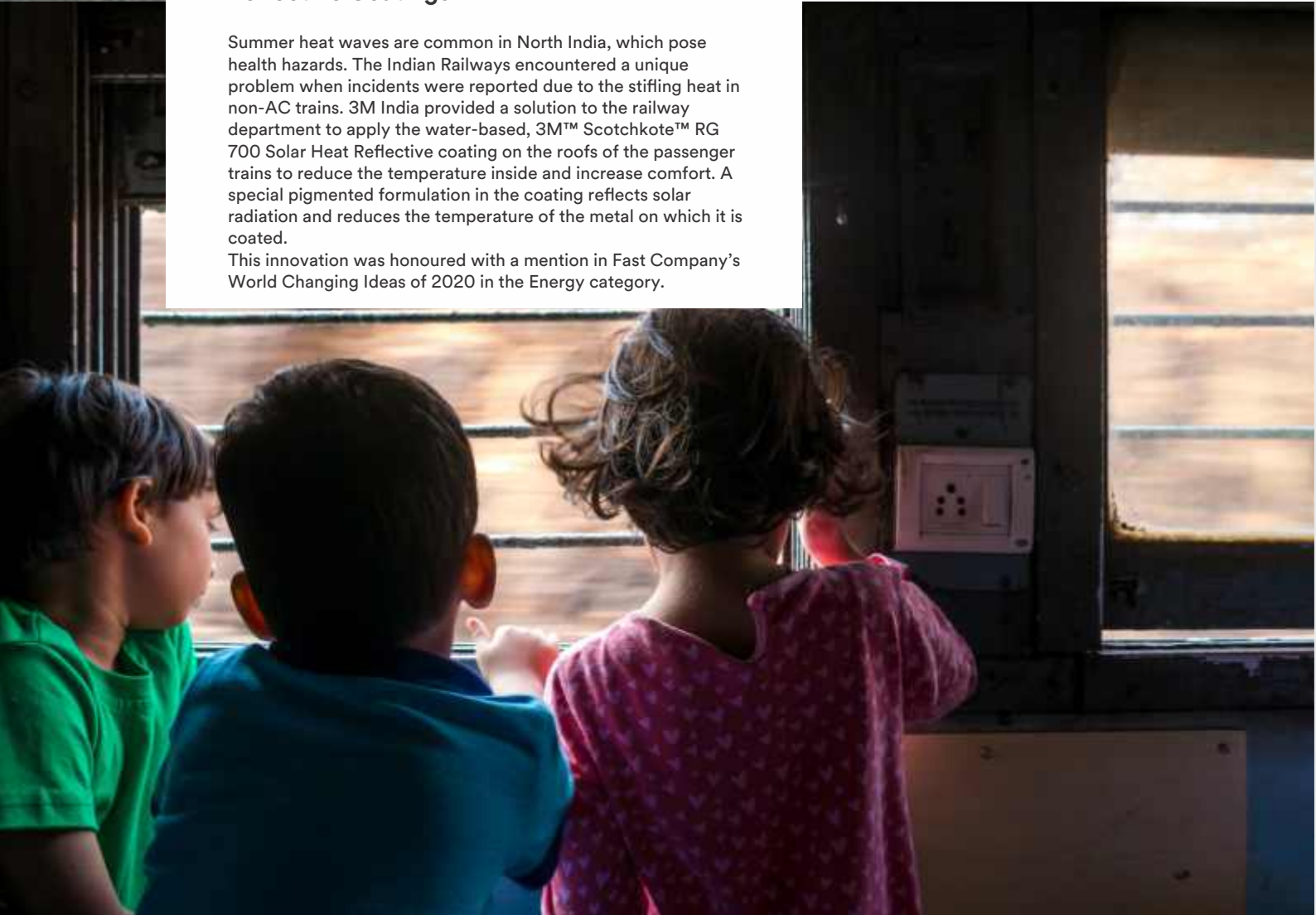


Cooler rail travels

3M™ Scotchkote™ RG 700 Solar Heat Reflective Coatings

Summer heat waves are common in North India, which pose health hazards. The Indian Railways encountered a unique problem when incidents were reported due to the stifling heat in non-AC trains. 3M India provided a solution to the railway department to apply the water-based, 3M™ Scotchkote™ RG 700 Solar Heat Reflective coating on the roofs of the passenger trains to reduce the temperature inside and increase comfort. A special pigmented formulation in the coating reflects solar radiation and reduces the temperature of the metal on which it is coated.

This innovation was honoured with a mention in Fast Company's World Changing Ideas of 2020 in the Energy category.





Brand India soars high

3M™ Aircraft Exterior Films and 3M™ Graphic Films

Graphics help tell stories. 3M graphics solutions have been draped on several surfaces and structures to enhance aesthetics in public spaces. In FY 2019-20, we embarked on an ambitious project to drape the country's national and state carriers to celebrate important milestones. On World Tourism Day, 3M™ Aircraft Exterior Films helped deliver the message of "Celebrating India" to the world, when it was draped on the national carrier. This highly specialised film was chosen for its superior performance under extreme conditions at high flying altitude. 3M™ Graphic Films were also applied on a special run of trains to celebrate Mahatma Gandhi's 150th anniversary and on the Karnataka State Transport tourist buses to wear a festive look during the annual Dussehra celebrations in Mysore.



Making inroads into the rural sector

3M™ Road Safety Solutions

With government focus on building rural roads, India's rural road network, which constitutes 80% of road length, is expanding. Road safety standards are not uniform and the fragmented network makes it difficult to penetrate.

3M India's mission to bring families home safe, gained momentum when we launched a first ever digital campaign to increase awareness about road safety solutions to the rural road sector. With "made in India for India" case studies on accident reduction, local product innovations and customer support tools such as Bill of Quantity calculator with specifications, the campaign was made relevant for Indian road safety stakeholders.



Science for a safer society

3M™ Anti Pollution Respirators, 3M™ N95 Respirators and 3M™ Endothermic Mats

3M solutions safeguard people's lives and critical assets everyday.

In FY 2019-20, our safety solutions addressed diverse needs of our customers such as protecting industrial employees from workplace respiratory hazards, keeping families safe against contaminants polluting the air we breathe and protecting critical infrastructure from fire hazards.



Breathe with protection

With each passing year, air pollution levels in the capital city reach hazardous levels. 3M™ Anti-Pollution respirators are helping people breathe safely offering protection against air-borne contaminants. In the age of pandemic infections, 3M™ N95 standard of respirators are protecting high risk workers from infections as they focus on saving lives.



Securing industrial assets from fire

The oil and gas industry operates in a hazardous environment with critical assets that need reliable protection. When an oil and gas refinery customer wanted to secure the perimeter against fire where critical signal cables had to be maintained below 100°C, we helped them with our fire safety solution, 3M™ Endothermic mats that completely shielded the cables from fire.

A playground to explore ideas in materials science

3M Design

3M Design Center at Bengaluru is one of five 3M design centers in the world with a mission to create meaningful brand experiences for our customers. Design is an enabler bringing the diverse portfolio of 3M solutions into a space where our customers can touch and feel various material finishes.

Many times, our customers are looking for solutions to transform experiences for end users. Through collaborative creativity, we connect market insights to their ideas opening up new possibilities for solutions.

An example of this approach is our collaboration with an automotive EV two-wheeler start-up that came to us to help them explore new surface finishes for electric two wheelers. Aimed at the environmentally conscious consumer, the design of the vehicle had to meet contemporary preferences. Our designers worked with their designers to explore new material applications on their vehicles, inspiring their creativity using our materials. Design thinking has enhanced our capability and problem solving, keeping our customers at the heart of the solution.



Crafting inclusive friendships during the Back-to-School Season

Post® it Notes and Scotch® products

Many underprivileged children in India miss out on a bright future because they are forced to drop out of school. A word of encouragement would make a world of a difference to motivate a child. During the Back-to-School season in FY 2019-20, we collaborated with our CSR partner, K.C. Mahindra Education Trust (for Project Nanhi Kali) and one of our key modern trade customers on a unique activation program to inspire consumers to contribute to the cause of the girl child education.

Through a nationwide campaign called "From You to Her", a child visiting any of our selected partner stores could wish a student supported under Project Nanhi Kali good luck for the new academic year, with a gift of a hand-made craft, and a personalised message. Several craft camps were conducted across select stores during the Back to School season. Crafts made by the metro city children were handed over to Nanhi Kali students, who in turn returned the gesture with a handmade thank you card.

Building resilience in our people

Our culture exemplifies who we are when we are at our best and challenge us to live and work even during uncertain times. We define our culture through five Culture Elements. Each element contains defining characteristics that we can incorporate in our behaviour and actions. Everything that we do, our successes and inspiration to overcome challenging situations, stem from the values we hold close to our heart - **keeping our customers at our core, innovating boldly, winning with agility, powered by inclusion and with unwavering integrity.**

Our culture



Customer at our core



Innovating boldly



Powered by inclusion



Winning with agility



Unwavering integrity

Our next generation of agile decision-makers are being nurtured through multi-dimensional programs that encourage holistic development and cross learning opportunities.

PEOPLE





Learning by creating impact

With creativity, collaboration and a shared sense of purpose, no problem is unsolvable. This mindset lies at the heart of a new initiative launched for 3Mers in India, called 3M Impact Local. This initiative was a part of the local deployment of 3M's global pro bono program for community outreach. Diverse teams spent four weeks collaborating with NGOs, social enterprises and educational institutions to design creative solutions for social issues as complex as disaster management, teacher training and agriculture.



Developing people leaders

Leaders are a key asset in driving employee experience and retention. We stepped up our supervisory programs in FY 2019-20 to reinforce the supervisor's role in employee engagement. A 3-day **Evolving Leader Program** was designed to groom strong people leaders for the future. Further enhancement included bringing our corporate programs from Franklin Covey to our senior leaders in India. These programs were further strengthened by 1:1 leadership coaching by 3M certified coaches and access to regional mentoring platforms.

Blending energy and development

The need for a holistic approach to development led to the creation of a unique program which blended learning with employee well-being. The Energy Audit initiative is an employee-focused program that helps 3Mers learn, reflect and take personal action on the four dimensions of Energy - Physical, Mental, Emotional and Spiritual.



Self-development through Virtual Learning

Investing in oneself has to be a self-sustaining habit. Our e-learning platform, **Develop U** is helping our employees stay relevant with functional and skill development options. The platform hosts a wealth of learning resources including live instructor led sessions, open to all employees for sign-ups. These international resources include topics like growth mindset, change agility, emotional intelligence etc., for our employees through byte-sized learning modules.



Resilience during COVID-19 times

As our society grapples with the pandemic crisis, 3M India's focus on the health and safety of our people and the markets we serve continue to reassure every life we touch.



Safeguarding our people

The health and safety of our employees was our top priority. Our pandemic preparedness plan was readied in February 2020 and we continued to adapt to the emerging situation with agility. We ensured our employees were equipped with personal protective equipment and sanitisers to stay safe. Isolation rooms in our offices were ready by early March.

When lockdown restrictions were put in place, we smoothly implemented Work-from-home (WFH) across India operations wherever feasible. A constant flow of communication on various critical information related to safety and health practices and government advisories was shared with our employees on a regular basis. Virtual engagement platforms enabled our employees to stay connected. There were campaigns to uplift employee morale and share positive messages of support as 3Mers stood together in solidarity.





Caring for our community

The onset of COVID-19 and subsequent lockdown restrictions exacerbated the economic situation, bringing to light the vulnerability of migrant workers and their families. We responded to the requests from local Panchayats in the Ranjangaon and Pune Chinchwad areas around our plants to help stranded communities with cooked food and dry rations. Over a month and half long initiative, our efforts helped secure their food needs with close to 50,000 cooked meals. Dry rations were also contributed to local community kitchens which supported the feeding of over 90,000 beneficiaries during the lockdown period.



Ensuring essential supplies for our citizens

As one of the leading manufacturers of respirators in the world, our products are being deployed to respond to the COVID-19 crisis. To ensure that our respirators and hand sanitisers reach frontline workers and our customers, we increased the production of respirators and hand sanitisers and prioritised their supply to government agencies, private hospitals and nodal agencies. For this critical operation, our plant in Ranjangaon, Pune was given special permission to operate as an essential facility during the lockdown. Our manufacturing employees supported the mission with their commitment to ensure the production of essential supplies. Our support staff went the extra mile to ensure the safety and hygiene protocols were followed in all our facilities and transport vehicles. Stringent care was taken to ensure adequate social distancing in the work areas, common areas including the transport buses. We worked closely with local and central government authorities to acquire necessary permissions to allow the movement of essential goods and people.



We are at our best when we come together around a common mission. This was evident in the way our entire global workforce came together with care and guidance supporting each other through this crisis, to ensure the health and safety of all our stakeholders.

Sustainable impact on our planet

Our vision to improve every life is reflected in our deep commitment to sustainability. As a science-based company, we proactively use science to design solutions that do more with less to advance a more circular economy, work with our customers to reduce their environmental footprint and collaborate with our communities to create a safer and healthier society.

Our actions are guided by three core pillars under our Sustainability Framework that guide business strategy and decisions where we can make impact.

Science for Circular

Design solutions that do more with less material, advancing a global circular economy.

Science for Climate

Innovate to decarbonize industry, accelerate global climate solutions and improve our environmental footprint.

Science for Community

Create a more positive world through science and inspire people to join us.

PLANET

Sustainability in our Manufacturing Operations

All our manufacturing sites have Environmental Management Systems certified to the new ISO 14001: 2015 standard. In FY 2019-20, we took an important step towards enhancing the way we measure the environmental impact of our operations. The GEMSA 2.0 (Global Environmental Management Self-Assessment) tool adopts a data driven approach, helping site personnel identify applicable requirements, assess environmental performance at the site, and prioritise areas for improvement.

Health & Safety

With our solutions, we endeavour to bring science and innovation to workplace safety, at the same time, we are always taking steps to further advance the safety, health, and well-being of our employees and our communities.



Waste

To reduce waste at source, we supply our manufacturing waste as an alternate fuel for use in the cement industry. With this, our carbon footprint has become smaller and with waste being co-processed, it does not exist in the environment and becomes a part of cement.



12%
waste reduction
(Kg/MT of production)

Water

Active monitoring, pressure gauges and flow reducers contribute to water savings at every 3M India location. With treated water recycled for cooling towers and horticultural initiatives within site premises, we are ensuring that we count for every precious drop.



53%
reduction in usage
(KL/ MT of production)

Energy & Climate

Conscious reduction in our consumption and adoption of alternate sources of energy to power our needs has helped reduce our overall energy consumption. 3M India uses green energy to power its manufacturing operations by up to 25%.



25%
green energy
powers 3M India
manufacturing operations

23%
emissions reduction
(MMTU/ MT of production)

24%
renewable energy
increase

Keeping our employees at the heart of our safety culture

Listening to our shop floor employees and ensuring appropriate follow-up actions help reduce significant injuries and events. In FY 2019-20, all our manufacturing and distribution centers administered an EHS Perception Survey and developed action plans to improve the safety culture of the organization.

To assure consistent reporting and metrics that meet global standards, 3M India follows the U.S. Occupational Safety and Health Administration (OSHA) record keeping rules and formulas to record and measure injury and illness rates worldwide.

Impact:
Zero Lost Time Accidents and Zero Level 2 Fires and Spills

Safety education in our communities

The Safety-on-Wheels, *Audhyogik Suraksha Rath* initiative launched in partnership with the Ministry of Labour & Employment and DGFASLI has been expanding its footprint across industrial clusters in the country. Over the year under review, our safety experts covered more than two and a half lakh workers across industries through training and education programs.

Impact:
2.5 Lakh safety professionals reached through the *Audhyogik Suraksha Rath* program.



Sustainable impact on society


Through our annual CSR investments, we strive to maximise our impact on our communities through scalable, sustainable initiatives anchored under three core areas of impact: Education, Community and Environment. We collaborate with multiple nonprofit partners to support long term objectives and offer our employees a chance to contribute through volunteering initiatives.

Putting the next generation in the driver's seat to create safer schools zones in India


Road safety is a public health issue as statistics show an alarming rise in road accidents in India. School zones are one of the busiest and most vulnerable areas in our cities. While children are the most vulnerable users, the solution for safer roads lies with them. What if the solutions came from children themselves?

In FY 2019-20, we progressed significantly in taking this education model to schools in major cities in India. YCARS – Young Change Agents for Road safety is a child-centric model that combines behaviour change and engineering improvements, enabling children to visualize a safe school zone through experiential learning. Recommendations by the children are vetted by 3M road safety experts and brought to life as a system of road safety signs and furniture to create safe school zones

The program resulted in:

Skilling
1,100+ 

children as young change agents for road safety

Installation of
7 

school zones in Bangalore and Pune



CSR 2019-20 : Impact report

Education

Helping our children and young people harness possibilities



Born Learning Program

Transforming government Anganwadis into holistic learning spaces for children below 6 years.

Bengaluru, Mumbai, Pune, Chennai, Delhi, Gurgaon, Kolkata, Ahmedabad

Impact
15,600+
 children reached
169
 Anganwadi centers



Project Nanhi Kali

Educating first generation girl children to ensure they stay in school.

Ambegaon, Pune

Impact
2,000
 girl children stayed in school



School Transformation Initiative

Enhancing learning environments in government schools through improved infrastructure for sanitation, drinking water and smart classrooms.

Bengaluru

Impact
 Infrastructure improvements in
10
 government schools impacting
2,000+
 Children



3M-CII Young Innovators Challenge Awards Program

Giving wings to India's young scientists and innovators .

Impact
30+
 young scientists and innovators awarded with grants till date

Community

Empowering the sustainability of our communities



3M Young Change Agents for Road Safety

Developing children as sensitive road users and change agents.

Bengaluru, Pune, Chennai, Delhi

Impact
1,100+
 young change agents for road safety
7 School zones



Project Pahal

Skills development of women community health workers .

Rajasthan and Uttar Pradesh

Impact
3,600+
 women community health workers trained in healthcare practices



Natural Disaster Relief

Rehabilitation of shelters in cyclone and flood affected areas.

Odisha and Karnataka

Impact
32
 house refurbishments

Environment

Empowering communities with access to clean water and energy resources



Urban Lake Rejuvenation

Revival and enhancement of bio diversity around Lake Singasandra.

Bengaluru

Impact
 Improved lake environment to benefit
70,000+
 residents



Rural Solar Electrification Initiative

Solar powered delivery of healthcare at Rural Primary. Healthcare facilities and supporting livelihoods .

Karnataka, Tamil Nadu and Maharashtra

Impact
12
 primary healthcare centres
 Livelihoods for
100
 microentrepreneurs

Financial highlights at a glance (standalone)

Summary of Information	12 months ended (April to March)															15 months ended (Jan to March)		
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16@	2016-17@	2017-18@	2018-19@	2019-20@	2019-20@	2019-20@	2019-20@	2019-20@	2019-20@	(₹ in Lakhs)	
Gross Sales*	111,740	123,489	147,123	165,250	181,809	192,790	222,376	245,785	258,040	280,876	276,488	276,488	276,488	276,488	276,488	276,488	276,488	276,488
Total Income	110,679	120,241	141,037	158,463	176,229	185,478	224,159	250,732	262,401	284,159	280,646	280,646	280,646	280,646	280,646	280,646	280,646	280,646
Profit Before Depreciation, Interest & Tax (PBITDA)	15,825	16,644	12,632	12,101	13,084	21,759	35,428	41,824	52,343	54,043	38,139	38,139	38,139	38,139	38,139	38,139	38,139	38,139
Profit Before Tax (PBT)	14,087	14,806	9,611	7,520	6,907	16,456	30,310	36,922	47,968	49,746	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040
Profit After Tax (PAT)	9,284	9,881	6,477	5,227	4,299	10,834	19,417	23,832	31,027	32,286	21,523	21,523	21,523	21,523	21,523	21,523	21,523	21,523
Net Fixed Assets	18,102	25,952	31,067	42,040	42,530	38,905	34,873	31,467	28,491	26,927	24,277	24,277	24,277	24,277	24,277	24,277	24,277	24,277
Share Capital	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51
Reserves & Surplus	42,933	52,813	59,291	64,517	68,816	79,645	97,681	121,513	152,540	184,827	206,350	206,350	206,350	206,350	206,350	206,350	206,350	206,350
Net Worth	44,059	53,940	60,417	65,644	69,943	80,772	98,807	122,638	153,666	185,953	207,476	207,476	207,476	207,476	207,476	207,476	207,476	207,476
Retained Earnings	9,284	9,881	6,477	5,227	4,299	10,834	19,417	23,832	31,027	32,286	21,523	21,523	21,523	21,523	21,523	21,523	21,523	21,523
Employee cost to sales	11.75	12.68	13.16	13.52	14.05	13.27	11.17	11.17	12.49	10.59	10.61	10.61	10.61	10.61	10.61	10.61	10.61	10.61
Net Deferred Tax Asset	827	640	440	906	1,289	966	837	780	1,135	2,347	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666
Capital Investment	5,473	10,293	9,668	12,899	4,759	1,472	1,387	1,412	1,641	3,084	1,984	1,984	1,984	1,984	1,984	1,984	1,984	1,984
Ratio Analysis																		
PBT to Total Income (%)	12.73	12.31	6.81	4.75	3.92	8.87	13.52	14.73	18.28	17.51	11.42	11.42	11.42	11.42	11.42	11.42	11.42	11.42
PAT to Total Income (%)	8.39	8.22	4.59	3.30	2.44	5.84	8.66	9.50	11.82	11.36	7.67	7.67	7.67	7.67	7.67	7.67	7.67	7.67
Return on Networth (RONW)(%)	21.07	18.32	10.72	7.96	6.15	13.41	19.65	19.43	20.19	17.36	10.37	10.37	10.37	10.37	10.37	10.37	10.37	10.37
Return on Capital Employed (%)	31.97	27.45	15.91	11.46	9.88	20.37	30.68	30.11	31.22	26.75	15.44	15.44	15.44	15.44	15.44	15.44	15.44	15.44
Return on Equity(%)	21.07	18.32	10.72	7.96	6.15	13.41	19.65	19.43	20.19	17.36	10.37	10.37	10.37	10.37	10.37	10.37	10.37	10.37
EPS	82.41	87.71	57.50	46.40	38.16	96.17	172.89	213.72	275.66	286.72	194.38	194.38	194.38	194.38	194.38	194.38	194.38	194.38
No. of shareholders	9,171	9,145	9,490	9,432	9,225	10,723	12,974	16,290	18,607	23,240	31,047	31,047	31,047	31,047	31,047	31,047	31,047	31,047

Notes/Glossary:

* Sales before Excise duty charged up to FY 2017-18.

@Ind AS

Previous year/period's figures have been regrouped/reclassified wherever necessary to ensure uniformity.

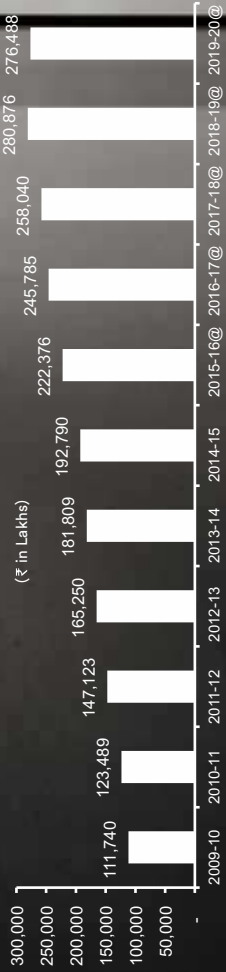
Net worth=Share Capital+ Reserves & Surplus

RONW=PAT/ Networth

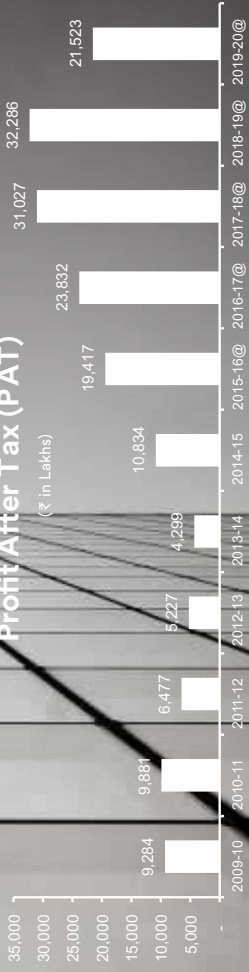
Return on Capital Employed(%)=PBT/Capital employed

Return on Equity=PAT/Networth

Gross Sales



Profit After Tax (PAT)



Profit Before Depreciation, Interest and Tax (PBITDA)



Reserves & Surplus



Profit Before Tax (PBT)



Net Worth



Board of Directors



Bharat D. Shah
Chairman, Non-Executive
Independent Director



Radhika Rajan
Non-Executive
Independent Director



B. V. Shankaranarayana Rao
Whole-time Director (up to May 13, 2020)

Committee Details

Key Managerial Personnel

Ms. Mamta Janak Gore	Chief Financial Officer
Mr. V. Srinivasan	Company Secretary and Compliance Officer

Audit Committee

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Ms. Radhika Rajan	Member
Mr. Jongho Lee	Member

Stakeholders Relationship Committee

Mr. Bharat D. Shah	Chairman
Mr. Biren Gabhawala	Member
Ms. Radhika Rajan	Member
Mr. Ramesh Ramadurai (from June 1, 2019)	Member

Corporate Social Responsibility Committee

Mr. Bharat D. Shah	Chairman
Ms. Debarati Sen (up to March 2, 2020)	Member
Mr. B.V. Shankaranarayana Rao (up to May 13, 2020)	Member
Mr. Ramesh Ramadurai	Member
Ms. Radhika Rajan (from May 30, 2020)	Member

Nomination and Remuneration Committee

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Mr. Amit Laroya	Member
Ms. Sadhana Kaul (up to May 5, 2020)	Member
Mr. Jongho Lee (from May 30, 2020)	Member

Risk Management Committee (from April 1, 2019)

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Ms. Radhika Rajan	Member
Mr. B.V. Shankaranarayana Rao (up to May 13, 2020)	Member
Ms. Sadhana Kaul (up to May 5, 2020)	Member
Mr. Ramesh Ramadurai (from June 1, 2019)	Member



Ramesh Ramadurai
Managing Director (from June 1, 2019)



Debarati Sen
Non-Executive Director (up to March 2, 2020)



Biren Gabhawala
Non-Executive
Independent Director



Jongho Lee
Non-Executive Director



Amit Laroya
Non-Executive Director



Sadhana Kaul
Non-Executive Director
(up to May 5, 2020)

Corporate Information

Bankers

BNP Paribas
Citibank N.A
Deutsche Bank AG
HDFC Bank Limited
ICICI Bank Limited
State Bank of India
The Hong Kong and Shanghai Banking Corporation Limited

Auditors

Messrs. B.S.R. & Co. LLP
Chartered Accountants
Maruthi Info-Tech Centre,
11-12/1, Inner Ring Road,
Koramangala, Bengaluru - 560071

Cost Auditors

Messrs. Rao, Murthy & Associates
Cost Accountants
Sampurna Chambers
No.13, 1st Floor-FF2
Vasavi Temple Road, V.V. Puram
Bengaluru- 560004

Secretarial Auditor

Mr. Vijayakrishna K.T.
No. 496/4, II Floor, 10th Cross,
Near Bashyam Circle, Sadashivanagar,
Bengaluru - 560080

Registrar & Transfer Agent

KFin Technologies Private Limited
(formerly Karvy Fintech Private Limited)
KFintech Selenium Tower-B,
Plot Nos. 31 & 32, Financial District,
Gachibowli, Nanakramguda,
Serilingampally Mandal,
Hyderabad- 500 032

Listing on Stock Exchanges

National Stock Exchange of India Limited (NSE)
(Code -3MINDIA)
BSE Limited (BSE) (Code - 523395)

International Securities

Identification Number (ISIN): INE470A01017

Corporate Identification Number (CIN):

L31300KA1987PLC013543

Website:

www.3m.com/in

E-mail id: investorhelpdesk.in@mmm.com

Address for correspondence:

Corporate Office,
Concorde Block, UB City,
24, Vittal Mallya Road,
Bengaluru - 560001

Taking Pride

Awards & Recognitions

Ethics & Compliance



3M Company was honoured as one of 8 companies in the industrial manufacturing category worldwide for the **World's Most Ethical Company®** recognition. We are proud to receive this for seven years in a row, an outcome of the collective efforts of 3Mers around the world.

Innovation



An innovation developed by 3M India Limited R&D lab, 3M™ Scotchkote™ RG 700 Solar Heat Reflective Coating, was conferred an honorary mention in **Fast Company's World Changing Ideas** in the Energy category.

Business Performance



3M India Limited was ranked 107th by market capitalisation, in **Business Today's BT500 India's Most Valuable Listed Companies**, an annual study that ranks listed companies on the basis of market capitalisation and other financial parameters.

Diversity & Inclusion



2019 Working Mother & AVTAR Best Companies for Women in India study recognised 3M India Limited as one of the **Top 100 Best Companies for Women in India**, for commitment to gender inclusive policies and initiatives.

Manufacturing Excellence



3M India Ranjangaon plant was awarded the **Gold Award for Manufacturing Excellence** by Frost & Sullivan for the second consecutive year.

Industry Recognition



3M India Limited was recognised on the occasion of **World Food Safety Day** for contributing to FSSAI standards, methods & capacity building activities .

Quality



3M India manufacturing plant at Electronics city received the **3M Corporate recognition for Quality** achievement for the eighth consecutive year.

Moving the world ahead through process, people and planet.



Glimpses from the pan-India volunteering impact day activities under 3M Sparsh, when 3Mers contributed time and skill to uplift the communities we live and work in.



3M INDIA LIMITED

CIN: L31300KA1987PLC013543

Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100
Phone: 080-22231414, Fax: 080-2223 1450, Email id: investorhelpdesk.in@mmm.com, Website: www. 3m.com/in

NOTICE TO MEMBERS

NOTICE is hereby given that the Thirty Third (33rd) Annual General Meeting (“AGM”) of the Company will be held at 3.00 P.M. IST on Wednesday, the August 26, 2020 over Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) in compliance with General Circular numbers 20/2020, 14/2020 and 17/2020 and all other applicable laws and circulars issued by the Ministry of Corporate Affairs (MCA), Government of India and Securities and Exchange Board of India (SEBI), to transact the following business:

ORDINARY BUSINESS:

Adoption of Standalone Financial Statements for the financial year ended March 31, 2020.

1. *To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*
“RESOLVED THAT the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, together with the Auditors’ Report thereon and the Board’s Report including Secretarial Audit Report be and are hereby received, considered and adopted.”

Adoption of Consolidated Financial Statements for the financial year ended March 31, 2020.

2. *To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*
“RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Auditors’ Report thereon be and are hereby received, considered and adopted.”

Re-appointment of Mr. Amit Laroya (holding DIN: 00098933) who retires by rotation.

3. *To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*
“RESOLVED THAT Mr. Amit Laroya (holding DIN: 00098933) Director, who retires by rotation at this Annual General Meeting, and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company.”

SPECIAL BUSINESS:

Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for the Financial Year 2020-21.

4. *To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*
“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof), the remuneration payable to Messrs. Rao, Murthy & Associates, Bengaluru (holding ICAI Registration No. 000065), Cost Auditors, appointed by the Board of Directors based on the recommendation of the Audit Committee of the Company to conduct the audit of the Cost records of the Company for the financial year 2020-21 amounting to Rs. 475,000/- (Rupees Four Lakhs Seventy-Five Thousand only) including applicable taxes and re-imbursment of out of pocket expenses incurred by them in connection with the audit of cost records, be and is hereby ratified and approved.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient in order to give effect to this Resolution.”

Approval of estimated Material Related Party Transactions for Three (3) Financial Years from April 1, 2020 to March 31, 2023.

5. *To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*
“RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modifications(s) or re-enactments(s) thereof, for the time being in force) consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (including any Committee thereof) to enter into material related party transactions with its Holding Company, 3M Company, USA and/or its group companies, being related parties as defined under regulation 2(1)(zb) of the Listing Regulations, over a period of three (3) financial years (being April 1, 2020 to March 31, 2023), for a total value of Rs. 1,647 Crores for the financial year 2020-21, Rs. 2,040 Crores for the financial year 2021-22 and Rs. 2,530 Crores for the financial year 2022-23.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient in order to give effect to this Resolution.”

By order of the Board

V. Srinivasan

Company Secretary

Membership No. A16430

Place : Bengaluru

Date : May 29, 2020

Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100

NOTICE TO MEMBERS

Notes to e-AGM Notice:

In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its Circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue for the calendar year 2020. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM herein after called as “e-AGM”.

1. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
2. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
3. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, August 21, 2020 to Wednesday, August 26, 2020 (both days inclusive).
6. The Shares of the Company are mandated by Securities and Exchange Board of India for trading in dematerialized form by all investors. Members holding Shares in physical form are advised to dematerialize their Shares to avoid the risks associated with the physical holding of such Share Certificates. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding Shares in physical form can submit their PAN details to the Company’s Registrar and Transfer Agent (R&T).
7. The Registrar and Transfer Agent: KFin Technologies Private Limited (formerly: Karvy Fintech Private Limited), KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032 is handling registry work in respect of Shares held both in physical form and in electronic/demat form.
8. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website at https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Kfin at <https://evoting.karvy.com>.
9. Members may refer Additional Information on Directors recommended for appointment / re-appointment under the provisions of Listing Regulations.
10. Members holding Shares in electronic form are requested to register their e-mail address with their respective Depository Participants and Members holding Shares in Physical form are requested to register their e-mail address with the Company’s Registrar and Transfer Agents and participate in the “Green initiative” launched by the Ministry of Corporate Affairs in future. As per rule 3 of Companies (Management & Administration) Rules, 2014, Registers of Members of all the Companies now should have additional details pertaining to e-mail, PAN / CIN, UID, Occupation, Status, Nationality. We request all the Members of the Company to update their details with their respective Depository Participants in case of Shares held in electronic form and with the Company’s Registrar and Transfer Agents in the case of physical holding immediately.
11. Members holding Shares in physical form are requested to notify to the Company’s Registrar and Transfer Agent of any change in their address and update their Bank account details. Members holding Shares in electronic form are requested to notify any change of address and update bank account details to their respective Depository Participants directly.
12. Pursuant to Section 72 of the Companies Act, 2013, Shareholders holding Shares in physical form may file nomination in the prescribed Form SH-13 with the Company’s Registrar and Transfer Agent. In respect of Shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

NOTICE TO MEMBERS

13. Electronic copy of the Notice of the 33rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting is being sent only to all the Members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection during normal business hours on all working days except Saturdays, up to and including the date of the Meeting.
14. *e-AGM*: The Company has appointed Messrs. KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.
15. Pursuant to the provisions of the circulars of AMC on the VC/OAVM(e-AGM):
 - a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required.
 - b. Appointment of proxy to attend and cast vote on behalf of the member is not available.
 - c. Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
17. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
18. Up to 1000 members will be able to join on a FIFO basis to the e-AGM.
19. No restrictions on account of FIFO entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
20. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
21. *Remote e-Voting*: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members through e-Voting agency Messrs. KFin Technologies Private Limited.
22. *Voting at the e-AGM*: Members who could not vote through remote e-voting may avail the e-voting system provided by Messrs. KFin Technologies Private Limited.
23. In line with the MCA Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively is also available on the website of e-voting agency Messrs. KFin Technologies Private Limited at the website address <https://evoting.karvy.com/>.

Procedure for obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios:

On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of e-AGM and e-Voting instructions only in electronic form to the registered email addresses of the shareholders. Therefore, those shareholders who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

- a. Those shareholders who have registered/not registered their mail address and mobile Nos. including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited in case the shares held in physical form.
- b. Shareholders who have not registered their mail address and in consequence the Annual Report, Notice of e-AGM and e-voting notice could not be serviced may temporarily get their email address and mobile number provided with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: <https://karisma.kfintech.com/emailreg> for sending the same. Shareholders are requested to follow the process as guided to capture the email address and

NOTICE TO MEMBERS

mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to einward.ris@kfintech.com.

- c. Shareholders may also requested to visit the website of the company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> or the website of the Registrar and Transfer Agent <https://evoting.karvy.com> for downloading the Annual Report and Notice of the e-AGM.
- d. Alternatively member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of e-AGM and the e-voting instructions.

Instructions for the Members for attending the e-AGM through Video Conference:

1. Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by Messrs. KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com/> and click on the “video conference” under shareholders/members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected.

Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.

2. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
3. Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. *AGM Questions prior to e-AGM:* Shareholders who would like to express their views/ask questions during the meeting may log into <https://emeetings.kfintech.com/> and click on “Post your Questions” in the window provided by mentioning the name, demat account number/folio number, email id, mobile number between 9.00 A.M. on Friday, August 21, 2020 to 5.00 P.M. on Monday, August 24, 2020. Please note that, only members questions will be answered, the shareholder continue to hold the shares as of cut-off date as on August 20, 2020 (Thursday).

As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name demat account number / folio number, email id, mobile number at investorhelpdesk.in@mmm.com. Questions /queries received by the Company till 5.00 p.m. on Monday, August 24, 2020 shall only be considered and responded during the AGM.

6. *Speaker Registration for e-AGM session:* Due to limitations of transmission and coordination during the Q&A session, the company may dispense with the speaker registration during the e-AGM conference. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM. In case of decision to allow the Q&A session in the meeting, members may log into <https://emeetings.kfintech.com/> and click on “Speaker Registration” by mentioning the demat account number/folio number, city, email id, mobile number and submit. The speaker registration will be available from 9.00 A.M. on Friday, August 21, 2020 to 5.00 P.M. on Monday, August 24, 2020.

Instructions for members for e-Voting during the e-AGM session:

1. Only those Members/ shareholders, who will be present in the e-AGM through Video Conference facility and have not casted their vote through remote e-Voting are eligible to vote through e-Voting in the e-AGM.
2. However, members who have voted through Remote e-Voting will be eligible to attend the e-AGM.
3. Appointment of proxy is not allowed for meetings through VC/OAVM. However, authorised representative of non-individual shareholders are allowed to vote.
4. The e-Voting “Thumb sign” on the left-hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the “instapoll” page.
5. Members to click on the “Instapoll” icon to reach the resolution page and follow the instructions to vote on the resolutions.

NOTICE TO MEMBERS

Instructions for members for remote e-Voting

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations and Secretarial Standards on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Thursday, August 20, 2020 i.e. the date prior to the commencement of Book Closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 A.M IST. on August 23, 2020 (Sunday) to 5.00 P.M. IST on August 25, 2020 (Tuesday). It is hereby clarified that it is not mandatory for a Member to vote using the remote e-voting facility, and a Member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below. The Company has engaged the services of KFin Technologies Private Limited (KFin) for facilitating remote e-voting for the Annual General Meeting. The Members desiring to vote through remote e-voting mode may refer to the detailed procedure on e-voting given hereinafter.

INSTRUCTION FOR REMOTE E-VOTING

- (a) Use the following URL for remote e-voting: From KFin website: <https://evoting.karvy.com>
- (b) Shareholders of the Company holding Shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
- (c) Enter the login credentials [i.e., user id and password mentioned in the Notice of the AGM]. The Event No+ Folio No/DP ID-Client ID will be your user ID.
- (d) After entering the details appropriately, click on LOGIN.
- (e) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$). The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (f) You need to login again with the new credentials.
- (g) On successful login, the system will prompt you to select the EVENT i.e., **3M India Limited** and click on SUBMIT.
- (h) Now you are ready for e-voting as "Cast Vote" page opens. On the voting page, the number of Shares as held by the Shareholder as on August 20, 2020 (Thursday) will appear. If you desire to cast all the votes assenting/dissenting to the Resolution, then enter all Shares and click FOR / AGAINST as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option ABSTAIN in case you wish to abstain from voting.
- (i) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- (j) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Shareholders can login any number of times till they have voted on the resolution.
- (k) Once the vote on the resolution is cast by the Shareholder, he shall not be allowed to change it subsequently.
- (l) The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 P.M. IST on the date preceding the date of the AGM. Accordingly, the Portal will be open for voting from 9.00 A.M IST. on August 23, 2020 (Sunday) to 5.00 P.M. IST on August 25, 2020 (Tuesday). The e-voting module shall be disabled by KFin at 5.00 P.M. IST on August 25, 2020 (Tuesday). During this period Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 20, 2020 (Thursday), may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting User Manual for Shareholders available at the download section of <https://evoting.karvy.com> or contact Mr. Rajeev Kumar of KFin Technologies Private Limited at 040-67161524 OR at Tel No. 1800 345 4001 (toll free).

NOTICE TO MEMBERS

- (n) The Company has appointed Mr. Vijayakrishna K.T, Practising Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner: provided that the Scrutinizer so appointed may take assistance of a person who is not in employment of the Company and who is well-versed with the electronic voting system.
- (o) The voting rights of the Shareholders shall be in proportion to their Shares of the Paid-up Equity Share Capital of the Company as on the cut-off date i.e. August 20, 2020 (Thursday).
- (p) The Members, whose names appear in the Register of Members / list of Beneficial Owners as on August 20, 2020 (Thursday), are entitled to vote on the Resolutions set forth in this Notice.
- (q) Any person, who acquires Shares of the Company and becomes Member of the Company after dispatch of the Annual Report and holding Shares as of the cut-off date i.e August 20, 2020 (Thursday), may obtain the login ID and password by sending an email to rajeev.kr@kfintech.com by mentioning their Folio No./DP ID and Client ID No. Else, if your Mobile number is registered against Folio No./DP ID-Client ID, the member may send SMS:MYEPWD <space> Event Number + Folio or DP ID Client ID to +91 9212993399.

Example for NSDL :MYEPWD <SPACE> IN12345612345678

Example for CDSL :MYEPWD <SPACE> 1402345612345678

Example for PHYSICAL :MYEPWD <SPACE> XXX1234567

However, if you are already registered with KFin for remote e-voting then you can use your existing user ID and password for casting your vote. If e-mail or mobile number of the member is registered against Folio No. /DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “forgot password” and enter Folio No. or DP ID Client ID and PAN to generate as password.

- (r) A Member may participate in the AGM through VC / OAVM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- (s) The Scrutinizer shall within 48 hours of the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman or designated Director or Key Managerial Personnel of the Company.
- (t) The Results shall be declared within 48 hours of the conclusion of AGM. The results declared along with the Report of the Scrutinizer shall be placed on the website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and on <https://evoting.karvy.com> immediately after the result is declared by the Chairman. The Company shall, simultaneously, forward the results to the Stock Exchanges where the Shares are listed.
- (u) In case of joint Shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (v) Institutional members (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., to the Scrutinizer through e-mail at vijaykt@vjkt.in. File naming convention should be ‘Corporate Name EVENT NO.’ The documents should reach the Scrutinizer on or before the close of working hours on August 25, 2020 (Tuesday).

Webcast facility

The Company is pleased to provide the facility of live webcast of the proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM at <https://emeetings.kfintech.com/> using their secure login credentials. Members are encouraged to use this facility of webcast.

Members who need assistance before or during the AGM, can contact at <https://evoting.karvy.com> or call KFin on 1800 345 4001 (toll free).

PROCEDURE FOR INSPECTION OF DOCUMENTS:

All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode, basis the request being sent on investorhelpdesk.in@mmm.com. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at <https://emeetings.kfintech.com/>.

NOTICE TO MEMBERS

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AS PER THE PROVISIONS OF LISTING REGULATIONS:

Item no. 3

In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, for the purpose of determining the Directors liable to retire by rotation, the Independent Directors and Whole-time Directors shall not be included in the total number of Directors of the Company. Mr. Amit Laroya, Non-Executive Director, shall accordingly retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. A brief profile of Mr. Amit Laroya, nature of his expertise in specific functional areas, names of companies in which he holds directorships, memberships of the Board's Committees, shareholding in the Company and relationships between Directors inter-se, as stipulated under the provisions of Listing Regulations are exhibited below:

Mr. Amit Laroya, Non-Executive Director (holding DIN-00098933): 55, started his career at Asian Paints and moved to 3M India in 1990 as the Division Head of Traffic, Safety and Security. He has held positions in 3M India as the Country Business Leader in Safety & Graphics, Industrial, Electro and Telecommunication in addition to being the first Master Black Belt for India region. He has also held positions as the M&A Manager for India region and General Manager of 3M Lanka. His previous assignment as the Managing Director of 3M Indonesia and 3M India Limited made him well suited to understanding emerging market needs. He also has a good understanding of global corporate strategies at 3M having recently worked in St Paul, USA, as the Global Director-for 3M Strategy & Corporate Development & the Director of International Strategic Planning & M&A. Mr. Amit Laroya is an Economics Honors graduate from the University of Delhi with MBA in Marketing and Finance from XLRI in India. He was Managing Director of the Company from October 1, 2013 to May 31, 2016. From June 1, 2016, he has been a Non-Executive Non-Independent Director of the Company. He was appointed as President and Managing Director of 3M Korea Limited from June 1, 2016 to December 31, 2019. From January 1, 2020 he is appointed as Vice President – Asia for Transportation and Electronics Business Group.

He is a Member of Nomination and Remuneration Committee of the Company. He does not hold any Shares in the Company. There are no inter-se relationship among the Board Members. Kindly refer to the Corporate Governance Report for the details of the Board/ Committee Meetings attended by Mr. Amit Laroya for the financial year 2019-20.

Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies including 3M India Limited – Nil.

List of Directorships held in other companies (excluding foreign, private and Section 8 Companies): Nil.

Expertise in specific functional areas: Mergers and Acquisitions, Finance and General Management of Business.

Remuneration last drawn (FY 2019-20) from the Company: Nil.

Remuneration sought to be paid from the Company: Nil.

The Board of Directors commends the Ordinary Resolution set out at Item no.3 of the accompanying Notice for approval by the Members.

Except Mr. Amit Laroya, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in Item no. 3.

This Explanatory Statement may also be regarded as a disclosure under Listing Regulations.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Following Explanatory Statements are furnished in respect of Special Business:

The proposed resolutions at items nos. 4 & 5 (Special Business) are considered unavoidable by the Board of Directors and has been included in the Notice convening the AGM. The Board recommends to the Members of the Company for their consideration.

Item no. 4

The Board of Directors of the Company at its meeting held on May 29, 2020 had on the recommendation of the Audit Committee, approved the re-appointment and remuneration of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (holding Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year ended March 31, 2021 for the products covered (as per the details below) as per the Companies (Cost Records and Audit) Rules, 2014, on an remuneration of Rs. 475,000/- (Rupees Four Lakhs Seventy-Five Thousand) plus applicable taxes and out of pocket expenses at actuals.

NOTICE TO MEMBERS

Sl. No.	Industry Covered	CTA Code	No. of Products
1	Drugs and pharmaceuticals	3004	2
		3005	4
		3006	1
2	Organic and Inorganic Chemicals, etc.,	3402	1
		3403	1
3	Insecticides	3808	1
4	Organic and Inorganic Chemicals, etc.,	3811	1
		3811	1
5	Plastic and Polymers	3901	1
		3904	1
		3907	1
		3919	1
		3920	1
		3921	1
6	Rubber and allied products	4015	1
7	Steel	7323	1
8	Electricals or electronic machinery	8544	1
9	Medical devices (Other)	9018	1
		9020	1

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors as set out in the Resolution for the aforesaid services to be rendered by them.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested financial or otherwise, in the Resolution set out at Item no.4.

Item no. 5

The Company is the flagship listed company of 3M Company, USA in India. 3M Company, USA holds approximately 75% Equity stake, with the balance of the outstanding Equity being held by public shareholders.

3M Company, USA is a diversified technology company with a global presence in the following businesses: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer. 3M and its group companies (e.g. subsidiaries, associate companies and joint venture companies) (3M Group) are among the leading manufacturers of products for many of the markets they serve. Most 3M products involve expertise in technology, product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technologically oriented companies.

The Company manages its operations in four (4) operating business segments: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer. The Company's four business segments bring together common or related 3M technologies which enhance the development of innovative products and services and provide for efficient sharing of business resources. The Company has three Manufacturing Plants and a nationwide sales and branch network in India.

In the ordinary course of its business, the Company enters into transactions for the sale and purchase of goods and raw materials with, for availing / rendering services from/to, and other commercial transactions with, the 3M Group, being related parties as defined under regulation 2(1)(zb) of the Listing Regulations, at arm's length basis. Among these related-party transactions, there has been an on-going intellectual property arrangement under which 3M Company, USA has granted the Company access to 3M Group's synergies, state of art products and technologies, competencies and "3M" and other 3M-owned brands which are very critical and essential for the Company to carry out its business operations and maximize its growth and performance in an increasingly global and competitive business environment. Absent such arrangement and the full performance of the duties and obligations thereunder by the Company, the Company would no longer have access to 3M products or technologies or the use of the "3M" and other 3M-owned brands. The Company continues to pay Royalty on net selling value based on the rates as under stipulated by RBI vide erstwhile Press Note 2 of 2003, despite relaxation of royalty rates.

NOTICE TO MEMBERS

Nature of Products/Services	Export (%)	Domestic (%)	Others (%)
3M India's Manufactured goods	8	5	Nil
3M Distributed products	2	1	Nil
3M Services	Nil	Nil	6

3M Company, USA is a Holding Company (Promoter) of the Company, and together with the other Members of the 3M Group are "Related Parties" as per the definition under Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The details of actual transactions with Related Parties during past three financial years are as under:

(Rs. in Crores)

Sl. No.	Nature of Transactions	Actual Value of transactions for the Financial year 2017-18	Actual Value of transactions for the Financial year 2018-19	Actual Value of transactions for the Financial year 2019-20
INCOME				
1.	Income from Contract Research	23.21	26.59	19.85
2.	Sale of Goods	16.28	26.97	22.19
3.	Re-charge of expenses	34.30	46.88	40.27
4.	Capital Goods (Sale)	0.05	-	-
Total		73.84	100.44	82.31
EXPENDITURE				
1.	Purchases of Materials	746.47	886.00	933.74
2.	Royalty	30.21	50.96	38.20
3.	Re-charge of expenses	4.39	9.51	4.35
4.	Corporate Management Fee	103.43	127.13	117.90
Total		884.50	1,073.60	1,094.19
Grand Total		958.34	1,174.04	1,176.50

As per the provisions of the Listing Regulations, based on past trends, the transactions as described hereunder are likely to exceed 10% of the annual turnover of the Company as per the last audited financial statements of the Company and may exceed the materiality threshold as prescribed by the Listing Regulations.

(Rs. in Crores)

Sl. No.	Nature of Transactions	Estimated value of transactions for the Financial year 2020-21	Estimated value of transactions for the Financial year 2021-22	Estimated value of transactions for the Financial year 2022-23
INCOME				
1.	Income from Contract Research	25	28	32
2.	Sale of Goods	51	57	65
3.	Re-charge of expenses received	52	62	74
Total		128	147	171
EXPENDITURE				
1.	Purchases of Materials	1,304	1,631	2,038
2.	Royalty	52	59	68
3.	Re-charge of expenses	6	7	7
4.	Corporate Management Fee	157	196	246
Total		1,519	1,893	2,359
Grand Total		1,647	2,040	2,530

NOTICE TO MEMBERS

Note: Whilst the approval of the Shareholders is being sought for the total value of RPT's, the value shown against various categories of nature of transactions are indicative and may vary inter se. However, the total value of RPTs will remain within the overall limit as may be approved by the Members.

Thus, in terms of the provisions of the Listing Regulations, these transactions would require the approval of the Members by way of an Ordinary Resolution.

As per the provisions of Listing Regulations, all entities falling under the definition of related parties shall abstain from voting on the Resolution and accordingly, the Promoter and other related parties will not vote on item No.5.

Particulars	Information
Description of the Related parties	3M Company, USA and other members of the 3M Group
Nature of relationship	Holding Company and its group companies (e.g. subsidiaries, associate companies and joint venture companies)
Period for which the Shareholders' approval is sought	April 1, 2020 to March 31, 2023
Nature and Particulars of transactions with 3M Company, USA and other Members of the 3M Group ("RPTs")	<i>Income:</i> Income from Contract Research, Sale of Goods, Re-charge of expenses received. <i>Expenditure:</i> Purchases of Materials, Royalty, Re-charge of expenses paid and Corporate Management Fee. These transactions are in the ordinary course of business and are on an arm's length basis.
Material terms of the RPTs	Terms and conditions are similar for all Members of the 3M Group throughout the world. Salient Terms are given in Annexure F to the Board's Report.
Duration of these RPTs have been continued from the past	These transactions have been undertaken since inception of the Company from time to time depending on the needs of business.
Estimated Monetary value of such RPTs	Considering the business phenomenon being dynamic and the nature of industry / business in which the Company operates, the Company expects the level of transactions with 3M Company, USA and other Members of the 3M Group to be above the materiality threshold as prescribed under the Listing Regulations. Therefore, the approval of the Members is sought for an aggregate value of transactions Rs. 1,647 Crores for the financial year 2020-21, Rs. 2,040 Crores for the financial year 2021-22 and Rs. 2,530 Crores for the financial year 2022-23.
Whether the transactions have been approved by the Audit Committee	Yes. The Audit Committee has granted omnibus approval as per the prevailing legal requirements. The proposed RPTs are in accordance with the RPT Policy of the Company.
Any other Information relevant or important for the Members to make a decision on the proposed transactions.	The details of Related Party Transactions are given in Note 33 to the Notes to the Standalone Financial Statements for the year 2019-20.

Considering the historical level of such transactions and anticipated growth, and current volatility in the business environment, where neither demand nor foreign exchange rates can be predicted in advance, the Company expects the level of transactions to be above the materiality threshold as prescribed under the Listing Regulations for the period for which the approval of Members is sought as stated above.

The proposed RPTs are in the ordinary and normal course of business and on arm's length basis and play a significant role in the Company's business operations and accordingly the Board recommends the Ordinary Resolution set forth in item No.5 of the Notice for the approval of the Members in terms of Regulation 23 of the Listing Regulations.

None of the Directors or Key Managerial Personnel of the Company except Mr. Jongho Lee, Mr. Ramesh Ramadurai and Mr. Amit Laroya (being Nominees of 3M Company, USA on the Board of the Company) and their relatives may be deemed to be concerned or interested, directly or indirectly, financial or otherwise in this Resolution.

By order of the Board

Place : Bengaluru
Date : May 29, 2020
Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100

V. Srinivasan
Company Secretary
Membership No. A16430

IMPORTANT INFORMATION AT A GLANCE:

Particulars	Details
Time and date of AGM	3.00 P.M. August 26, 2020 (Wednesday)
Mode	Video Conferencing /Other Audio-Visual Means
Link for participation through VC and webcasting	https://emeetings.kfintech.com
Helpline number for VC participation	https://evoting.karvy.com or call KFin on 1800 345 4001 (toll free)
Webcast and transcripts	https://emeetings.kfintech.com
Cut-off date for e-voting	August 20, 2020 (Thursday)
E-voting start time and date	9.00 A.M. August 23, 2020 (Sunday)
E-voting end time and date	5.00 P.M. August 25, 2020 (Tuesday)
E-voting website of KFin	https://evoting.karvy.com/
Name and contact details of Registrar and Transfer Agent and e-voting service provider	Mr. Rajeev Kumar KFin Technologies Private Limited Hyderabad 500 032. Email Id: rajeev.kr@kfintech.com Website: https://www.kfintech.com Ph: 040-67161524 OR at Tel No. 1800 345 4001 (toll free)
Contact details for obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios	https://karisma.kfintech.com/emailreg email id: einward.ris@kfintech.com
AGM Questions prior to e-AGM and Speaker Registration for e-AGM session start and end time and date	9.00 A.M. August 21, 2020 (Friday) to 5.00 P.M. August 24, 2020 (Monday)
Company's contact details	investorhelpdesk.in@mmm.com

NOTE TO MEMBERS

To the kind attention of the Members of the Company holding shares in physical form:

As you all aware, the shares of the Company are mandated by the Securities and Exchange Board of India (SEBI) for trading in dematerialized form by all Members. Members may please note that with effect from April 1, 2019, shares held in physical form cannot be transferred. Members in their own interest are requested to have their physical holdings dematerialized through a Depository Participant by opening a demat account.

We give below a brief overview of Depository, Depository Participants and Dematerialization (Demat) of Shares in order to encourage Members of the Company to convert their physical holdings to Demat form.

Depository/ Depository Participant:

A Depository can be compared to a bank. A Depository holds securities (like shares, debentures, bonds, Government Securities, units etc.) of Members in electronic form. Besides holding securities, a Depository also provides services related to transactions in securities. In India National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are the 2 Depositories.

A Depository interfaces with the members through its agents called **Depository Participants** (DPs). If a member wants to avail the services offered by the Depository, the member has to open an account with a DP. This is similar to opening an account with any branch of a bank in order to utilize the bank's services. NSDL/CDSL provides its services to members through its agents called Depository Participants (DPs).

These agents are appointed by NSDL/CDSL with the approval of SEBI. According to SEBI Regulations, amongst others, 3 categories of entities i.e. Banks, Financial Institutions and Members of Stock Exchanges [brokers] registered with SEBI can become DPs. You can get a list of DPs from NSDL's/CDSL's office or from their respective websites viz., at www.nsdl.co.in and www.cdslindia.com.

You can select your DP to open a Demat account just like you select a bank for opening a savings account. Some of the important factors for selection of a DP can be: *Convenience - Proximity to your office/residence, business hours; Comfort - Reputation of the DP, past association with the organization, whether the DP is in a position to give the specific service you may need? ; Cost - The service charges levied by DP and the service standards.*

You can approach any DP of your choice and fill up an account opening form. At the time of opening an account, you may have to sign an agreement with the DP in a NSDL/CDSL prescribed standard agreement, which details you and your DPs rights and duties. You will have to submit the documents relating to Proof of Identity, Proof of Address, Passport size photographs etc., with the prescribed account opening form.

Procedure and Benefits of Dematerialization (Demat) of shares are given below:

1. Demat is a process by which shares/securities held in physical form are cancelled and destroyed and the ownership thereof is retained in fungible form in a Depository by way of electronic balances.
2. The benefits of Demat are:
Elimination of bad deliveries; Elimination of all risks associated with physical certificates; No stamp duty on transfers; Immediate transfer and trading of shares; Faster disbursement of non-cash corporate benefits like rights, bonus etc.,; Periodic status reports and information available on internet; Ease related to change of address of member; Elimination of problems related to transmission of demat shares and ease in pledging the shares.
3. *Procedure for getting demat shares in the name of legal heirs in the event of death of sole beneficial owner with nomination:*
 - If the value of shares of the Company as on date of application is up to Rs. 5 Lakhs, the legal heirs should submit the following documents to the DP: *Notarized copy of the death certificate; Transmission Request Form (TRF); Affidavit- to the effect of the claim of legal ownership to the shares; Deed of indemnity – Indemnifying the depository and DP; NOC from legal heirs, if applicable or family settlement deed duly executed by all legal heirs of the deceased beneficial owner.*
 - If the value of the shares of the Company as on date of application is more than Rs. 5 Lakhs, the legal heirs should additionally submit one of the following documents to the DP: *Surety Form; Succession certificate; Probated will and Letter of administration.*

Members holding shares in physical form are advised to dematerialize their shares to avoid the risks associated with the physical holding of such share certificates.

SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent (R&T): KFin Technologies Private Ltd, KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032.

KPRISM – Mobile service application by KFin:

Members are requested to note that KFin has launched a mobile application – KPRISM and a website at <https://kprism.kfintech.com> for online service to Members. Members can download the mobile application and register themselves (one time) for availing host of services viz. view of consolidated portfolio serviced by KFin, dividend status, requests for change of address, change/update Bank Mandate. Through the Mobile application, Members can download Annual Reports, standard forms and keep track of upcoming General Meetings and dividend disbursements. The mobile application is available for download from Android Play Store. Members may alternatively visit the link <https://kprism.kfintech.com/app/> to download the mobile application.

REPORT OF THE BOARD OF DIRECTORS

To the Members of 3M India Limited,

Your Directors have pleasure in presenting the Thirty Third (33rd) Annual Report of the Company. The Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 are prepared in compliance with the applicable provisions of the Companies Act, 2013 including Indian Accounting Standards. The audited Standalone and Consolidated financial statements together with the Auditors' Report thereon form part of the Annual Report.

FINANCIAL HIGHLIGHTS – Standalone and Consolidated

(Rs. in Lakhs)

Particulars	Standalone			Consolidated		
	Year ended March 31, 2020	Year ended March 31, 2019	% age increase / decrease (-)	Year ended March 31, 2020	Year ended March 31, 2019	% age increase / decrease (-)
Revenue from Operations	276,487.73	280,875.97	-1.56%	298,655.09	301,682.24	-1.00%
Of which -Export Sales	2,210.14	2,602.22	-15.07%	2,409.49	3,068.18	-21.47%
Other Income, net	4,158.32	3,283.16	26.66%	4,589.56	3,683.12	24.61%
Total Income	280,646.05	284,159.13	-1.24%	303,244.65	305,365.36	-0.69%
Less: Expenditure	242,506.93	230,116.35	5.38%	253,688.61	248,123.58	2.24%
Profit before Interest and Depreciation	38,139.12	54,042.78	-29.43%	49,556.04	57,241.78	-13.43%
Less: Finance costs	361.11	109.18	230.75%	366.21	112.26	226.22%
Less: Depreciation and amortization expense	5,737.70	4,187.67	37.01%	5,933.25	4,375.63	35.60%
Profit before Taxation	32,040.31	49,745.93	-35.59%	43,256.58	52,753.89	-18.00%
Less: Tax expense	10,143.06	17,446.85	-41.86%	11,039.66	18,439.39	-40.13%
Profit for the year	21,897.25	32,299.08	-32.20%	32,216.92	34,314.50	-6.11%
Less:						
Profit from discontinued operations	-	-	-	-	91.07	-
Gain on disposal of discontinued operations	-	-	-	-	3,171.66	-
Tax expense of discontinued operations	-	-	-	-	(959.24)	-
Items that will not be re-classified subsequently to profit or loss	(374.23)	(12.77)	-2830.54%	(413.22)	(6.37)	-6386.97%
Total Comprehensive income for the year	21,523.02	32,286.31	-33.34%	31,803.70	36,611.62	-13.13%

DIVIDEND

Your Board of Directors approved the Dividend Distribution Policy on February 9, 2017 in terms of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The Policy was uploaded at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and the same is also annexed herewith as "Annexure J".

The Company remains invested in India and the areas of investment opportunity highlighted in prior years continue to hold good. However, this may happen with some lag as the economy gets back on the recovery trajectory after the impact of the recent COVID-19 pandemic. We remain responsible to our shareholders in the Company to maintain a strong balance-sheet during these uncertain times. For both of these reasons, the Company has decided to conserve and retain the earnings and is not proposing a dividend.

Transfer of dividend to the Investor Education and Protection Fund, if any: *NA*

TRANSFER TO RESERVES

As it has been decided to conserve and retain the earnings and, therefore, your Board does not propose to transfer any amounts to reserves.

STATE OF COMPANY'S AFFAIRS

Your Company delivered sustainable growth in a challenging economic environment with continued focus on quality of business, portfolio prioritization, fiscal prudence and discipline and a strong commitment to ethics and compliance. The Board is pleased to highlight that your Company focused on the following strategies which contributed to its positive performance.

REPORT OF THE BOARD OF DIRECTORS

- *Government and Infrastructure initiatives:* Government expenditure gained momentum in the FY 2019-20 and your Company aligned with national infrastructure initiatives through focused work on regulatory, helping in many cases to set national standards in areas such as safety and health.

Diverse Business Portfolios: Diversified business portfolios helped your Company tide through the downturn with growing coming from multiple segments such as consumer, healthcare, transportation and safety.

Digital acceleration: As Indian consumers purchase online; your Company focused several growth programs for ecommerce expansion with investment in consumer brands and distribution access to Tier B and C cities.

Fiscal Management: Your Company managed a strong cash position amidst the liquidity crisis in the country throughout the year and continued to invest in prioritized growth programs.

- During the quarter ended September 30, 2019, your Company decided to opt for the reduced tax rate @25.168 % (earlier rate @34.944%) permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.
- Your Company has been responding to the CoVID-19 pandemic through prioritizing supplies to the most critical areas, working with distributors and governments to ensure secure supply chains, not increasing the respirator prices as a result of the pandemic, published N95 respirator prices, support communities through aid for relief.
- The Company is continuing to adapt quickly to the current environment, with a focus on mitigating the near-term impact while positioning its businesses for success coming out of the crisis. Actions have been taken for protecting our employees and ensuring business continuity.
- Due to CoVID-19, all the three manufacturing plants of your Company were closed as per the directions from the Government of India and local administration from March 23, 2020 till May 3, 2020. However, respirators and sanitizers lines in Ranjangaon plant continued its manufacturing, since they were classified as essential commodities.
- It is quite unfortunate and sad that CoVID-19 has caused significant health concerns across the Globe and resulted in multiple deaths. Social distancing being the only and the first compulsory remedy, entire World was forced to observe Lockdown. Thanks to early initiatives taken, India declared Lockdowns. Your Company complied with the directions of the Government of India, the Government of Karnataka and the relevant authorities and strictly adhered to the Lockdown in its facilities and at all Offices. The employees, vendors, customers, outsourcing agencies, Consultants and other acquaintances had to suspend their operations almost fully. Considering the nature of operations of your Company, Work from Home concept was made applicable at all facilities.
- Throughout the lockdown period, our committed employees in our Ranjangaon plant operated the respirators, sanitizers and certain medical products lines, with very good on-ground support from the local authorities. We are very thankful for their commitment and contributions. During this period, we were able to increase the output of our respirators and sanitizers significantly through various productivity measures. All these three factories have gradually reopened. Since late March through this time, the other parts of our business were strongly impacted due to the lockdown. The future projections remain uncertain, and the Company has used best available internal and external information for our estimates. The Actual impact of the global pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and Globally.

The Company on a standalone basis de-grew by 1.56% at **Rs. 276,487.73 Lakhs** for the financial year ended March 31, 2020 compared to Rs. 280,875.97 Lakhs in the previous financial year. The Profit before Interest and Depreciation is **Rs. 38,139.12 Lakhs** compared to Rs. 54,042.78 Lakhs for the previous financial year. Profit before Tax is **Rs. 32,040.31 Lakhs** compared to Rs. 49,745.93 Lakhs for the previous financial year. The operating margin for the current year is **13.59%** compared to 19.02% for the previous financial year. Total Comprehensive Income is **Rs. 21,523.02 Lakhs** compared to Rs. 32,286.31 Lakhs for the previous financial year. Economic slowdown affected the topline growth and impairment in the carrying value of the investment in the subsidiary affected the bottom-line. Export Sales is **Rs. 2,210.14.14 Lakhs** for the financial year ended March 31, 2020 compared to Rs. 2,602.22 Lakhs in the previous financial year, a decrease of **15.07%**, due to less demand in the global market.

On a standalone basis, the Safety and Industrial business de-grew by **5.82%**; Transportation business de-grew by **0.24%**; Health Care business grew by **1.66%**; and Consumer business grew by **5.33%**.

The EPS (Basic and Diluted) of the Company for the financial year 2019-20 was **Rs. 194.38** per Share as compared to Rs. 286.72 per Share in the previous financial year, a decrease of **32.20%**. Detailed analysis of the performance has been discussed in the Management's Discussion and Analysis Section of the Annual Report.

Segment Change from April 1, 2019

3M's new Business group re-alignment was announced re-aligning from 5 (five) business groups to 4 (four). The new Business Groups are Safety and Industrial Business, Transportation and Electronics Business, Health Care Business and Consumer Business. This was a key first step for the Company in advancing 3M into the future and strengthen our ability to meet the fast-moving needs of the global

REPORT OF THE BOARD OF DIRECTORS

customers and markets. The new alignment is designed to leverage the Company's business transformation progress, accelerate growth and deliver greater operational efficiencies.

Your Company has also aligned the organization to the new Business Groups and position the organization for the future leading the local execution of go-to-market plans, building on strong relationships with customers and channel partners and representing the voice of customer for our markets.

Information Technology

Your Company operates an Information Security Management System (ISMS), mainly centered in the Head Office, St. Paul, USA, is certified to the requirements of ISO/IEC 27001:2013 and continue to meet the certification requirements since 2014. Enhancing and optimizing cybersecurity protection continue to be one of top priorities. A new SaaS security awareness tool with advanced features was deployed. This includes monthly phishing campaigns to all users globally, and monthly security awareness communication and training features. Yearly programme on renewing and testing the cybersecurity incident response process continued to ensure currency and adequacy. NIST CSF - The National Institute of Standards and Technologies, Cybersecurity Framework: provides a common language and lifecycle approach for understanding, managing, and expressing cybersecurity risks. It helps identify and prioritize actions for reducing risk, and helps align policy, business, and technology approaches to managing that risk. Your Company has implemented the Global Managed Print Services Program (also known as Output express) which is the strategic solution for the acquisition and use of imaging and printing hardware, services, and related accessories at 3M. It applies to office, lab and manufacturing areas in administrative buildings, lab buildings, plants, and sites such as sales Offices. 3M IT has been able to provide best of the IT Support during COVID-19 in the months of March and April 2020 across the Country by enabling Work from Home solution in terms of Connectivity, End User support and have a seam less IT Continuity Plan without affecting any business operations of the Company.

Supply Chain

- >90% fill rate for Modern trade customers; Sustenance of AOEM Scorecard and delivering expectations of all Customers.
- On Time In Full (OTIF) performance improved from 80% to 89%.
- Distribution Network Rationalization – No. of warehouses reduced from 6 to 5.
- Re-alignment of Supply Chain Planning structure with Asia COE; India benefiting through best practices deployment and regional team's support.

Contribution to Exchequer

During the financial year 2019-20, the Company has paid various taxes on account of its business/operation viz., VAT & CST, SGST, CGST, IGST, Direct Taxes and Customs Duty amounting to **Rs. 40,166.74 Lakhs** in aggregate.

Investments

Capital Investments during the financial year 2019-20 is **Rs. 1,983.52 Lakhs** (Net of capital work-in-progress and capital advances) (2018-19: Rs. 3,084.21 Lakhs).

INFORMATION ON THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JOINT VENTURE

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statement of the Subsidiary Company in Form AOC-1 is provided as "Annexure L" to this report.

3M Electro & Communication India Private Limited (3M E&C)

During the year under review, the revenue from operations of 3M E&C increased to **Rs. 22,221.45 Lakhs** in the financial year 2019-20 compared to Rs. 20,913.04 Lakhs in financial year 2018-19. The Profit before tax for the year financial year 2019-20 is **Rs. 3,226.27 Lakhs** as against Rs. 3,007.96 Lakhs in the financial year 2018-19. The Profit after tax for the financial year 2019-20 is **Rs. 2,329.67 Lakhs** as against Rs. 4,318.91 Lakhs in the financial year 2018-19. The Total Comprehensive Income was **Rs. 2,290.68 Lakhs** for the year 2019-20.

Highlights of 3M E&C:

- Electric vehicles sales, excluding e-rickshaws, in India grew by 20% in the FY 2019-20. The Company is finding opportunity for its products in Automotive Electrification (AE) space with its fully dedicated team working with battery pack manufacturers, start-ups in this segment, fleet owners, charging stations, Auto OEMs, Regulatory Bodies.
- In the year 2019, India became the world's second largest mobile phone producer. With the increasing demand for smartphones in India and favorable government policies, coupled with the implementation of the Phased Manufacturing Program (PMP) under

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which differential import tariffs are being imposed on mobile phone components in stages, are some of the reasons for this exponential growth of the mobile manufacturing sector in India. The Company has long been in the forefront as a material supplier to this segment globally and in India has very close engagement with all the leading OEMs and contract manufacturers.

In accordance with the third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report and Financial Statements of the Subsidiary Company for the financial year 2019-20 have also been placed on the website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

Scheme of Amalgamation between the Company and 3M E&C

The Board of Directors of the Company and 3M E&C, at their Meetings held on November 13, 2019 had approved the Scheme of Amalgamation ('the Scheme') of 3M E&C ('Transferor Company') with the Company under Section 233 of the Companies Act, 2013. The Appointed Date fixed under the Scheme was April 1, 2019. The Company sought approvals from Members and Creditors under Section 233(1)(b) of the Company's Act, 2013 by Special Resolutions through Postal Ballot notice dated January 21, 2020. The results of the voting by Postal Ballot were announced on February 28, 2020. As the Company did not get the requisite approvals of 90% of the total no. of Shares and 90% of the value (amount) of Creditors, the Scheme did not go through under Section 233(1)(b) of the Companies Act, 2013. The Company will go ahead with an alternate option under the Companies Act, 2013 for the merger going forward.

INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries and joint ventures are recognised at cost as per Ind AS 27. In March 2020, the World Health Organization declared COVID 19 to be a Pandemic. The Company adapted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has evaluated the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its Assets and Liabilities including investment in its subsidiary and its internal financial controls. In performing such assessment, the Company has applied assumptions, considered internal and external information up to the date of approval of the financial statements. The Actual impact of the global pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and Globally. The Company will continue to closely monitor any material changes to future economic conditions. Based on such assessment, the Company does not expect material impact on its carrying value of assets and liabilities other than the write down of the carrying value of its investment in its subsidiary. During the quarter and year ended 31 March 2020, the Company reevaluated the carrying value of its investment in its subsidiary (3M Electro & Communication India Private Limited) given the impact of the COVID 19 Pandemic on the current and future operations of the subsidiary. Based on its assessment the Company has recorded an impairment of Rs. 7,990 Lakhs to the carrying value of the investment in the subsidiary (please refer Note no. 6 from standalone financial statements).

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and/or commitments affecting the financial position of the Company since the close of the financial year and till the date of this report.

CHANGE IN THE NATURE OF BUSINESS

There were no changes in the nature of business during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report is annexed herewith as "Annexure A".

CORPORATE GOVERNANCE AND SHAREHOLDER INFORMATION

A separate Report on Corporate Governance in terms of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") along with Certificate from a Practising Company Secretary regarding compliance to the conditions stipulated under Chapter IV of the Listing Regulations is annexed as "Annexure B".

BUSINESS RESPONSIBILITY REPORT

A separate Section on Business Responsibility is annexed as "Annexure C" and forms part of this Annual Report as required under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

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EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

The Company has only one class of Share, i.e. Equity Share with a face value of Rs. 10/- each. The Authorized/Issued/Subscribed and fully Paid-up Share Capital as at March 31, 2020 is Rs. 11,26,50,700 (divided into 1,12,65,070 Equity Shares of Rs. 10/- each).

During the year under review, the Company has not issued Shares with differential voting rights nor granted Stock Options nor Sweat Equity.

LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the financial year 2020-21 to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) where the Company's Equity Shares are listed.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment and Re-appointment of Directors:

The following appointment and Re-appointment were made during the financial year till the date of the report:

- Based on the recommendations of the Nomination and Remuneration Committee and performance evaluation carried out, the Board at its Meeting held on February 11, 2020 approved the re-appointment of Mr. Bharat Dhirajlal Shah (holding DIN: 00136969) as an Non-Executive Independent Director for a second term of five (5) years with effect from March 27, 2020. Mr. Bharat Shah will be attaining the age of 75 years on February 18, 2022, during his tenure of re-appointment. The Members of the Company have approved his reappointment by way of a Special Resolution through Postal Ballot Notice dated February 11, 2020. The results of the voting by Postal Ballot were announced on March 26, 2020.
- Mr. Amit Laroya (holding DIN: 00098933) will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re- appointment. The details of Mr. Amit Laroya are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his re-appointment.

Resignation and Retirement of Directors:

The following mentioned details are resignation and retirement were received during the financial year until the date of the report:

- Ms. Debarati Sen (holding DIN: 05234667), Non-Executive Non-Independent Director resigned as Director of the Company from the closing hours of March 02, 2020 due to her global role, related travel and other commitments in the United States with her engagement with 3M Company, USA. The Board places on record its appreciation for the contributions made by her to the progress of the Company during her tenure as Director.
- Ms. Sadhana Kaul (holding DIN: 02589934), Non-Executive Non-Independent Director resigned as Director of the Company from the closing hours of May 05, 2020 as she had decided to pursue her career outside of 3M Group. The Board places on record its appreciation for the contributions made by her to the progress of the Company during her tenure as Director.
- Mr. B.V. Shankaranarayana Rao (holding DIN:00044840), Whole-time Director of the Company superannuated from the Company from the closing hours of May 13, 2020 after a long association of 30 years of service with the Company. The Board places on record its appreciation for the contributions made by him to the progress of the Company during his tenure as Chief Financial Officer and as a Director.

As at the financial year ended March 31, 2020, Mr. Ramesh Ramadurai, Managing Director, Mr. B.V. Shankaranarayana Rao, Whole-time Director, Ms. Mamta Janak Gore, Chief Financial Officer and Mr. V. Srinivasan, Company Secretary and Compliance Officer, are the Key Managerial Personnel of the Company.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Directors of the Company under the provisions of Section 149(7) of the Companies Act, 2013, that they meet the criteria of their Independence laid down under the provisions of Section 149(6) of the Companies Act, 2013 read with Listing Regulations. All the Independent Directors have also confirmed under Regulation 16(b) of SEBI (LODR) Regulations, 2015 that they are not Non-Independent Director of another Company on the Board of which any Non-Independent Director of the listed entity is an Independent Director.

DETAILS OF BOARD AND COMMITTEE MEETINGS DURING THE FINANCIAL YEAR

During the financial year ended March 31, 2020, four (4) Meetings of the Board were held. The date and number of Meetings attended by each Director / Committee Member along with other Committee Meetings details are furnished in the Corporate Governance Report.

REPORT OF THE BOARD OF DIRECTORS

COMPOSITION OF AUDIT COMMITTEE

As on the financial year ended March 31, 2020, the Audit Committee of the Company consisted of three (3) Non-Executive Independent Directors and one (1) Non-Executive Director and all of them have financial and accounting knowledge. The Members of the Committee are Mr. Biren Gabhawala (*Chairman*), Mr. Bharat Shah, Ms. Radhika Rajan, and Mr. Jongho Lee. The Board has accepted all the recommendations made by the Audit Committee during the year under review.

NOMINATION AND REMUNERATION COMMITTEE POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Policy for selection and appointment of Directors, Senior Management and for other employees and their remuneration. The same has been disclosed on the website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. The composition, criteria for selection of Directors and the terms of reference of the Nomination and Remuneration Committee is stated in the Corporate Governance Report.

ANNUAL BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and Directors pursuant to the requirements of the Companies Act, 2013, Listing Regulations and as per the Guidance Note issued by SEBI. Further, the Independent Directors, at their exclusive meeting held during the year, reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under the Listing Regulations. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

DETAILS OF REMUNERATION OF DIRECTORS

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as "*Annexure D*".

REMUNERATION RECEIVED BY MANAGING / WHOLE TIME DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY

During the year under review, no Commission or Remuneration was paid to the Executive Directors from Holding / Subsidiary Companies.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- (a) that in the preparation of the annual financial statements for the Financial Year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively;
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company's Internal controls is aligned to Global 3M's internal control over financial reporting which are based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Controls — Integrated Framework (2013). The internal controls framework essentially has two elements viz., (1) structures, policies and guidelines designed to achieve efficiency and effectiveness in operations and compliance with laws and regulations and (2) an assurance function provided by Internal Audit.

The Directors have laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding

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of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has in place adequate systems of internal controls commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

The Company, through its own Corporate Internal Audit Department, carries out periodic audits to cover all the offices, factories and key areas of business segments based on the plan approved by the Audit Committee and bring out any deviation to internal controls procedures. The Internal Auditor functionally reports to the Audit Committee and administratively to the Managing Director. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

DISCLOSURE REGARDING FRAUDS

During the year under review, there were no frauds reported by the Auditor to the Audit Committee or to the Board.

DEPOSITS

During the year under review, the Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any Loans, provided any guarantees or made any Investments covered under Section 186 of the Companies Act, 2013 except for the investments made during the financial year 2018-19 for the acquisition of all the outstanding shares of 3M Electro & Communication India Private Limited for Rs. 58,470 Lakhs.

RELATED PARTY TRANSACTIONS (RPTs)

All RPTs which were entered in to, during the financial year were on an arm's length basis and were in the ordinary course of business. All RPTs are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are foreseeable and repetitive in nature. A statement exhibiting details of all actual RPTs versus the approval is placed before the Audit Committee for approval on a quarterly basis. A Policy on RPTs as approved by the Board is uploaded on the Company's website at https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/.

The Company being a part of 3M conglomerate, has rights to carry out the business within India and accordingly, has access to Group's synergies, state of the art products and technologies, competencies and "3M" brand name which are very critical and essential to carry out its business operations more efficiently in an increasingly globalized and competitive scenario. As a part of its regular business, the Company purchases, avails/renders services from/to 3M Company, USA and/or its group companies at arm's length basis.

As per the provisions of the Companies Act, 2013 and Listing Regulations, all RPTs require approval of the members by an Ordinary Resolution. Based on past trend, the transactions for the Financial years 2020-21, 2021-22 and 2022-23 are likely to exceed 10% of the annual turnover of the Company as per the last Audited Financial Statements of the Company and may exceed the materiality threshold as prescribed under the provisions of Listing Regulations. Thus, in terms of Listing Regulations, these transactions would require approval of the Members.

The RPTs are necessary, normal to business, play a significant role in the Company's business operations and also form integral part of the Company's business. An analysis of all the RPTs entered into / by the Company and the basis of charge was undertaken through a third-party professional firm.

The Company proposes to seek the approval of the Members for all material RPTs for the estimated/proposed transactions for three financial years from April 1, 2020 to March 31, 2023. The estimated/proposed RPTs are in the Ordinary and normal course of business and on Arms' Length basis and accordingly the Board recommends the Ordinary Resolution set forth in the Notice for the approval of the Members. Form No. AOC-2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith as "Annexure E".

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its initiatives under CSR, the Company has undertaken projects in the areas of Education, Community and Environment. These projects are in accordance with Schedule VII to the Companies Act, 2013.

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Education:

School Readiness Program (Anganwadi):

The Company continued to support the School Readiness initiative in partnership with United Way of Bengaluru to transform Anganwadis under the ICDS program of Government of India to ensure well rounded development of children under the age of 6, to be ready for School. This is a national program covering 130 centers and is improving the lives of over 15,000 children below the age of 6 years. In its third year of intervention, during FY 2019-20, the program expanded its activities in Anganwadi centers in 8 cities - Bangalore, Pune, Chennai, Delhi, Gurgaon, Kolkata and Ahmedabad and Mumbai. The third year focused on stabilizing the program at all locations with uniform interventions and project achievements including the development of qualitative aspects such as learning outcomes and School readiness among children and community mobilization with the mothers' groups' active engagement at Anganwadi centers. This program is working towards achieving the Sustainable Development Goal (SDGs) and to ensure inclusive and equitable quality education and promotion of lifelong learning opportunities for all.

Project NanhiKali: Educating the Girl Child:

The Company partnered with K.C. Mahindra Trust to sponsor the education of 2861 girl students from grades 1st to 5th and secondary schools in the rural district of Ambegaon in Pune. This is the second year of intervention. The program targets first generation learners who attend Academic Support Centers at Government schools where the students improve their proficiency in English, Mathematics and the local language. NanhiKalis in secondary school are provided with tablets pre-loaded with audio-visual educational content to enhance their learning of concepts in Mathematics and English. The program works to ensure that the NanhiKalis stay in school and improve their learning levels as they continue their education.

3M-CII Young Innovators Challenge Awards Program:

The Company is committed to building a community of young innovators who are at the early stage of launching their next generation of sustainable solutions to solve key socio-economic problems. The 6th edition of the Young Innovators Challenge in partnership with the Confederation of Indian Industry (CII) was completed with close to 1000 idea submissions. The four-stage selection process shortlisted 59 semi-finalists, 18 finalists and 7 winning ideas received grants from the Company to further their prototypes. The winners were felicitated at the 14th CII India Innovation Summit.

School Transformation with Smart Classrooms:

The Company supported the school transformation initiative with YUVA Unstoppable in 10 Government Schools in urban and semi-urban areas of Bangalore. The project undertook the building of new infrastructure in the schools around drinking water facilities, sanitation, and hygiene (WASH) amenities to empower children. The project also includes the setting up of the infrastructure for smart classrooms using multimedia technology. This in turn leads to improved student attendance and enrolment ratios in the schools.

Community:

Project Pahal: Skill Development of Community Healthcare Workers:

In line with the Government's priorities towards preventive and promotive health, the Company partnered with various organizations including GE Healthcare and IPE Global to participate in a skilling initiative to empower women community health workers. The Company continued to support Phase 2 of the skilling program which scaled up to train up to 4000 Community Health Workers across Uttar Pradesh and Rajasthan. Over 3600 women Community Health Workers from the Merry Gold Network were mobilized to participate in a 4-day training program with curriculum and teaching aids. The training batches were conducted in over 40 districts and towns across 2 northern states in India – Rajasthan and Uttar Pradesh. The health care workers were on topics like Hand Hygiene, Wound Management and Cleaning/ Disinfection which were interwoven into the course curriculum. Members of the Professional Services and Sales teams volunteered their time to conduct trainings to the master trainers of the project.

3M Young Change Agents for Road Safety Program:

To harness the learning of children at a young age on road safety awareness, the Company continued to support the initiative to educate school children with essential skills to become sensitive, safer road users, in the future. The 3M Young Change Agents in Road Safety (Y-CARS) was launched across schools in Pune, Bangalore, Chennai and Delhi. The program was introduced in partnership with the school management through a combination of workshops, road & road behavior observation and online modules. Through the program, children became observers of the road safety elements around their school and provided an audit of how safe the school is, through a guided process. The observations from the children were collated into a School Safe Zone Design which were implemented through road safety improvements to create Safe School Zones by the Company. At the end of this program, children received a certificate while taking a pledge as Young Change Agents for Road Safety committed to spread the learnings to their families and friends.

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Flood & Cyclone rehabilitation in Odisha and North Karnataka:

During the unprecedented floods that affected several parts of North Karnataka and the cyclone that hit districts of Odisha, the Company responded to these natural disasters with a Rehabilitation Program to support the families with shelters and strengthen healthcare centers in the areas affected.

Environment:

Rejuvenation of Lake Singasandra:

To address the issue of rapid depletion of water bodies in the city of Bangalore, the Company supported the rejuvenation of one of the many lakes in the city - Singasandra Lake, situated in Bommanahalli Zone, in Singasandra, Bengaluru and spread over 11 acres. The state of the lake, before the intervention was left wanting in many ways. Lake restoration activities were taken up in partnership with United Way of Bengaluru and BBPM. The rejuvenation activities included ensuring that the lake was free from garbage, effluents and other pollutants, thereby restoring water quality and the aquatic species. Solar lamps, benches, waste bins including e-waste bins have been installed around the lake. Over 5000 bio-diverse saplings were planted to increase the flora around the lake. Plans have been put in place to set up a children's park area and an outdoor gym to encourage greater community participation.

Solar Electrification of Rural HealthCare Centers and Powering Livelihoods:

The Company supported Selco Foundation to enhance livelihoods and strengthen rural primary health care centers through solar electrification. Through the programme 12 primary health centers or sub-centers in the states of Karnataka, Tamil Nadu and Maharashtra will have access to a reliable clean energy solution. The projects can impact about 1,50,000 end users who will avail health services at these centers. Project will include the installation of solar panels, batteries and energy efficient appliances based on the requirement of the individual health center. Through the programme 100 micro entrepreneurs will have access to a clean energy-based livelihood solution through include energy efficient appliances like sewing machines, photocopy machines, milking machines, blowers, roti making machines etc. which are powered through a solar system including solar panels and batteries.

The Annual Report on CSR activities is annexed herewith as "Annexure F".

DETAILS OF REMUNERATION OF EMPLOYEES

Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement showing details of top ten (10) employees in terms of remuneration drawn during the financial year and other employees of the Company employed throughout the year and employees employed for part of the year who were in receipt of remuneration of Rs. 1.02 Crores or more per annum and Rs. 8.50 Lakhs or more per month respectively is annexed herewith as "Annexure G."

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 is annexed as "Annexure H".

RISK MANAGEMENT POLICY

The Company has a Risk Management Policy pursuant to the requirements of Listing Regulations. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed during the financial year by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has an effective vigil mechanism by way of Business Conduct Concern Reporting Policy (Whistle Blower Policy) for upholding 3M's Code of Conduct. The details of the said Policy are stated in the Corporate Governance Report and also available on the website of the Company https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/.

STATUTORY AUDITOR

Messrs. BSR & Co. LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration No. 101248W/W-100022) were appointed as the Statutory Auditor of the Company at the 29th Annual General Meeting held on August 5, 2016 to hold office for a period of five (5)

REPORT OF THE BOARD OF DIRECTORS

years from the conclusion of the 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting to be held in the year 2021, subject to ratification of their appointment by the members at every intervening Annual General Meeting held thereafter.

The requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Hence the Resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Mr. Vijayakrishna K.T, Company Secretary in practice to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Report of the Secretarial Audit Report is annexed herewith as "Annexure I". SEBI vide its Circular no. CIR/CFD/CMD1/27/2019 dated February 8, 2019 has mandated all the Listed entities having its Equity Shares Listed on the Stock Exchange(s) to obtain the Annual Secretarial Compliance Report in the prescribed format from a Practising Company Secretary (PCS) from the financial year ended March 31, 2019 onwards and the Report should be submitted to the concerned Stock Exchanges within 60 days from the end of the financial year and be included in the Annual Report. The Annual Secretarial Compliance Report from Mr. Vijayakrishna K.T is annexed herewith as "Annexure I-1" which was filed with the Stock exchanges within the prescribed time limit.

EXPLANATIONS IN RESPONSE TO AUDITORS' QUALIFICATIONS

During the year under review, there were no qualifications, reservations or adverse remarks made by the Statutory Auditors / Secretarial Auditor in their respective Reports.

COMPLIANCE WITH SECRETARIAL STANDARDS

During the financial year 2019-20, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual return in Form MGT 9 is annexed as "Annexure K".

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy is available on the website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment.

Status of Complaints during the FY 2019-20:

1. Number of complaints of sexual harassment received in the financial year (April 1, 2019 to March 31, 2020): **None**
2. Number of complaints disposed off during the financial year: **NA**
3. Number of cases pending for more than 90 days: **NA**
4. Number of workshops or awareness programmes carried out in connection with sexual harassment: **11**
5. Remedial measures taken by the Company: **NA**

HUMAN RESOURCES

During the financial year, the Company took many initiatives to increase organizational capability and productivity to be value driven and future ready. As at March 31, 2020, the Company had employee strength of **1,277** personnel.

COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the cost audit records maintained by the Company in respect of the products covered under the said rules are required to be audited by a Cost Accountant. Accordingly, the Board of Directors of the Company at its Meeting held on May 29, 2020 on the recommendation of the Audit Committee, approved re-appointment of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (holding Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year ended March 31, 2021 at a remuneration

REPORT OF THE BOARD OF DIRECTORS

of Rs. 475,000/- (Rupees Four Lakhs Seventy Five Thousand only) plus taxes as applicable and out of pocket expenses at actuals. The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members at the General Meeting for their ratification. Accordingly, a resolution seeking ratification of the remuneration payable to Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru is included in the Notice convening the Annual General Meeting.

Disclosure on Cost Audit: For the financial year ending March 31, 2019, the Cost Audit Report submitted by Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, was filed with the Ministry of Corporate Affairs on September 9, 2019 vide SRN H87887550, well within the due/extended date.

OTHER DISCLOSURES

During the financial year under review, the Company:

- a. has not bought its own Shares nor has given any loan to the employees (including KMPs) of the Company for purchase of the Company's Shares, and,
- b. has not issued any Shares to trustees for benefit of employees.

ENVIRONMENT, HEALTH AND SAFETY

Your Company is rooted in scientific exploration and the belief that every problem has a solution, your Company is applying technological expertise to help in solving some of the world's biggest challenges on raw materials, water, energy and climate and health and safety. Global health and safety issues are prevalent in workplaces around the world. Creative innovation, technology, education, and collaboration are all critical if once has to tackle these human health and workplace safety concerns.

The Company also embraces this commitment for its own operations, and to that end, will continue to take steps to protect the most important asset – 3M employees.

Environment

The Company has three (3) Manufacturing Plants in operation in India and all three plants have Environmental Management Systems certified to new ISO 14001: 2015 standard. In 2019-20 GEMSA 2.0 (Global Environmental Management Self-Assessment) was launched. GEMSA 2.0 helps 3M personnel identify applicable requirements, assess environmental performance at 3M facilities, and prioritize areas for improvement. Data so entered by site is taken and evaluated and a score card is issued for individual site level.

Sustainability is at the core of what the Management does at 3M and is committed to improving the business, the planet and every life. Looking at Sustainability in terms of shared global needs:

Our commitment

The challenges that the Company tackles for a sustainable future don't always follow clear rules or methods —but the it knows science can help to tackle them. 3M is looking at ways to build purpose into leadership and talent development across the Company, to recognize business opportunities that help the Company grow while addressing societal issues. Your Company cut across industries to collaborate with suppliers, customers, and communities by working together toward building a more resilient world.

Raw materials

As more resources are consumed by an ever-growing population, it is imperative that product design and manufacturing processes consider the ecological impact during life and after end-of-life. 3M's edge begins with well-established safe ecological practices. Today, this is manifest in improved raw material usage, recyclable and sustainable innovations that the Company is empowering lives with.

Waste

Global target for waste has been to reduce manufacturing waste by an additional 10%, indexed to sales by 2025 compared to 2015 baseline. Efforts are made to reduce the waste generation at source. 3M Waste (NWI /Quality Rejections / Production Waste) are being used as alternate fuel in cement Industry This has helped your Company to minimize the incineration process and maximize the co-processing. This has enabled your Company to reduce the carbon footprint. Waste is co-processed; it does not exist in the environment anymore and becomes part of Cement.

Metric: 12% reduction (Kg/MT of production).

REPORT OF THE BOARD OF DIRECTORS

Water

Cities without water, parched fields – this stark reality is already here. The responsibility begins at plants - from the way the Company saves this scarce resource, to stringent manufacturing processes that strive to reduce consumption. To the customers, this means products that have a smaller water footprint, like clean water clean water with technology that increases water efficiency and quality.

Water usage is being monitored with meters and pressure gauges; the drop-in pressure gauges readings indicate water leakage which are attended immediately to prevent wastages. The treated wastewater is reused in the restrooms and in gardening. Reduced flowrate nozzles are put for taps in rest rooms to ensure prudent usage of precious resource.

Metric: 53% reduction (KL/ MT of production).

Energy and Climate

Climate change is here to stay unless it drastically alters the consumption and adopt renewable alternate sources to power the needs and answer the customers.

3M is proactively partnering with customers to understand needs and answering them by employing 3M technology that promotes energy conservation, are greener and contribute to lower emissions.

Energy

Your Company uses the green energy to power its manufacturing operations upto 25%.

Metric : 23% reduction (MMTU/ MT of production).

Metric : Renewable energy share 17% increase.

All the Plants have been able to achieve the environmental sustainability goals set for the year. All the plants have sewage treatment facility and effluent treatment plants and the treated water is recycled for cooling tower make and horticulture within the facilities. The plants have also installed rainwater harvesting systems to divert the rainwater for ground water recharging. With the approval from State Pollution Control Boards, plants continued sending non-hazardous waste to cement companies for co-processing there by helping reduce the carbon footprints. As part of World Environmental Day, World Earth Day initiative, the plants have taken up various environmental awareness programs including tree plantation in plants as well as public location.

Health and Safety

Like most areas in 3M, Environmental, Health and Safety Management (EHS&M) is implemented by a matrixed organization across the company. The Company's success depends on interactions with many functions and at many levels, and a common understanding of the roles and responsibilities of all involved.

This Model is supported by the EHS&M Strategic Pillars, which recognize that 3M EHS and Medical professionals play "defense" to assure compliance and risk management, play "offense" to drive EHS&M performance excellence, and our success is enabled by a leadership culture of EHS&M excellence.

The final part of EHS&M model is the depiction of entitlement. This provides the necessary definition for 3M Manufacturing & Supply Chain's "True North" of "Operating the safest and most sustainable supply chains..." and reminds the Company that EHS&M is about protecting our people, our communities, and our customers.

In an age when the Government, corporations and consumers are laying an increasing emphasis on safety, it is proud to say that 3M has been a safety pioneer for decades. With entire divisions and technologies invested in the business of safety, 3M is equipped to deliver solutions dedicated to human health, protection, security and safety.

While 3M care for others, it believes safety first begins at home, protecting 3M's key assets and employees. All three manufacturing plants have health and safety management systems certified to OHSAS. 3M India Limited Sites have had Zero Lost Time Accidents and Zero Level 2 Fires & Spills.

Practicing Safety Leadership

As safety leaders 3M exemplify the standards we seek to bring to our customers and society at large. It is important for us to reflect on how we bring safety into our own lives. We prioritize our safety and the safety of our colleagues and loved ones in our daily lives. Practicing safety is a 24/7 responsibility – at work, at home, on the road. We owe it to our families and loved ones to return home safe everyday.

Your Company also deployed the EHS Cultural Excellence program rolled out by 3M Corporate. Leadership interaction and engagement with workers is a critical aspect of enhancing the culture of an organization. Through applying the 3M Execution Model and Manufacturing Excellence Principles in routine interactions with our workers, the intended outcome is a safer, healthier, happier,

REPORT OF THE BOARD OF DIRECTORS

more trusting workforce. It is strongly believed that listening to our workers, focusing conversations towards high hazard activities and situations, and ensuring appropriate follow-up to concerns raised will ultimately result in reduced significant injuries and events.

In the year 2019 all 3M Manufacturing and Distribution Centers were expected to administer an EHS Perception Survey and develop an action plan from the survey data which is 100% complete for India facilities. These action plans are considered living documents and were adjusted over time as new opportunities were identified to improve the culture of the organization. The expectation is that these action plans are routinely reviewed by the Plant Leadership Teams to track progress and adjust as necessary to continue to advance culture within the organization.

For the year 2020, the focus has shifted to launching and conducting high quality EHS Leadership interactions with workers, capturing these discussions in the See & Act tool in EHS 360.

3M's leadership in safety extends to our communities. The Safety-on-Wheels, Audhyogik Suraksha Rath initiative launched in partnership with the Ministry of Labour & Employment and DGFASLE has been expanding its footprint across industrial clusters in the country. Over the year under review, our safety experts covered more than one lakh eighty thousand workers across industries through training and education programs. Our safety message also covered Government schools where some of our employees conducted awareness sessions on road safety along with local traffic police personnel.

The Company has led with passion and shared its expertise with the communities, through school outreach, activities with its employees' children and several awareness programs with the customers. To name a few activities taken up in 2019:

- Safety Awareness through School outreach.
- Employee Children & Industry Connect.
- Over 1.3 Lakh Safety professionals reached through the Audhyogik Suraksha Rath program.

AWARDS AND RECOGNITION

- 2019 Working Mother and AVTAR Best Companies for Women in India study recognized 3M India Limited as one of the Top 100 Best Companies for Women in India, for commitment to gender inclusive policies and initiatives.
- The Company's manufacturing facility at Ranjangaon was awarded the Gold Award for Manufacturing Excellence by Frost & Sullivan for the second consecutive year.
- The Company was recognized on the occasion of World Food Safety Day for contributing to FSSAI Standards, Methods & Capacity Building activities.
- Infusion Nurses Society of India recognized the Company for its exemplary adoption practices of the national intravenous policy and procedures in India.
- The Company's digital marketing initiatives for Command™ range of products, were recognized at the National Masters' of Modern Marketing Awards hosted by mCUBE, an annual awards program to recognize creative work in digital and mobile marketing.
- The Company was recognized for overall performance in the areas of quality, cost, delivery, innovation by top customers in the automotive, utilities and construction sectors.
- The Company's manufacturing facility at Electronics city received 3M Corporate recognition for Quality achievement for the 8th consecutive year.
- The Company also received several accolades for excellence in lean six sigma, marketing, technical and various support functions with several 3M Corporate and regional level awards.

ACKNOWLEDGEMENT

Your Directors thank and acknowledge with gratitude the co-operation, assistance and support received from the Central Government, State Governments of Karnataka, Maharashtra and Gujarat, Bankers, Shareholders, Dealers, Vendors, Promoters of the Company and all other Stake holders.

The Directors also wish to place on record their sincere appreciation and gratitude towards the contribution made by every employee of the Company.

On behalf of the Board of Directors

Ramesh Ramadurai

Managing Director

DIN: 07109252

Place : Bengaluru

Date : May 29, 2020

Radhika Rajan

Director

DIN: 00499485

Place : Mumbai

Date : May 29, 2020

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Cautionary Statement:

Members and Investors are cautioned that the discussion in this section of the Annual Report may contain statements that involve risks and uncertainties. Forward-looking statements mentioned may involve risks and uncertainties that could cause results to differ materially from those projected. Consequently, actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no obligations, assumptions and expectations of future events and trends that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those reflected in any such forward-looking statements depending on a variety of factors.

THE COMPANY

The Company is the flagship listed Company of 3M Company, USA in India. 3M Company, USA holds 75% equity stake in the Company and is a diversified technology and science Company with a global presence in the following businesses: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer and is among the leading manufacturers of products for many of the markets it serves. Most of its products involve expertise in technology, product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technologically oriented companies.

The Company has manufacturing facilities in India at Ahmedabad, Bengaluru, Pune and has the Corporate Office and Customer Innovation Center (R&D Center) in Bengaluru. As at March 31, 2020, the Company had employee strength of 1,277 personnel. **As on March 31, 2020, your Company was ranked 97th based on Market Capitalization @ Rs. 21,20,982 Lakhs and it is now one among the top 100 Companies based on Market Capitalization (Source: NSE).** The Company managed its operations in four (4) operating business segments: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer. The Company's four 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.

3M products are sold through numerous distribution channels, including directly to users and through numerous e-commerce and traditional wholesalers, retailers, jobbers, distributors and dealers in a wide variety of trades in many countries around the world. Management believes the confidence of wholesalers, retailers, jobbers, distributors and dealers in 3M and its products — a confidence developed through long association with skilled marketing and sales representatives — has contributed significantly to 3M's position in the marketplace and to its growth.

The Company is committed to creating and returning value to shareholders. Accordingly, the Company is dedicated to achieving high levels of operating performance, cost competitiveness, enhancing the productive asset and resource base and striving for excellence in all areas of operations. The Company firmly believes that its success in the marketplace and good reputation are among the primary determinants of shareholder value. Its close relationship with customers and a deep understanding of their challenges and expectations drive the development of new products and services. With many decades of expertise and know-how, the Company offers its customers solutions that enhance their projects and builds trust. Anticipating customer requirements early and being able to address them effectively requires a strong commercial backbone. The Company continues to develop this strength by institutionalizing sound commercial processes and building world-class commercial capabilities across its marketing and sales teams. The Company uses different innovative approach in the development of its products and services, as well as execution of growth opportunities. Your Company is also committed to creating value for all its stakeholders by ensuring that its corporate actions positively impact all the dimensions viz., economic, social and environment.

Global Economic Overview

The worldwide economic shutdowns forced by the coronavirus pandemic are expected to cause the worst year the global economy has seen since the Great Depression, according to top economists—raising concerns for the well-being of people in developing nations. the International Monetary Fund (IMF) said the global economy will likely contract by about 3% in 2020 as governments around the world urge people to stay home and shut down businesses to slow the spread of the coronavirus, officially known as COVID-19. The contraction of the economy is expected to be more severe than the recession of 2008 and 2009, when the global economy shrunk by about 0.1%, and represents a major reversal of the IMF's earlier predictions for this year that the global economy would grow by 3.3% in 2020.

The IMF said the economic crisis could stretch into 2021 even if the spread of the virus significantly slows in the coming months, and if there is a resurgence of COVID-19 in the fall or early next year, the economy is not likely to rebound in 2021. The global economy is expected to lose about \$9 trillion in 2020 and 2021, according to the IMF's World Economic Outlook.

India Economic Overview

India's real GDP decelerated to its lowest in over six years in third quarter in 2019-20 and the outbreak of COVID-19 posted fresh challenges. Steps taken to contain its spread, such as nationwide lockdown in four phases and a complete lockdown of States, have sharply decelerated economic activity and could impact both consumption and investment. While the Indian businesses, barring a few sectors, can possibly insulate themselves from the global supply chain disruption caused by the outbreak due to

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

relatively lower reliance on intermediate imports, their exports to COVID-19 infected nations could take a hit. Overall, the three major contributors to GDP- Private consumption, Investment and External trade have been affected. All indicators point to a very challenging year ahead.

Consumer spending which was already sluggish was hit by COVID-19 related lockdown. All consumption indicators except essentials were severely impacted as economic and medical uncertainty will keep consumption weak for some quarters in FY 2020-21. Inflation moderated to 5.91% as food price tend lower during March 2020. Core inflation is steady at 4.1%. Repo rate was cut by 75 bps in the last policy to 4.44% as RBI tries to mitigate damage from the monetary policy side. Auto Sales was down by 54% in March as COVID-19 roiled the economy. Slow growth in money supply has helped control prices but has hurt GDP growth momentum. Credit slowdown due to delayed capex by India Inc. and has further squeezed growth. In the present scenario, IIP growth, Capital Goods Growth, CV sales, Industry credit is weak. Exports contracted sharply in March as lockdown globally slowed trade. Imports also contracted in line with sluggishness in domestic growth and demand. The impact of COVID-19 will further dampen trade sentiment and keep growth well below trend.

Inflation has eased from its recent highs as food prices moderate and is likely to remain soft in the months ahead. The Current Account Deficit (CAD) and Foreign Exchange (FX) reserves were positive. Fiscal Deficit is expected to rise in the FY 2020 and furthermore sharply in FY 2021 as lockdown and COVID related stimulus and lower tax revenue hit government finances. The Indian Meteorological Department (IMD) has forecasted rainfall over the country as a whole for the 2020 southwest monsoon season from June to September is most likely to be normal and also expects monsoon onset date as June 1, 2020. Normal monsoon forecast bodes well for the upcoming Kharif season. IMF projects India growth at 1.9% for FY21 in its latest reports.

STANDALONE RESULTS OF THE OPERATIONS OF THE COMPANY

The Company on a standalone basis de-grew by 1.56% at **Rs. 276,487.73 Lakhs** for the financial year ended March 31, 2020 compared to Rs. 280,875.97 Lakhs in the previous financial year. The Profit before Interest and Depreciation is **Rs. 38,139.12 Lakhs** compared to Rs. 54,042.78 Lakhs for the previous financial year. Profit before Tax is **Rs. 32,040.31 Lakhs** compared to Rs. 49,745.93 Lakhs for the previous financial year. The operating margin for the current year is **13.59%** compared to 19.02% for the previous financial year. Total Comprehensive Income is **Rs. 21,523.02 Lakhs** compared to Rs. 32,286.31 Lakhs for the previous financial year. Economic slowdown affected the topline growth and impairment in the carrying value of the investment in the subsidiary affected the bottom-line. Export Sales is **Rs. 2,210.14 Lakhs** for the financial year ended March 31, 2020 compared to Rs. 2,602.22 Lakhs in the previous financial year, a decrease of **15.07%**, due to less demand in the global market.

Other Income:

The other income is **Rs. 4,158.32 Lakhs** for the financial year 2019-20 compared to Rs. 3,283.16 Lakhs for the previous financial year 2018-19.

Cost of Goods sold:

The % of cost of raw material consumed as against sales for the financial year 2019-20 is higher by **5.12%** at **57.44%** as against 52.32% for the previous financial year 2018-19, due to product mix and increase in foreign currency exchange rate.

Employee Benefits Expense:

Employee cost as a % of sales for the year 2019-20 stood at **10.61%** (previous financial year was 10.59 %) at **Rs. 29,782.15 Lakhs** (previous financial year: Rs. 30,106.15 Lakhs). Sales per employee have improved by **6.50%** to **Rs.219.77 Lakhs** (no. of employee's 1,277) in the current financial year 2019-20 from Rs. 206.36 Lakhs (no. of employees 1,377) for the previous financial year 2018-19.

Finance Cost:

The interest cost for the financial year 2019-20 is **Rs. 361.11 Lakhs** compared to Rs. 109.18 Lakhs in the previous financial year 2018-19. The interest cost is on account of lease rentals of vehicles and office equipment and adoption of Ind AS 116-'Leases'.

Interest earned:

The Company earned **Rs. 2,534.76 Lakhs** on the surplus during the financial year 2019-20 when compared to Rs. 2,685.21 Lakhs during the financial year 2018-19 by keeping the funds in deposits with the Banks.

Earnings per Share (EPS):

The EPS (Basic and Diluted) of the Company for the financial year 2019-20 was **Rs. 194.38** per Share as compared to Rs. 286.72 per Share in the previous financial year, a decrease of **32.21%**.

Share Capital:

The Authorized/Issued/Subscribed and Paid-up Capital as at March 31, 2020 is Rs. 11,26,50,700 (divided into 1,12,65,070 Equity Shares of Rs. 10 each). During the year under review, the Company has not issued Shares with differential voting rights nor granted Stock Options nor Sweat Equity.

Reserves & Surplus:

Entire profit of **Rs. 21,897.25 Lakhs** is retained in profit and loss account for the year ended March 31, 2020. The Reserves & Surplus is **Rs. 206,349.54 Lakhs** including the current financial year retained profit.

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

Shareholder's Fund:

The total shareholder funds increased to **Rs. 207,476.05 Lakhs** as at March 31, 2020 from Rs. 185,953.03 Lakhs as of the previous financial year 2018-19 end, representing a growth of **11.57%** mainly because of retained profits of the current year.

Depreciation:

The depreciation charge for the current year is higher at **Rs. 5,737.70 Lakhs** as against a charge of Rs. 4,187.67 Lakhs of previous financial year 2018-19 due to new investments and adoption of Ind AS 116 – "Leases"

Fixed Assets-Capital Expenditure:

The gross Fixed Assets as at March 31, 2020 was **Rs. 42,717.29 Lakhs** as compared to Rs. 43,145.90 Lakhs of previous financial year 2018-19. Capital Investments during the financial year 2019-20 were at **Rs. 1,983.52 Lakhs** (Net of capital work-in-progress and capital advances) (2018-19: Rs. 3,824.18 Lakhs) a decrease of **48.13%** year on year.

Inventories:

Inventory as at March 31, 2020 amounted to **Rs. 41,104.12 Lakhs** as against Rs. 37,918.19 Lakhs of previous financial year 2018-19. The inventory ratio has increased to **93 days** as at March 31, 2020 from 89 days of previous financial year 2018-19 due to CoVID-19 pandemic.

Trade Receivables:

Trade Receivables as at March 31, 2020 amounted to **Rs. 50,658.82 Lakhs** as against Rs. 54,613.88 Lakhs of previous financial year 2018-19. The debtor's turnover ratio is **66 days** (previous financial year: 70 days).

Cash and Bank balances:

The total balance of cash and bank balances as at March 31, 2020 was **Rs. 66,576.71 Lakhs** as compared to Rs. 47,039.04 Lakhs as at March 31, 2019.

Current Ratio: 3.17

Debt Equity Ratio: 2.01

Interest Coverage Ratio: 89.73

Overall analysis of the profit and loss (Standalone):

Particulars	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue from operations	276,487.73	98.52	280,875.97	98.84
Other income, net	4,158.32	1.48	3,283.16	1.16
Total Revenue	280,646.05	100.00	284,159.13	100.00
Cost of Materials consumed	102,856.73	36.65	86,741.34	30.53
Purchases of stock-in-trade	59,157.11	21.08	63,315.23	22.28
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(822.45)	(0.29)	(1,387.67)	(0.49)
Employee benefits expense	29,782.15	10.61	30,106.15	10.59
Other Expenses	51,533.39	18.36	51,341.30	18.07
Profit before Finance costs and Depreciation	38,139.12	13.59	54,042.78	19.02
Finance Costs	361.11	0.13	109.18	0.04
Depreciation and amortization expense	5,737.70	2.04	4,187.67	1.47
Total Expenditure	248,605.74	88.58	234,413.20	82.49
Profit before Tax	32,040.31	11.42	49,745.93	17.51
Tax	10,143.06	3.61	17,446.85	6.14
Profit for the year	21,897.25	7.80	32,299.08	11.37
Items that will not be reclassified subsequently to profit or loss	(374.23)	(0.13)	(12.77)	(0.01)
Total comprehensive income for the year	21,523.02	7.67	32,286.31	11.36

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

Overall analysis of the profit and loss (Consolidated):

Particulars	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue from operations	298,655.09	98.49	301,682.24	98.79
Other income, net	4,589.56	1.51	3,683.12	1.21
Total Revenue	303,244.65	100.00	305,365.36	100.00
Cost of Materials consumed	110,025.50	36.28	93,854.23	30.74
Purchases of stock-in-trade	64,002.11	21.11	68,516.82	22.44
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(399.03)	(0.13)	(2,353.52)	(0.77)
Employee benefits expense	32,858.51	10.84	33,020.88	10.81
Other Expenses	47,201.52	15.57	55,085.17	18.04
Profit before Finance costs and Depreciation	49,556.04	16.34	57,241.78	18.75
Finance Costs	366.21	0.12	112.26	0.04
Depreciation and amortization expense	5,933.25	1.96	4,375.63	1.43
Total Expenditure	259,988.07	85.74	252,611.47	82.72
Profit before Tax from continuing operations	43,256.58	14.26	52,753.89	17.28
Tax	11,039.66	3.64	18,439.39	6.04
Profit for the year from continuing operations	32,216.92	10.62	34,314.50	11.24
Profit for the year from discontinued operations	0.00	0.00	2,303.49	0.75
Profit for the year	32,216.92	10.62	36,617.99	11.99
Items that will not be reclassified subsequently to profit or loss	(413.22)	(0.14)	(6.37)	(0.00)
Total comprehensive income for the year	31,803.70	10.49	36,611.62	11.99

Segment wise performance :

On a standalone basis, the Safety and Industrial business de-grew by 5.82%; Transportation business de-grew by 0.24%; Health Care business grew by 1.66%; and Consumer business grew by 5.33%.

(A) SAFETY AND INDUSTRIAL BUSINESS:

This segment includes businesses that serve the global industrial, electrical and safety markets. This business segment consists of personal safety, industrial adhesives and tapes, abrasives, closure and masking systems, electrical markets, automotive aftermarket and roofing granules.

Rs. in Lakhs

		12 Months Ended 31.03.2020	12 Months Ended 31.03.2019
Financial Highlights	Segment Revenue	96,893.89	102,880.31
	Profit Before Interest & Tax	15,666.59	21,374.76
	Capital Employed	28,531.74	30,725.45
Highlights of Safety and Industrial Business	<ul style="list-style-type: none"> The Abrasive Systems Division have reached out to more end customers with their productivity improvement solutions which has reduced lead times, improved output quality, controlled cost per component etc., spanning sectors like Automotive, Auto Comp., Metal Fabrication, Cutting tools, Gear grinding, Aerospace, Windmill segments etc., including high end solutions from our state of the art products based on Cubitron II technology specially in high pressure grinding and finishing used with Robotics and Automation. The Sales team has been equipped with digital tools (3M Sales Aid) to prove & implement Value added processes for productivity improvement. Industrial Adhesive and Tapes Division continued their focus on Passive Fire Portfolio, driving relevance in Construction and strengthened Converter Business Model, increasing penetration in Transportation, Metal working market, Electronics and Oil and Gas. 		

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

	<ul style="list-style-type: none"> • The OEM segments (Autocare and Collision Repair) of Automotive Aftermarket Division saw a growth primarily due to new product sales and new customer acquisitions including expansion into two-Wheeler segment despite the challenges faced because of passenger car sales slow-down. • The corrosion protection business had a strong year because of execution of large Oil & Gas and Water Pipeline Projects. The year witnessed a strong growth of 3M locator and marker sales as they were used for asset management while implementation of telecom projects. • Personal Safety Division (PSD) continues to drive education on the proper selection and usage of Personal Protection Equipment across all segments requiring attention for occupational health and safety. Pharmaceutical, Automotive, General Engineering and Chemical and several other sectors provide an opportunity for significant growth to the division. The division continues to increase its penetration into the SME segment through various awareness and contact programs and other onsite SME activation Programs. Division's launch of Fall Protection products, Self-Contained Breathing Apparatus and other products provide further opportunity for growth with newer segments like Fire services. • In a bid to raise awareness among the Labour force on the importance of safety measures and proper equipment in the workplace, the Audhyogik Suraksha Rath (mobile industrial safety training van, in association with the Directorate General, Factory Advice Service & Labour Institutes (DGFASLI), Ministry of Labour and Employment) has so far trained close to 1.81 Lakh workers and visited more than 1,000 Industries, raising awareness on industrial safety and health through training programs with the message: Safety First. • The PSD also made significant contributions through awareness building and helping citizens get appropriate respirators during air quality concerns in several cities during the winter months. • The Company through its PSD and Healthcare business is playing an important role of providing N95, P2 respirators and coveralls to healthcare and nodal Government agencies towards fighting the COVID 19 pandemic.
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(B) HEALTH CARE BUSINESS:

Products and services provided to these and other markets include medical and surgical supplies, oral care solutions (dental and orthodontic products), separation and purification sciences, inhalation and transdermal drug delivery systems, and food safety products.

Rs. in Lakhs

		12 Months Ended 31.03.2020	12 Months Ended 31.03.2019
Financial Highlights	Segment Revenue	43,448.06	42,740.11
	Profit Before Interest & Tax	6,628.17	7,705.79
	Capital Employed	13,043.73	13,607.51
Highlights of Health Care Business	<ul style="list-style-type: none"> • Continuing our efforts in development of guidelines, creating awareness about international best practices and driving compliance, the Company launched INFUSE program in collaboration with INS India. The Infusion Nurses Society (INS India – is an international affiliate of INS) is committed to bringing innovative new resources and opportunities to Healthcare Professionals who are involved in Infusion Therapy. The Company has played a pivotal role in creating a National Consensus document on Hospital Acquired Skin Injuries for the INFUSE program. • Company's Healthcare has created a learning and recognition platform dedicated to nursing community in India and launched the Nursing Leadership Initiative. • The Company's Health Care Academy scaled up online education initiatives for delivery of local and global content thereby helping hospitals in continuous education efforts and skill upgradation. • The Company has worked with FSSAI (Food Safety & Standards Authority of India) to qualify and introduce Rapid Microbiology testing methods in the Food Safety space. 		

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

(C) TRANSPORTATION AND ELECTRONICS BUSINESS:

This segment includes businesses that serve global transportation and electronic original equipment manufacturer (OEM) customers. This business segment consists of electronics (display materials and systems, electronic materials solutions), automotive and aerospace, commercial solutions, advanced materials, and transportation safety.

Rs. in Lakhs

		12 Months Ended 31.03.2020	12 Months Ended 31.03.2019
Financial Highlights of Transportation Business	Segment Revenue	101,970.45	102,211.85
	Profit Before Interest & Tax	6,858.09	11,455.37
	Capital Employed	36,229.69	29,283.73
Highlights of Transportation Business	<ul style="list-style-type: none"> Highway construction in the country gained momentum in the FY2019-20 with government focus to enhance connectivity across country. The Company works closely with all the stakeholders in the industry to improve safety and help reduce accidents and fatalities on Indian roads. The company has accelerated its efforts to maximize the penetration into this important market and add value with its innovative products such as reflective signages, road marking materials, road safety furniture and Real Time Variable Message Signs. Vehicle safety is a priority for Government of India. The Company works closely with government, its various departments, vehicle OEMs and vehicle users to enhance the vehicle safety in India. The Company has been working with various state governments to get vehicle safety prioritized and have seen a great traction for vehicle safety business in the year 2019-20. The Company continued gaining share in the Advanced Materials markets with its differentiated offerings from polymer solutions like Polymer Processing Additives for packaging industry, Fluoro Thermoplastics and Poly Tetra Fluoro Ethylene in chemical processing industry and Engineered Specialty Additives for oil and gas industry from its ceramics portfolio. FY 2019 –20 was a challenging market for Auto Industry with double digit negative production growth. However, Industry focused on driving Regulations in the areas of Emissions (BS 6 Target 2020 April) and Safety (2 Wheel Side Reflectors: Oct 2019) to drive long term growth. Your Company worked closely with Auto OEMs (PV and CV segment) and added value through our emissions solution products in the CV segment by offering Local Designs / Local Testing and Manufacturing solutions to support Customers. We also introduced our India NPI (New Product) program Muphony to improve Noise Management and reduce weight for Automotive Cars. We are working with other OEMs for future Growth. In the 2W segment we have introduced 3M Bonding solutions to attach Side Reflectors parts. Auto Electrification remains a strong focus area for us and we are taking the Big 3M approach to introduce Value added solutions with OEMs in the area of Battery Thermal Management, Improvement of Life and safety of Batteries and Heads up Display solutions. Commercial solution business growth driven from lot of positive trends from key markets like Transportation, BFSI, Retail & Commercial buildings. Transportation (Railways & Metro), various plants of Indian Railways registered higher growth of new production of coaches. 3M paint replacement graphics solutions, washroom refurbishment and graphics designed coaches have become key highlight for passenger experiment in Indian Railways. With merger of PSU banks and rebranding programs of few private banks this year has given lot of opportunities of new signage, in shop graphic and branding solutions for graphics business. Commercial building (offices, malls, healthcare & hospitals) continue to register increase occupancy with new trends of coworking spaces, Vibrant spaces and increased cleaning & hygiene practices, commercial real estate registered an average new addition of around 20M sq. ft. space in 2019 in India. 		

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

(D) CONSUMER BUSINESS:

This business serves global consumers and consists of home improvement, stationery and office supplies, home care, and consumer health care. This segment also includes, within the Construction and Home Improvement Division, certain retail auto care product lines. Products in this segment include office supply products, stationery products, home improvement products (do-it-yourself), home care products, protective material products, certain consumer retail personal safety products, and consumer healthcare products.

Rs. in Lakhs

		12 Months Ended 31.03.2020	12 Months Ended 31.03.2019
Financial Highlights	Segment Revenue	31,966.12	30,348.57
	Profit Before Interest & Tax	6,642.82	5,488.48
	Capital Employed	9,191.06	8,932.23
Highlights of Consumer Business	<ul style="list-style-type: none">• Prioritized Modern Trade and eCommerce for accelerated growth programs to take advantage of category growth in these channels.• Continued partnerships with key Modern Trade retailers to drive penetration of select products in Home Care and Stationery categories.• Partnered with adjacent category & household brands for cross promotional activities thereby expanding household reach for our products.• Distribution expansion program aimed at increasing availability of Home Care range of products in Tier B&C towns through partnership with wholesalers across the country.• Integrated marketing campaign to drive penetration of 'Scotch-Brite® Silver Sparks' and Scotch Brite® Broom – our recent innovative offerings in the home care space.• Digital awareness and trial generation campaign for Command® range of products.• Initiated pilot on Go-to-market strategy for Meguiar's range of car care products.• Continued growth in the office supplies channels with Post-it & Scotch range of products aimed at office workforce segment.• Continued investment in the brands viz "Scotch-Brite®", Post-It®, Scotch® and Command® through various brand building activities in Mass Media, Digital Media and in Point of Sales.		

OPPORTUNITIES AND THREATS

3M's globally competitive cost positions and well-crafted business strategies have enabled it to retain its leading market positions. Your Company strongly believes in the 3M™ brand equity and its ability to provide its customers with innovative solutions. Global campaigns and brand building continue to benefit Company's business in India.

The Company is operating in a highly competitive market which may exert pressure both on the top line as well as the bottom line of the Company. The Company's products involve expertise in product development, manufacturing and marketing and are subject to competition from products manufactured and sold by other technologically oriented companies both within India and outside India. In addition, rupee depreciation, fluctuating oil & high commodity prices remain key challenges needing focused attention.

RISKS AND CONCERNS

Provided below are cautionary statements of what your Company believes to be the most important risk factors applicable to the Company.

- Results are impacted by the effects of and changes in economic, political, regulatory, capital markets and other external conditions like COVID-19 Pandemic.
- The Company's results are affected by competitive conditions and customer preferences.
- Foreign currency exchange rates and fluctuations in those rates may affect the Company's ability to realize projected growth rates in its sales and earnings.
- The Company's growth objectives are largely dependent on the timing and market acceptance of its new product offerings, including its ability to continually renew its pipeline of new products and to bring those products to market.

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

- The Company's future results are subject to fluctuations in the costs and availability of purchased components, compounds, raw materials and energy, including oil and natural gas and their derivatives, due to shortages, increased demand, supply interruptions, currency exchange risks, natural disasters and other factors like Global Pandemic.
- Security breaches and other disruptions to the Company's information technology infrastructure could interfere with the Company's operations, compromise information belonging to the Company or its customers, suppliers, and employees, exposing the Company to liability which could adversely impact the Company's business and reputation.
- The Company's future results may be affected by its operational execution, including scenarios where the Company generates fewer productivity improvements than estimated.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

All key functions and divisions of the Company are independently responsible to monitor risks associated with in their respective areas of operations such as production, supply chain, marketing, finance, accounting, treasury, legal and other areas like health, safety and environment. The Company has identified various risks through an internal self-assessment compliance checklist and has laid out necessary procedures to mitigate the same.

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. The Company, through its own Corporate Internal Audit Department, carries out periodic audits to cover all the offices, factories and key areas of business segments based on the plan approved by the Audit Committee and bring out any deviation to internal control procedures. The Internal Auditor functionally reports to the Audit Committee and administratively to the Managing Director. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

Learning and Development:

The Financial Year 2019-20 was a year when 3M India took necessary steps to make development to all employees, in line with the 3M Global Philosophy of 'Development for All'. Nearly 1100 employees were part of various learning programs throughout the year. Our e-learning platform called 'Develop U' continues to stay updated and relevant to learning needs of 3M's people. Development through virtual technologies brings to employees, a wide range of easily accessible, quick learning modules through engaging facilitators across Asia.

At 3M learning begins right from joining the company. The Company organizes a comprehensive 4 day 'Feel@Home' program for all our new employees to enable an orientation to 3M. This program gives a new employee a complete overview to our Company, our culture, our businesses and technologies. Nearly 120 employees were part of this engaging program.

A special program rolled out this year, was the 'Energy Audit'. The Energy Audit is an employee well-being focused program that helps employees learn, reflect and take personal action on the 4 dimensions of Energy – Physical, Mental, Emotional and Spiritual. 3M today has various approaches to support well-being and this program was a unique program that blended learning with 'care for the employee'.

Your company's shop floor employees are an integral part of our learning audience. Your Company was able to bring the benefits of learning and development to the shop floor colleagues through 'Associates Contributing Together' a program initiated in 2018. While this program has supported employee learning, it has also contributed to greater idea sharing, enhanced trust levels and openness to role changes amongst employees. By the end of 2019, your company's plant HR teams were able to engage 95% of our shop floor through this interactive learning program. This program is a strong contributor to maintaining peaceful employee relations across all the plants.

People Leaders drive the employee experience in the company. Your Company stepped up our supervisory programs in 2019 to reinforce the supervisor's role with employee engagement and retention. The Company's 3 day Evolving Leader Program covering a range of leadership topics is contributing to the long journey of developing stronger people leaders. Your company was also able to bring our corporate programs from Franklin Covey to our senior leaders in India. The corporate programs served as preparation to important changes in people processes and reinforced trust behaviours. The Company's programs are also strengthened by leadership coaching for leaders. 1:1 engagement with a 3M certified coach helps our leaders reflect on their challenges and

ANNEXURE 'A' TO REPORT OF THE BOARD OF DIRECTORS

take charge of designing their own solutions. Several leaders stepping into accelerated roles have benefitted from the power of leadership coaching at 3M. Similarly, 3M India employees benefit from a mentoring platform across APAC.

XChange, a collaborative leadership development program across 5 partner organizations, is a high point for our Hi Potentials. The 6th season of XChange had important themes like Macro Economic Trends, Innovation, Customer Centricity, Digital Mindset and Inspiring People. On completion of the entire learning journey, the Company's Hi Potentials present learnings to the Leadership Team. Starting 2020, participants also commit to short functional projects based on their learnings. In addition to being a strong development platform, XChange today is also a great platform to enhance the brand of 3M amongst our peer organizations.

In addition to all of the above, the Company employees have the unique opportunity to participate in sales and marketing development programs, functional development opportunities and lean six sigma learning opportunities. Development opportunities at 3M are multi-dimensional spanning functional, on-the-job learning and leadership areas. At 3M, Learning never stops.

Employee Relations (ER):

The financial year 2019-2020 overall has been a positive year with continuing focus on enhancing the shop floor culture. 3M also rolled out ER engagement plan for FY 2019 /20 to ensure proactive Employee Relations with themes on Connect, Communicate and Collaborate. The 3M philosophy on ER has always been 'direct engagement and communication with the organization' which stands stronger today. The year was disruptive free IR with Zero man-days lost.

The plant Technical Associates were part of workshops named ACT (Associates Contributing Together) and the Company ensured 95% coverage over the last year. These workshops are facilitated by plant HR and have high engagement activities to build learning agility and crossline collaboration for customer centric approach.

The HR team also rolled out Supervisory Development Program for our Supervisors in Manufacturing in 2019 for 35+ front line manager across plant locations through various modules to build capability on basics of labour laws, ways to create engaged workforce and role of supervisor in managing expectation and developing talent. The program was designed inhouse with Inputs from Leadership team, HR and front-line managers and delivered by an external facilitator.

The Company has strengthened systems to reinforce the culture of respect and fairness. Leaders understand concerns proactively and communicated the company's philosophy regularly through multiple platforms from time to time. Some additional actions put in place:

1. Changes were made to create a robust performance management system for our Technical Associates in 2019-20 on premise of fairness and accountability.
2. ER/IR market practice(s) study was done in FY 2019 in areas of compensation, career progression, upskilling & productivity / performance.
3. 3M practice of connecting with families of the Company's shop floor teams continues.
4. Strengthened discipline and availability of employees at shop floor through structured intervention.
5. Continued focus of involving our plant employees in local CSR activities.

HR Business Partner (HRBP):

HR Business Partners continued to be closely to businesses and functions and supported in all areas of employee lifecycle spanning "Hire To Retire". These included aligning business objectives with the Company's People strategy. The team continued to actively lead Succession Planning, Talent Reviews and Organization Design activities to ensure talent was placed in the most productive positions. Talent was redeployed within business groups and across divisions supporting business needs and capturing prioritized opportunities in the marketplace. Activities for this exercise included identifying leadership roles, creating and activating succession plans to identify candidates for these roles and supporting the identified leaders in becoming productive in their new roles rapidly. The team also led projects on retention of critical talent pools. Employees were provided opportunities to attend training and development programs designed to help them become better leaders, manage projects & programs effectively, customer focused selling and learning to manage change while keeping their energies high.

On behalf of the Board of Directors

Ramesh Ramadurai
Managing Director

Place : Bengaluru
Date : May 29, 2020

DIN: 07109252

Radhika Rajan
Director

Place : Mumbai
Date : May 29, 2020

DIN: 00499485

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S GOVERNANCE PHILOSOPHY

3M's Corporate Governance principles govern how the Company carries on its business daily, enabling the Company to outperform and lead the way to sustainable growth. The governance principles provide enough framework that defines the roles, rights, and responsibilities of different groups within the organization. The Board of Directors oversees the Executive Directors and Senior Management (viz., the Leadership Team) including Key Managerial Personnel and ensures that appropriate procedures and controls are in place covering Managements activities in operating the Company on ethical grounds on a day-to-day basis. The Company has adhered to all the applicable SEBI (LODR) Regulations, 2015 for the financial year ended March 31, 2020.

BOARD OF DIRECTORS

Composition:

As at the financial year ended March 31, 2020, the Board comprises of Two (2) Executive Directors, Three (3) Non-Executive Non-Independent Directors and Three (3) Independent Directors. The Board of Directors of the Company is headed by a Non-Executive and Independent Director.

As at the financial year ended March 31, 2020, the Board of Directors of the Company had an optimum combination of Executive and Non-Executive Directors including two (2) Women Directors (viz., Independent Director and Non-Executive Director) and not less than fifty percent (50%) of the Board of Directors comprises Non-Executive Directors and the composition is in conformity with the provisions of the Companies Act, 2013 and the Listing Regulations, 2015. None of the Directors of the Company is related to each other and with any employees of the Company.

The Board of Directors confirms that all the Independent Directors of the Company fulfill the conditions specified under SEBI (LODR) Regulations, 2015 and are Independent of the Management of the Company.

Declaration under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018:

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by Securities and Exchange Board of India / The Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna K.T., Practising Company Secretary, Bangalore as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018.

Skills / Expertise/Competencies of the Board of Directors:

The present Board Members have vast and varied experience and possess professional background and experience in General Management of Business, Industry, Marketing, Finance, Taxation and Law. Following is the gist of skills / expertise / competencies identified by the Board of Directors.

- Knowledge on the Company's businesses, policies and culture, risks / threats and opportunities and knowledge of the industry in which the Company operates.
- Behavioral skills - attributes and competencies to use their knowledge, professional skills to contribute effectively to the growth of the Company.
- Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration and Decision Making,
- Financial, Taxation, Law and Management skills.

Brief Profile of the Directors of the Company:

Mr. Bharat D Shah, Independent Director (holding DIN- 00136969), 73, was appointed as an Independent Director of the Company for a period of Five (5) years with effect from March 27, 2015 and he was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years w.e.f March 27, 2020. He was appointed as Chairman of the Board with effect from May 27, 2016. Mr. Bharat Shah has extensive experience and expertise in the fields of banking, finance and securities market. He has been one of the founder members of HDFC Bank Limited and has played a key role in the establishment and consistent growth of the Bank. He is also on the Board of various prominent companies. Before joining the Financial Sector, he worked with Technova, Bradma and Pyrene in London. He has also worked with Leading MNCs viz., Thomas Cook, Citibank and with UBS. Mr. Bharat Shah is the Chairman of HDFC Securities Limited. He has his Bachelor's in Science Degree from the University of Mumbai and also holds a Degree in Applied Chemistry with special reference to metal finishing from Borough Polytechnic, London.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Expertise in Specific Functional Areas	Banking, Finance, Forex Management, General Management of Business and Securities Market.
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	<ol style="list-style-type: none"> 1. HDFC Securities Limited 2. Mahindra Lifespace Developers Limited 3. Salisbury Investments Private Limited 4. Strides Pharma Science Limited 5. HDFC ERGO Health Insurance Company Limited 6. Tata Sky Limited 7. Exide Industries Limited 8. DigiKredit Finance Private Limited 9. Spandana Sphoorty Financial Limited 10. Mahindra World City Developers Limited

Mr. Ramesh Ramadurai, Managing Director (holding DIN- 07109252), 58, was initially appointed as a Non-Executive Non-Independent Director of the Company with effect from March 27, 2015. He was appointed as the Managing Director of the Company from June 1, 2019. Mr. Ramesh Ramadurai was appointed as Business Director for 3M Industrial Business in July 2014 and was based out of Shanghai responsible for the entire Asia Pacific Area. Prior to this role, Mr. Ramesh Ramadurai served as Managing Director of 3M Philippines from August 2011 until June 2014, based in Manila. He joined 3M India in 1989 as Sales Engineer and held positions as Country Business Leader in Industrial Business and Electro & Telecommunications. He was seconded to Global Headquarters in St Paul, USA, and worked as Market Segment Manager in Industrial Business, as Global Business Manager for a line of Industrial Tapes, and as International Business Manager for 3M's Packaging, Masking and Specialty Tapes businesses. Prior to 3M, Mr. Ramesh Ramadurai worked for a year as a Production Engineer at an Offshore Oil Production facility, and for about 3 years in a business planning and development role at an automotive parts and motorcycle manufacturer, both in India. Mr. Ramesh Ramadurai holds MBA from the Indian Institute of Management in Calcutta and is a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology, Kanpur.

Expertise in Specific Functional Areas	General Management of Business and Marketing
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

Mr. Amit Laroya, Non-Executive Director (holding DIN-00098933), 55, was appointed as a Non-Executive Non-Independent Director of the Company with effect from June 1, 2016. Mr. Amit Laroya was the President and Managing Director of 3M Korea Limited from June 1, 2016 to December 31, 2019. He was the Managing Director of the Company from October 1, 2013 to May 31, 2016. He has been appointed as Vice President – Asia for Transportation and Electronics Business Group with effect from January 1, 2020. Mr. Amit Laroya started his career at Asian Paints and moved to 3M India in 1990 as the Division Head of Traffic, safety and Security. He has held positions in 3M India as the Country Business Leader in Safety & Graphics, Industrial, Electro and Telecommunication in addition to being the first Master Black Belt for India region. He has also held positions as the M&A Manager for India region and General Manager of 3M Lanka. His previous assignment as the Managing Director of 3M Indonesia and 3M India Limited made him well suited to understanding emerging market needs. He also has a good understanding of global corporate strategies at 3M having recently worked in St Paul, USA, as the Global Director-for 3M Strategy & Corporate Development & the Director of International Strategic Planning & M&A. Mr. Amit Laroya is an Economics Honors graduate from the University of Delhi with MBA in Marketing and Finance from XLRI in India.

Expertise in Specific Functional Areas	Marketing, Mergers and Acquisitions, Finance and General Management of Business
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

Mr. B.V. Shankaranarayana Rao, Whole-time Director (holding DIN-00044840), 60, was appointed as a Whole-Time Director of the Company with effect from July 24, 2002. He retired from the Company from the closing hours of May 13, 2020 after attaining the date of his superannuation. Mr. B.V. Shankaranarayana Rao holds a bachelor's degree in commerce and a master's degree in Business Administration from Bengaluru University. He has been with the Company since 1990. He has over 30 years of experience in Finance and Corporate Management. He has held various positions during his tenure in 3M India. He has also worked in 3M Asia Pacific, Singapore, prior to heading the Finance Department in 3M India Limited. Mr. Shankar Rao headed the Business Services Group, Business Transformation and Information Technology.

Expertise in Specific Functional Areas	Finance, Taxation and Corporate Management
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Ms. Radhika Rajan, Independent Director (holding DIN- 00499485), 64, was appointed as an Independent Director of the Company for a period of Five (5) years with effect from May 27, 2016. Ms. Radhika Rajan heads DSP Investments, the umbrella company of the Kothari Family Office, in Mumbai, India. The Kothari portfolio comprises of Indian securities, fixed-income, corporate paper and loans, and some angel and private equity investments. Previously, Ms. Radhika Rajan was President of TCG Advisory of the TCG Group, New York. In this capacity, Ms. Radhika Rajan conceived, set up, structured and managed the operations of TCG's offshore Indian Equities Funds for 7 years. Prior to joining the Fund in 2003, she advised TCG and several other private equity groups on various companies and proposed investments in the US-India corridor. Ms. Radhika Rajan is a US citizen and long-term resident of New York who relocated to India a few years earlier. She has focused on India as an investment destination since 1999, when she became New York based Executive Vice-President of Mphasis. Prior to Mphasis, Ms. Radhika Rajan worked as a Global Macro Proprietary Trader at Chemical Bank (now JPMorgan) Itochu, UBS, Bank of America, and Bank of Montreal where she created and managed several profitable trading structures. As a global macro trader, she traded and took proprietary positions in a range of currencies, cash and options and in interest rate and commodity futures and derivatives. Ms. Radhika Rajan holds an MBA degree from the Indian Institute of Management Ahmedabad and a MSc (Physics) degree from Indian Institute of Technology, Mumbai. She was a National Science Talent Scholar through her Masters 'degree. Ms. Radhika Rajan is an invited author of "The Global Internet Economy," a book published by MIT Press in 2003. She is a charter member of TIE, the global Entrepreneurs organization and served as an Executive Board Member of TIE Tristate for over 5 years. TIE, a global association of entrepreneurs active in accelerating the globalization of Indian business. (www.tie.org and www.tietristate.org).

Expertise in Specific Functional Areas	General Management of Business, Forex Management, Securities Market
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	1. Sonata Software Limited 2. Sonata Information Technology Limited

Mr. Biren Gabhawala, Independent Director (holding DIN- 03091772), 55, was appointed as an Independent Director of the Company for a period of Five (5) years with effect from August 5, 2015. He was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years w.e.f. August 14, 2019. Mr. Biren Gabhawala holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant and a fellow member of the Institute of Chartered Accountants of India. He is into practice for last 27 years. He is a Senior Partner of Messrs. C. M. Gabhawala & Co., Chartered Accountants and specializes in Direct and Indirect Taxation, FEMA, International Taxation, Mergers, and Acquisitions.

Expertise in Specific Functional Areas	Direct and Indirect Taxation, FEMA, International Taxation, Mergers and Acquisitions
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	1. eClerx Services Limited, Director 2. Messrs. C.M. Gabhawala & Co, Partner

Mr. Jongho Lee (JH), Non-Executive Director (holding DIN- 06720950), 56, was appointed as a Non-Executive Non-Independent Director of the Company with effect from May 26, 2017. JH was named as a Finance Director - Asia based out of Hong Kong from April 1, 2017. JH comes with a strong pedigree and regional experience across multiple companies. JH has most recently been 3M Korea Finance Manager since April 1, 2014. Prior to that, he has held several roles in multiple Companies as:

- VP & CFO, Korea Delphi Automotive Component Company
- FP&A Executive, GM Korea
- Korea Controller, GM
- Finance Controller, GM International Operation Manufacturing
- Asia Pacific HQs Strategy Board Planner (Shanghai), GM
- Finance Representative of Daewoo Group Restructuring Committee
- Treasurer, Daewoo Group

He is also the Co-Chairman of the AMCHAM CFO Committee, Korea and a Tax Committee Member of Korea Chamber of Commerce. JH holds an MBA from the University of Michigan, Ann Arbor and a B.A., Seoul National University. He is appointed as Director-Accounting - APAC for International Finance from January 1, 2020.

Expertise in Specific Functional Areas	Finance and General Management of Business
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Ms. Sadhana Kaul, Non-Executive Director (holding DIN- 02589934), 55, joined the 3M India Limited in the year 2005 as General Counsel. She was appointed as a Whole-Time Director of the Company with effect from October 09, 2009 and was the General Counsel of the Company till November 1, 2013. She resigned as Director and Whole-time Director with effect from November 1, 2013 consequent upon her appointment as General Counsel for South East Asia Region, Singapore. Apart from being General Counsel for South East Asia Region, she also supported Asia Manufacturing and Supply Chain Center of Expertise. She was appointed as a Non-Executive Director of the Company from February 10, 2014. She resigned as Director of the Company with effect from the closing hours of May 27, 2016 due to her pre-occupation and other commitments. Ms. Sadhana Kaul has over 25 years of experience in the legal field, having worked in different capacities in law firms in the US and in India. Prior to joining 3M India limited, she was with GE Medical Systems as Senior Legal Counsel based in Bangalore. She has a History Degree from St. Stephen's College, Delhi University, India and holds a Bachelor's degree in Law from Trinity College Cambridge, UK and a Master's degree in International and Comparative Law from Georgetown University Law Center, Washington D.C. She has been appointed as Asia Area General Counsel with effect from September 1, 2018 and will continue to be based out of Singapore where she will oversee the legal operations of 3M in all its Asia Subsidiaries. She resigned as a Director of the Company with effect from May 5, 2020 to pursue her career outside 3M Group.

Expertise in Specific Functional Areas	Law
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

Names of Committees/Chairmanships held details of the Directors are given below:

Name of the Director	Name of the Company (Including 3M India Limited)	Membership of Committee		Chairmanship of Committees	
		Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship
Ms. Radhika Rajan	3M India Limited Sonata Software Limited Sonata Information Technology Limited	Yes Yes Yes	Yes Yes		
Ms. Sadhana Kaul	Nil				
Mr. Ramesh Ramadurai (from June 1, 2019)	3M India Limited		Yes		
Mr. Jongho Lee	3M India Limited	Yes			
Mr. B.V. Shankaranarayana Rao	Nil				
Mr. Amit Laroya	Nil				
Ms. Debarati Sen (up to May 31, 2019)	3M India Limited		Yes		
Mr. Biren Gabhawala	3M India Limited eClerx Services Limited	Yes Yes	Yes Yes	Yes Yes	
Mr. Bharat D Shah	3M India Limited Tata Sky Limited Spandana Sphoorty Financial Limited HDFC ERGO Health Insurance Company Limited Strides Pharma Science Limited Mahindra Lifespace Developers Limited	Yes Yes Yes Yes Yes Yes	 Yes		Yes

Meetings:

The Meetings of the Board of Directors are normally held at the Company's Corporate Office in Bengaluru. Meetings are generally scheduled well in advance and the notice of each Board / Committee Meetings is given in writing to each Director. The yearly calendar of the Meetings is finalized before the beginning of the year. Additional Meetings are held when necessary. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company. The Board is provided with the relevant information as stipulated in Listing Regulations. The Meetings are governed by a structured agenda. The Board papers, agenda and other explanatory notes are circulated to the Directors seven (7) days prior to the Meetings. In addition, for any business exigencies,

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

the Resolutions are passed by circulation and later placed at the subsequent Board/Committee Meeting for ratification. The Minutes of the Committee Meetings are sent to all Directors individually within the time limits prescribed under the Companies Act, 2013 and are further tabled at the Board Meetings. The Company Secretary is responsible for convening the Board and Committee Meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the Meetings. He acts as an interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects. During the financial year 2019-20, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Details of Board Meetings during the financial year:

During the financial year 2019-20, four (4) Meetings of the Board were held on *May 28, 2019, August 13, 2019, November 13, 2019 and February 11, 2020*. The last Annual General Meeting (AGM) was held on *August 14, 2019*.

None of the Directors is a Director in more than Eight (8) Listed Companies or Ten (10) Public Limited Companies or acts as an Independent Director in more than Seven (7) Listed Companies. The Managing Director and the Whole-Time Director do not serve as Independent Director on any Listed Company. Further, none of the Directors acts as a member of more than Ten (10) Committees or acts as Chairman of more than Five (5) Committees across all Public Limited Companies in which he/she is a Director.

Particulars of the directorships of Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2020 and attendance at the Board Meetings of the Company are exhibited below:

Name & Designation of the Director	Category	No. of Meetings held during the year under review		No. of Directorships and Committee Memberships / Chairmanships			Whether attended last AGM
		Held	Attended	Directorships held@	Committee Memberships#	Committee Chairmanships#	
Mr. Bharat D Shah (Chairman)	<i>Non-Executive & Independent Director</i>	4	4	9	8	1	Yes
Mr. Biren Gabhawala (Director)	<i>Non-Executive & Independent Director</i>	4	4	2	4	2	Yes
Ms. Radhika Rajan (Director)	<i>Non-Executive & Independent Director</i>	4	4	2	4	Nil	Yes
Ms. Debarati Sen (Managing Director up to May 31, 2019) (Director from June 1, 2019 to March 02, 2020)	<i>Executive Director (Promoter Group)</i> <i>Non-Executive Director (Promoter Group)</i>	4	3	2@@	1	Nil	Yes
Mr. Ramesh Ramadurai (Managing Director from June 1, 2019)	<i>Executive Director (Promoter Group)</i>	4	4	1	1	Nil	Yes
Mr. B. V. Shankaranarayana Rao (Whole-time Director)	<i>Executive Director (Promoter Group)</i>	4	4	2@@	Nil	Nil	Yes
Mr. Amit Laroya (Director)	<i>Non-Executive Director (Promoter Group)</i>	4	3	2@@	Nil	Nil	Yes
Mr. Jongho Lee (Director)	<i>Non-Executive Director (Promoter Group)</i>	4	2	1	1	Nil	Yes
Ms. Sadhana Kaul (Director)	<i>Non-Executive Director (Promoter Group)</i>	4	2	1	Nil	Nil	Yes

@ excludes directorship in private companies and includes directorship in 3M India Limited.

@@ includes directorship in one foreign Body Corporate

excludes committees other than Audit Committee and Stakeholders' Relationship Committee

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Attendance details of Board Meetings:

Name of the Director	May 28, 2019	August 13, 2019	November 13, 2019	February 11, 2020
Mr. Bharat D Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhwala	Yes	Yes	Yes	Yes
Mr. Ramesh Ramadurai (Managing Director from June 1, 2019)	Yes	Yes	Yes	Yes
Mr. B V Shankaranarayana Rao	Yes	Yes	Yes	Yes
Ms. Debarati Sen (Managing Director up to May 31, 2019 and Director from June 1, 2019 to March 02, 2020)	Yes	Yes	LOA	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Amit Laroya	Yes	Yes	Yes	LOA
Mr. Jongho Lee	Yes	Yes	LOA	LOA
Ms. Sadhana Kaul	LOA	Yes	LOA	Yes

Committee of the Board:

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time.

Board Training and Induction

At the time of appointing a Director, a "Familiarization Program for Directors of the Company" brochure is handed over which *inter alia* explains the history of the Company, products / divisions of the Company in which it operates, performance of the Company during the last quarter/year, other Directors' profile, Leadership Team details, situation of factories and branch offices etc., role, function, duties and responsibilities expected as a Director of the Company. In the same document, the Director is also explained in detail the compliances required from him under the Companies Act, Listing Regulations and other relevant regulations. The Managing Director of the Company also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfill his role as a Director of the Company. Apart from the above, business heads also make presentations on their respective business and updates the Board. Some of the updates to the Board during 2019-20 includes Risk assessment and minimization measures – Cyber Security, updates on Health Care Business and updates on of MCA/SEBI notifications. The familiarization document is also disclosed on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

The Company has issued formal letters of appointment to all the Independent Directors of the Company in the manner as provided in the Companies Act, 2013 including the tenure of appointment. The terms of appointment have also been disclosed on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

AUDIT COMMITTEE

The Audit Committee of the Company functions in accordance with the requirements of Section 177 of the Companies Act, 2013 and the Listing Regulations.

Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee as per guidelines set out under the Listing Regulations read with Section 177 of the Companies Act, 2013, is set out below:

1. The Audit Committee shall have minimum Three (3) directors as Members. Two-thirds (2/3) of the members of Audit Committee shall be Independent Directors.
2. All members of Audit Committee shall be financially literate and at least One (1) member shall have accounting or related financial management expertise.
3. Chairman of the Audit Committee shall be an Independent Director.
4. The Chairman of the Audit Committee shall be present at Annual General Meeting to answer Shareholder queries.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

5. The Audit Committee may invite such executives of the Company as it considers appropriate (and particularly the head of the finance function) to be present at the Meetings of the Committee, but on occasions it may also meet without the presence of any of the executives of the Company. The Chief Financial Officer(CFO), Internal Auditor and a representative of the Statutory Auditor may be present as invitees for the Meetings of the Audit Committee.
6. The Company Secretary shall act as Secretary of the Audit Committee.
7. The Audit Committee shall meet at least Four (4) times in a financial year and not more than 120 days shall elapse between two Meetings. The quorum shall be either Two (2) Members or one-third (1/3) of the members of the Audit Committee, whichever is higher but there shall be a minimum of two (2) Independent Members present.

Powers of Audit Committee

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Statutory Auditors and Cost Auditors of the Company;
3. Approval of payment to Statutory Auditors and Cost Auditors and for any other services rendered by the Statutory Auditors;
4. Reviewing, with the Management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to Financial Statements.
 - (f) Disclosure of any related party transactions.
 - (g) Modified opinion (s) in the draft Audit Report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditors' independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

13. Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with Internal Auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis.
22. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 Crores or 10% of the asset size of the Subsidiary, whichever is lower including existing loans / advances /investments existing as on the date of coming into force of this provision.

Review of information by the Audit Committee

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

Composition and details of Audit Committee Meetings during the financial year:

As on March 31, 2020, the Audit Committee of the Company consists of Three (3) Non-Executive & Independent Directors and one (1) Non-Executive Director and all of them have financial and accounting knowledge. The members of the Committee are Mr. Biren Gabhawala, Ms. Radhika Rajan, Mr. Bharat D Shah and Mr. Jongho Lee.

Mr. Biren Gabhawala is the Chairman of the Audit Committee. The Company Secretary is the Secretary to the Committee. At the invitation of the Committee, the Managing Director, Whole-time Director, the Internal Auditor, the CFO, General Counsel and Statutory Auditors attend the Audit Committee Meetings.

During the financial year 2019-20, four (4) Meetings of the Audit Committee were held on *May 28, 2019, August 13, 2019, November 13, 2019 and February 11, 2020*. The numbers of Meetings attended during the financial year under review are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	4	4
Mr. Bharat D Shah	4	4
Ms. Radhika Rajan	4	4
Mr. Jongho Lee	4	2

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Attendance details of the Audit Committee Meetings:

Name of the Director	May 28, 2019	August 13, 2019	November 13, 2019	February 11, 2020
Mr. Bharat D Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Jongho Lee	Yes	Yes	LOA	LOA

NOMINATION AND REMUNERATION COMMITTEE (NRC)

In compliance with Section 178 of the Companies Act, 2013 and the Listing Regulations the Board has formed the "Nomination and Remuneration Committee". The terms of reference of the Committee inter alia, the following:

- (a) *Chairperson:* Chairperson of the Committee shall be an Independent Director as may be elected by the Members of the Committee.
- (b) *Quorum:* Quorum for Meeting of the Committee shall be a minimum of Two (2) Members provided one (1) of them shall always be an Independent Director.
- (c) *Frequency of Meetings:* The Committee may meet at such times and at such intervals as it may deem necessary and shall at least meet once a year.
- (d) *Role:* The Role of the Committee shall include inter-alia the following:
 - Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
 - Formulation of criteria for evaluation of Independent Directors and the Board including carrying out evaluation of every Director's performance;
 - Devising a policy on Board diversity;
 - Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
 - Such other matters as may be prescribed under the Companies Act, 2013, Listing Regulations and by the Board of Directors of the Company from time to time;
 - Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- (e) *Invitees:* The Committee may invite such executives of the Company and such other persons as it may consider appropriate.
- (f) *Secretary to the Committee:* The Company Secretary shall be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

The Remuneration Policy for Directors, Key Managerial Personnel and for other employees has been disclosed in the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

Criteria of selection of Non-Executive Independent Directors

The Non- Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management. The NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013. The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. *Qualification, expertise and experience of the Directors in their respective fields;*
- ii. *Personal, Professional or business standing;*
- iii. *Diversity of the Board.*

The Diversity of the Board aims to:

- enhance the quality of performance of the Board,
- usher in independence in the performance of the Board,

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

- achieve sustainable and balanced performance and development in the Company,
- support the attainment of strategic objectives of the Company,
- remove the gender bias in the Board, and,
- Compliance of applicable law/s and good corporate practices.

In case of re-appointment of Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement level.

Criteria of selection of Non-Executive and Executive Directors

For the purpose of selection of the Non-Executive and Executive Directors, the incumbent shall possess relevant expertise, experience and leadership qualities required for that position. The NRC will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013.

Criteria of selection of Senior Management personnel (including KMPs)

For the purpose of selection (including internal selection) of the senior management personnel (including KMPs), criteria such as relevant expertise, experience, qualifications are taken into consideration.

Remuneration Policy of the Company

As an annual activity for processing Merit Increase, the Center of Expertise Total Rewards & Services Team (COE TR) works closely with Salary Consultant Partners, Mercer & Willis Towers Watson, to determine the worth of each job by doing a market benchmark study. Salary Market Pricing describes the process of acquiring external country salary market data to ensure competitive salary ranges at 3M. Specialized vendors (global consultant companies) do collect, structure and analyze participating companies' compensation and benefits data. 3M contributes to these studies and uses the findings to ensure our pay and benefits are at market. This includes comparing the right jobs, job-grades and job-families based on their complexities and responsibilities towards comparable, relevant vendor market data.

Market Pricing processes have been further harmonized globally. Your Company has established Global Market Pricing standards, rules and processes, to achieve global results on an equitable base. This is required to reflect our multi-country, area and global organization. 3M primarily compare against the countries' broad salary market for comparable job-profiles. Usually, companies with similar size, revenue and organizational structure are participating in these studies. We do not compare for example: with non-relevant job-profiles- investment banks or re-insurance companies, government organizations, small local companies. Under specific business cases, the Company has the possibility to exceptionally consider additional datapoints, like selected company or geography samples, this applies in case the general, broad market data does not sufficiently reflect the type of job-profiles 3M is competing for in the local markets.

This global standardized process is likely different than the process a particular country was using before. Consequently, we can expect some differences in the output from the global processes than the process a particular country was using. This means some differences in Market Reference Point (MRP) are likely to occur due to the new process as well as due to the external market. Transition processes will allow smooth alignment if needed. Salary budgets will not be impacted. Annual Salary Adjustment (ASAP) will ensure distribution of increases aligned with existing 3M pay principles that remain fully in force.

The COE TR and Services team and the Salary Consultant (s) work closely first to understand all the roles in the organization and map the roles to their framework. The Company Benchmarks and compares itself with Total Cash Compensation which includes Fixed pay and Variable pay. Total Rewards team creates the comparator basket/peer companies list based on the companies 3M recruit and lose talent. These companies become the comparator list to determine the compensation rates.

COE TR and Services Team at St. Paul, USA after finalization of peer companies from 3M India Limited list, interact with the Salary Consultants with the shortlisted companies (Peer companies) to understand their roles and map them to their framework. Post which, they compare the roles and compensation as per the mapping exercise. Upon this exercise, Consultants, based on the mapping provide compensation rates for each level. Total Rewards team based on the market median, draws MRP.

Based on the above guidelines, each level, starting from the entry to the head of the organization the pay range is determined. The determined pay ranges are shared with the Managing Director and Business/Functional leaders to understand the salary movements and obtain approval on the MRP for the year. The approved MRP is used for the merit increase exercise along with the employee performance rating. The Total Rewards team culls out the Compensation ratio (Distance from the new mid-point) and the proposed increase for each employee and the organization, as a whole. Post completion of this exercise, the increase is discussed with the CFO to find out the affordability and the impact on the Company's Profit and Loss account. Based on the Company's objectives and affordability, the overall company increase rates are determined. The calibrated increment value, if any, is taken as the approved

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

increase at a company level. Total Rewards & Services Team reworks the entire compensation increases by employee-wise based on the available budget.

Salary budgets do follow the country total pay market move. The Company's budgets are driven by the forecasts of external comparator markets and companies, by specific internal pay budget needs (for example through low or high average Compa-ratio-level of employees, or by mandatory increases), and by internal 3M budget resources available in our business plans and as per our senior management's decision.

Salary Market Pricing does normally not directly impact the salary budgeting process. The planned budgets will be aligned to external total country pay market move and to internal factors (for example in case average 3M pay / Compa-ratio is significantly below or above external market), same as in former years. The pay-market structure data, building our MRPs, can also have an impact on how the budget is distributed, as per our ASAP-Guidelines.

The final employee wise increases are broken into department/business wise budget for annual Increases. Total Rewards and Services Team annually reviews the compensation structure, to ensure that the appropriate mix of fixed and variable pay is considered and also ensures that the compensation structure is in line with the Income tax rules, as applicable.

The above process is followed for all Non-production employees in the Company including the Managing Director, Wholetime Director and other Key Management Personnel.

The Company pays Rs. 20,000/- to each Independent Director per Board /Committee Meetings as sitting fees and a fixed Commission not exceeding Rs. 18,00,000/- P.A. (from April 1, 2019) to each of the Independent Directors. The Maximum amount payable to all Independent Directors is restricted to one percent (1%) of the net profit of the Company computed as per the provisions of Section 198 of the Companies Act, 2013. The Non-Executive Non-Independent Directors are not paid any Sitting Fees and Commission.

The remuneration by way of commission paid to the Independent Directors is commensurate with the activities of the Company, the responsibilities of the Independent Directors under the provisions of Listing Regulations and under the Companies Act, 2013, and the responsibilities as Member/Chairman of the Board and Member/Chairman of Committee/s of Board and all other relevant factors.

Composition and details of Nomination and Remuneration Committee Meetings during the financial year:

As on March 31, 2020, the Nomination and Remuneration Committee of the Company consists of two (2) Non-Executive Independent Directors viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and two (2) Non-Executive Directors viz., Ms. Sadhana Kaul and Mr. Amit Laroya. Mr. Biren Gabhawala is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

During the financial year 2019-20, Two (2) Meetings of the Nomination and Remuneration Committee were held on *May 28, 2019* and *February 11, 2020*. The number of Meetings attended during the year under review is as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	2	2
Mr. Bharat D Shah	2	2
Mr. Amit Laroya	2	1
Ms. Sadhana Kaul	2	1

Attendance details of Nomination and Remuneration Committee Meetings:

Name of the Director	May 28, 2019	February 11, 2020
Mr. Biren Gabhawala	Yes	Yes
Mr. Bharat D Shah	Yes	Yes
Mr. Amit Laroya	Yes	LOA
Ms. Sadhana Kaul	LOA	Yes

Remuneration to Directors:

As at the end of financial year 2019-20, the Company has Two (2) Executive Directors, Mr. Ramesh Ramadurai, Managing Director and Mr. B. V. Shankaranarayana Rao, Whole-time Director.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

The Managing and Whole-Time Directors of the Company have been appointed on contractual basis and their terms of appointment were fixed by the Board and the appointments pertaining to Mr. Ramesh Ramadurai, Managing Director and Mr. B. V. Shankaranarayana Rao, Whole-Time Director were approved by the Members at the Annual General Meetings for tenures up to Two (2) years, 8 months & 12 days and Three (3) years & 43 days respectively. The Company has filed an application under the Act with the Central Government for the appointment of Mr. Ramesh Ramadurai as Managing Director during August 2019. The approval is awaited.

The elements of the remuneration package of Executive Directors comprise Salaries and Allowances, Perquisites, Company Leased Accommodation, Company Car and driver, Telephone at home, Club Fees, Gratuity, Personal Accident Insurance and Contribution to Provident Funds and Other Funds. The contract of employment of Executive Directors is terminable by serving a notice of Ninety (90) days. The Company has no Stock Option/Equity-based awards or any other Stock Linked Incentive Plans. However, Senior Executives of the Company including Managing Director and Whole-Time Director of the Company are entitled to the Restricted Stock Options/ Stock Appreciation Unit Plans declared by the Parent Company, 3M Company USA, from time to time. As per 3M International Policy, the Company which employs the respective employees is required to bear the cost of the options.

Details of remuneration for the financial year ended March 31, 2020:

(a) Executive Directors:

Name and Designation	No. of Shares Held	Salaries & Allowances (Rs.)	Contribution to Provident Fund (Rs.)	Estimated Value of Benefits (Rs.)	Total (Rs.)	Present term expires on
Mr. Ramesh Ramadurai (Managing Director, from June 01, 2019)	Nil	3,50,70,144	11,69,280	21,57,000	3,83,96,424	February 12, 2022
Ms. Debarati Sen (Managing Director, up to May 31, 2019)	Nil	3,42,74,388	7,07,222	12,57,586	3,62,39,196	NA
Mr. B.V. Shankaranaryana Rao (Whole-Time Director)	Nil	1,63,88,659	7,68,732	3,88,72,252	5,60,29,643	May 13, 2020

(b) Non-Executive Independent Directors:

Name of the Director	No. of Shares Held	Sitting Fees for Board Meetings (Gross) (paid during the FY 2019-20) (Rs.)	Sitting Fees for Committee Meetings (Gross) (paid during the FY 2019-20) (Rs.)	Commission (Gross) (Rs.)	Total (Rs.)
Mr. Bharat D Shah	Nil	80,000	2,80,000	18,00,000**	21,60,000
Mr. Biren Gabhawala	Nil	80,000	2,60,000	18,00,000**	21,40,000
Ms. Radhika Rajan	Nil	80,000	2,20,000	18,00,000**	21,00,000

**Remuneration by way of Commission for the financial year 2019-20 will be paid to the Independent Directors after the accounts for the financial year 2019-20 have been adopted and approved by the members at the ensuing AGM.

The Non-Executive Directors viz., Mr. Amit Laroya, Ms. Sadhana Kaul and Mr. Jongho Lee did not receive Sitting Fees and Commission. None of the Non-Executive Directors has any pecuniary relationship with the Company.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178(5) of the Companies Act, 2013 and the provisions of the Listing Regulations, the Board has formed the "Stakeholders' Relationship Committee".

The terms of Reference of the Committee are as under:

- To look into the redressal of grievances of Shareholders, Debenture holders and other security holders including complaints related to transfer of Shares, non-receipt of Balance Sheet and non-receipt of dividends.
- The Committee shall meet every quarter and that quorum for Meeting of the Committee shall be a minimum of Two (2) Members with the presence of at least One (1) Independent Director.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

- The Company Secretary will be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of Shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by Shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the company.

Composition and details of Stakeholders' Relationship Committee Meetings during the financial year:

As on March 31, 2020, the Stakeholders' Relationship Committee of the Company consists of Four (4) Directors, of which Three (3) are Non-Executive and Independent Directors and One (1) is Executive Director. The Members of the Committee are Mr. Bharat Shah, Mr. Ramesh Ramadurai, Mr. Biren Gabhawala and Ms. Radhika Rajan. Mr. Bharat Shah is the Chairman of the Committee. The Company Secretary is the Compliance Officer of the Company.

During the financial year 2019-20, Four (4) Meetings of the Stakeholders' Relationship Committee were held on May 28, 2019, August 13, 2019, November 13, 2019 and February 11, 2020. The attendance of the Members at the Stakeholders' Relationship Committee

Meeting held during the financial year are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Bharat Shah (Chairman)	4	4
Mr. Biren Gabhawala	4	4
Ms. Radhika Rajan	4	4
Mr. Ramesh Ramadurai (from June 1, 2019)	3	3
Ms. Debarati Sen (up to May 31, 2019)	1	1

Attendance details of Stakeholders' Relationship Committee:

Name of the Director	May 28, 2019	August 13, 2019	November 13, 2019	February 11, 2020
Mr. Bharat Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Ramesh Ramadurai (from June 1, 2019)	NA	Yes	Yes	Yes
Ms. Debarati Sen (up to May 31, 2019)	Yes	NA	NA	NA

The Company through its Registrar and Share Transfer Agents has addressed / resolved most of the investor grievances / correspondence within a period of 7 days from the date of their receipt except in cases that are constrained by disputes or legal impediments. The statistics of Members complaints received / redressed, during the period under review are as under:

No. of Shareholders' complaints pending as at April 01, 2019.	Nil
No. of complaints received during the period April 01, 2019 to March 31, 2020.	63
No. of Shareholders' complaints resolved during the period April 01, 2019 to March 31, 2020.	63
No. of Shareholders' complaints pending as on March 31, 2020.	Nil

The Share Transfer Committee comprises of Mr. Ramesh Ramadurai, Managing Director and Mr. B.V. Shankaranarayana Rao, Whole-time Director.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board constituted a Corporate Social Responsibility Committee. The CSR Policy of the Company has been disclosed on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

The terms of Reference of the Committee are as under:

- (a) **Chairman:** Chairman of the CSR Committee shall be an Independent Director as may be elected by the Members of the CSR Committee.
- (b) **Quorum:** Quorum of the CSR Committee shall be minimum of Two (2) Members provided One (1) of them shall always be an Independent Director.
- (c) **Frequency of Meetings:** The CSR Committee may meet at such times and at such intervals as it may deem necessary.
- (d) **Role:** The Role of the CSR Committee shall include *inter-alia* the following:
 - Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company from time to time;
 - Recommend the amount of expenditure to be incurred on the activities undertaken as specified in Schedule VII of the Companies Act, 2013;
 - Monitor the Corporate Social Responsibility Policy of the Company from time to time;
 - Perform such functions as may be statutorily required by the CSR Committee;
 - Other matters as may be assigned by the Board from time to time.
- (e) **Invitees:** The CSR Committee may invite such executives of the Company and such other persons as it may consider appropriate.

Composition and details of Corporate Social Responsibility meetings during the financial year:

As on March 31, 2020, the CSR Committee of the Company consists of Three (3) Directors, of which One (1) is Non-Executive & Independent Directors and Two (2) are Executive Directors. The Members of the Committee are Mr. Bharat D Shah, Mr. Ramesh Ramadurai and Mr. B.V. Shankaranarayana Rao. Mr. Bharat D Shah is the Chairman of the CSR Committee.

During the financial year 2019-20, Two (2) Meetings of the CSR Committee were held on *May 28, 2019 and November 13, 2019*. The attendance of the Members at the CSR Committee Meeting held during the financial year are as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Bharat D Shah (Chairman)	2	2
Mr. Ramesh Ramadurai	2	2
Ms. Debarati Sen (up to March 2, 2020)	2	1
Mr. B.V. Shankaranarayana Rao	2	2

Attendance details of Corporate Social Responsibility Meetings:

Name of the Director	May 28, 2019	November 13, 2019
Mr. Bharat D Shah	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes
Ms. Debarati Sen (up to March 2, 2020)	Yes	LOA
Mr. B.V. Shankaranarayana Rao	Yes	Yes

INDEPENDENT DIRECTORS' MEETING

During the financial year under review, the Independent Directors met on *February 11, 2020, inter alia*, to discuss:

- Evaluation of the performance of the Non-Independent Directors and the Board as a whole,
- Evaluation of the performance of the Chairman of the Company, Chairman of the Committee's taking into account the views of the Executive and Non- Executive Directors,

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and Ms. Radhika Rajan were present at the Meeting held on February 11, 2020. Mr. Bharat D Shah is the Lead Independent Director.

PERFORMANCE EVALUATION OF BOARD/COMMITTEE'S /DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board carried out the Annual Performance Evaluation of: (i) the Board as a whole, (ii) individual directors (including Independent Directors and Chairperson) and (iii) various Committees of the Board based on SEBI's Guidance Note on Board Evaluation issued in January 2017.

A structured and detailed questionnaire was prepared by the Company internally, covering the following criteria's:

For Board as a whole-

Structure of the Board, Meetings of the Board, Functions of the Board, Board and Management, Professional Development.

For Committees of the Board-

Mandate and Composition, effectiveness of the Committee, structure of the Committee and Meetings, Independence of the Committee from the Board and contributions to decisions of the Board

For Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-Independent Directors, etc.)-

Qualifications, experience, knowledge and competency, fulfillment of functions, initiative, availability and attendance, commitment, contribution and integrity.

Following additional criteria for Independent Directors were covered:

Independence and independent views and judgment.

Following additional criteria for Chairperson were covered-

Effectiveness of leadership and ability to steer the meetings, Impartiality, Commitment and ability to keep Shareholder's interest in mind.

Based on the above criteria, rating sheets were filled by each of the Directors with regard to Annual Performance Evaluation of: (i) the Board as a whole, (ii) individual Directors (including Independent Directors and Chairperson) (except for the Director being evaluated) and (iii) various Committees of the Board were sent in a sealed envelope / mailed directly to the Head –HR for summarizing the results.

The Head-HR was invited for the Independent Directors (IDs) meeting held on February 11, 2020 for facilitating, summarizing and sharing the results of the evaluation of the performance of Non-Independent Directors and Board as a whole and of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Chairperson of the Meeting of IDs briefed the Nomination and Remuneration Committee (NRC) of the outcome of their Meeting held on February 11, 2020. The NRC evaluated the performance of all the Directors at its Meeting held on February 11, 2020. The Chairman of the NRC briefed the Board of the outcome of its Meeting and the Board evaluated the performance of the Board as a whole and the Independent Director's (excluding the Director to be evaluated). The Head-HR facilitated by summarizing and sharing the results from the filled in questionnaire for each of the Directors.

The Evaluation for the financial year 2019-20 of Directors, each of the Committees and that of the Board have received ratings that are near Excellent. The Directors were satisfied with the evaluations results which reflected the overall engagement and effectiveness of the Board and its Committees.

The Board has taken note of the following feedback received from Directors to further improve the performance of the Directors, the Board itself and Committees of the Board:

- Suggestion for Non-Executive Directors to attend 75% of the Meetings scheduled for the financial year from the present 50% level.
- Suggestion for holding an additional meeting of the Board once a year to discuss strategy and other business matters – as good governance practice.
- Suggestion for reviewing Independent Directors Remuneration to align with the Industry Standards.
- Suggestion for appropriate and adequate succession plan and review regularly.
- Suggestion for increase in familiarization programmes.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

RISK MANAGEMENT

The Risk Management Policy of the Company is intended to:

- to serve as a document wherein risks affecting the entire organization, at a macro-level are enumerated.
- to describe the measures employed by the management in managing these risks across all divisions and functions, and
- to act as a reference to comprehend how mitigation measures employed by 3M India play a role in reducing the impact and likelihood of these risks.

The Management revisits the Policy on a bi-annual basis as determined by the Board of Directors to keep abreast of changes through a process of periodical monitoring of risks and the level of operational efficiency of controls. Newly identified risks shall be assessed, understood and impact measured. An evaluation of checks and balances in place and the need for additional measures shall be considered. This shall be achieved through the collaborative efforts of all heads of business and functional divisions. These business and functional heads also seek information from their respective teams to address critical risks that may arise from the grassroots level. The Company has identified many important risks which may have a significant impact on the business, if ignored. The Company has established a set of proactive and reactive measures to address them. These risks were determined based on detailed analysis of the markets where the Company operate, nature of the Company's products and services rendered, and inherent risks in various functions.

The Company has constituted a Risk Committee comprising members of the Leadership Team. The members of the Committee shall be jointly responsible for recommending to the Board of Directors the methodology for risk oversight and management.

The members of the Risk Committee are vested with the following responsibilities:

1. Laying down a framework for identification of risk elements which are pertinent to achieving the company's strategic objectives.
2. Reviewing strategies, policies, procedures, systems and processes in place for identification of new risks.
3. Assessing the identified risks vis-à-vis their impact and likelihood on the different business divisions.
4. Determining the adequacy of existing mitigation factors including the infrastructure and resources in place and considering the adoption of new systems and processes, in case necessary.
5. Laying down policies and procedures for timely implementation of the mitigation factors.
6. Setting out the roles and responsibilities of various personnel responsible for the mitigation of risks at different processes.
7. Monitoring compliance with policies and procedures related to risk identification and mitigation.
8. Hold meetings on a bi-annual basis to discuss and evaluate the Risk Management Policy.

The Listing Regulations requires the constitution of Risk Management Committee (RMC) by the top 100 listed entities determined based on market capitalization as at the end of immediate previous financial year. The Companies Act, 2013 does not prescribe any such requirement. Further, the Listing Regulations do not specify the role of RMC. As per the Kotak Committee recommendations, SEBI has accepted the recommendations and has amended the Listing Regulations and that the constitution of RMC would now be applicable to top 500 listed entities and the role of RMC would specifically include cybersecurity effective from April 1, 2019. RMC was applicable to the Company from April 1, 2019. The majority of members of RMC would consist of members of the Board of Directors. The Chairperson of the RMC should be a member of the Board of Directors. The RMC shall meet at least once in a year. The Board of Directors shall define the role and responsibilities of the RMC and may delegate monitoring and reviewing of the Risk Management plan to the Committee and such other functions as it may deem fit.

The Company on February 12, 2019 has constituted a Risk Management Committee (RMC) of the Board with effect from April 1, 2019. The Board has delegated the monitoring and reviewing of the Risk Management Plan to the Leadership Team members of the Company, who shall be jointly responsible for recommending to the RMC the methodology for risk oversight and management through a team consisting of members from Business Services group, Sourcing, Corporate Secretarial and Finance.

Composition and details of Risk Management Committee Meetings during the financial year:

As on March 31, 2020, the RMC Committee of the Company consists of Six (6) Directors, of which Three (3) are Non-Executive & Independent Directors, one (1) is Non-Executive Director and Two (2) are Executive Directors. The Members of the Committee are Mr. Biren Gabhawala, Mr. Bharat D Shah, Ms. Radhika Rajan, Ms. Sadhana Kaul, Mr. Ramesh Ramadurai and Mr. B.V. Shankaranarayana Rao. Mr. Biren Gabhawala is the Chairman of the RMC Committee.

During the financial year 2019-20, Two (2) Meetings of the RMC Committee held on August 13, 2019 and February 11, 2020. The attendance of the members at the RMC Committee Meeting held during the financial year are as under:

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	2	2
Mr. Bharat D Shah	2	2
Ms. Radhika Rajan	2	2
Ms. Sadhana Kaul	2	2
Mr. B.V. Shankaranarayana Rao	2	2
Mr. Ramesh Ramadurai	2	2

Attendance details of Risk Management Committee Meeting:

Name of the Director	August 13, 2019	February 11, 2020
Mr. Biren Gabhawala	Yes	Yes
Mr. Bharat D Shah	Yes	Yes
Ms. Radhika Rajan	Yes	Yes
Ms. Sadhana Kaul	Yes	Yes
Mr. B.V. Shankaranarayana Rao	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with the requirements of Sections 177(9) and (10) of the Companies Act 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and the provisions of Listing Regulations, the Company has established an effective Vigil Mechanism by way of this Business Conduct Concern Reporting Policy (Whistle Blower Policy) for Upholding 3M's Code of Conduct (available at 3M.com/businessconduct), 3M's values and all laws applicable to 3M India Limited's operations in India is the responsibility of everyone acting on 3M's behalf. The Policy sets out ways through which 3M's employees, investors, customers, vendors and other stakeholders can raise concerns that relate to actual or suspected violations of 3M's Code of Conduct, accounting or auditing matters and applicable national and international laws. The details of the website/hotline are as under:

Website: www.3M-Ethics.com or the International Toll-Free Service (ITFS) from India – 000-800-100-1071/000-800-001-6112.

The Company prohibits retaliation against anyone who raises a business conduct concern or cooperates in a Company investigation. Complaints made in good faith will not expose the Concerned Party to any sanctions, regardless of whether the underlying facts prove to be correct or result in any corrective action. If a Concerned Party believes that he /she has faced retaliation of any kind, he /she can report it to any of the persons mentioned in the Policy so that the Company can investigate.

Status update on the above Policy is reported to the Audit Committee every quarter and the Policy has been disclosed in the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

SUBSIDIARY COMPANIES

In accordance with Section 129(3) of the Companies Act, 2013, ('Companies Act') a statement containing salient features of the financial statement of the Subsidiary Company in Form AOC-1 is provided as "Annexure L". Secretarial Audit Report is not applicable as it is not a Material Subsidiary.

RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on materiality of related party transactions and also on dealing with Related Party Transactions. Prior approvals of all Related Party Transactions (RPTs) are obtained from the Audit Committee. The Audit Committee had granted omnibus approval for RPTs for the transactions incurred for the financial years 2017-18, 2018-19 and 2019-20 after considering all the conditions of the provisions of the Listing Regulations. The Company has obtained the approval of the Shareholders of all the Material RPTs for the financial years 2017-18, 2018-19 and 2019-20 at the AGM held on August 10, 2017.

The Company proposes to seek the approval of the Shareholders for all material RPTs for the estimated/proposed transactions for three financial years from April 1, 2020 to March 31, 2023 as Ordinary Resolutions as per the Notice of the 33rd Annual General Meeting and Explanatory Statement thereof. The related parties shall abstain from voting on such Resolution.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

The Company follows the following Policy in disclosing the Related Party Transactions to the Audit Committee:

A statement in summary form of transactions with related parties at arm's length price in the normal course of business.

- All material individual transactions with related parties, which are not in the normal course of business and which are not on an arm's length basis.
- All material financial and commercial transactions relating to senior management where they have personal interest that may have a potential conflict with the interest of the Company at large.

DISCLOSURES

Related Party Transactions:

Details of all material transactions with related parties are disclosed along with the Compliance Report on Corporate Governance. The Company has disclosed the Policy on dealing with Related Party Transactions on its website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

Accounting Treatment:

The Company's Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2020 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Indian GAAP as of the transition date have been recognized directly in equity at the transition date.

Proceeds from Public issues, rights issue, preferential issues etc.:

The Company has not made any capital issues during the financial year 2019-20.

General Body Meetings:

Details of Annual General Meetings (AGM) of the Company held for the last three (3) years:

Date	Meeting	Location	Time
August 10, 2017	AGM	Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.
August 10, 2018	AGM	Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.
August 14, 2019	AGM	Trinity Hall, Taj MG Road, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.

Particulars of Special Resolutions passed in the last three AGMs are given below:

August 10, 2017	Nil
August 10, 2018	Nil
August 14, 2019	Re-appointment of Mr. Biren Gabhawala (holding DIN: 03091772) as an Independent Director of the Company for a second term.

Particulars of Resolution passed through Postal Ballot during the financial year 2019-20:

Postal Ballot Notice dated	Particulars of Resolution	Remarks
January 21, 2020	Scheme of Amalgamation between the 3M India Limited (the Company/Transferee Company) and 3M Electro and Communication India Private Limited (Transferor Company) and their respective Members and Creditors under Section 233 of the Companies Act, 2013.	Resolution passed with requisite majority by members and creditors, however as per Section 233 (1)(b), 90% of the total number of Shares and 90% of the total value of creditors was not obtained. Hence the Resolution did not go through as per the said Section.
February 11, 2020	Re-appointment of Mr. Bharat Dhirajlal Shah (holding DIN: 00136969) as Non-Executive Independent Director for a second term.	Resolution passed with requisite majority by Members.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Details of voting pattern of Postal Ballot Notice dated January 21, 2020: Shareholders

Particulars	No. of votes contained in						% Total valid votes cast
	Remote E-voting		Ballot Form		Total		
	No. of Members voted	No. of votes cast (Shares)	No. of Members voted	No. of votes cast (Shares)	No. of Members voted	No. of votes cast (Shares)	
Assent	154	92,87,524	40	3,230	194	92,90,754	99.996
Dissent	6	263	4	106	10	369	0.004
Total	160	92,87,787	44	3,336	204	92,91,123	100.00
Invalid/Abstained	3	5,837	5	244	8	6,081	NA

Total Paid up Capital of the Company as on record date: 1,12,65,070 Shares

Total No. of shares who assented for the resolution: 92,90,754 Shares

%age of voted in favour of the resolution which constitutes 82.47% of the Paid-up Capital

Details of voting pattern of Postal Ballot Notice dated January 21, 2020: Creditors

Particulars	No. of Ballot Papers	Aggregate votes in value (in Rs.)
Total Valid Votes	72	200,11,28,431
Total Votes cast in favour of the Resolution	72	200,11,28,431
Total Votes cast against the Resolution	0	0
%age of Votes cast in favour	100%	100%
%age of Votes cast aganist	0	0
Total Invalid Votes	4	53,72,848

Accordingly, out of total creditors having the value of Rs.241,85,89,389 Creditors having value of Rs. 200,11,28,431 have voted in favour of the resolution which constitutes 82.74% of the Total Creditors.

Details of voting pattern of Postal Ballot Notice dated February 11, 2020:

Particulars	No. of votes contained in						% Total valid votes cast
	Remote E-voting		Ballot Form		Total		
	Remote E-voting	No. of votes cast (Shares)	No. of Members voted	No. of votes cast (Shares)	No. of Members voted	No. of votes cast (Shares)	
Assent	108	92,71,036	39	3,533	147	92,74,569	99.961
Dissent	12	16,413	2	62	14	16,475	0.0389
Total	120	92,87,449	41	3,595	161	92,91,044	100.00
Invalid/Abstained	2	675	1	40	3	715	NA

Mr. Vijayakrishna K T, Practising Company Secretary was appointed as the Scrutinizer for the conduct of Postal Ballot process. The procedure prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Secretarial Standard 2 and Regulation 44 of SEBI (LODR) Regulations, 2015 was followed for conduct of the Postal Ballot. The results of the Postal Ballot were submitted to the Stock Exchanges and displayed on the notice board at the Registered Office, on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and on the website of Kfin at <https://evoting.karvy.com> pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014.

There is no business requiring Resolution to be passed by Postal Ballot at the ensuing Annual General Meeting (AGM) to be held on August 26, 2020.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years:

There have been no instances of non-compliance by the Company on any matter related to Listing Agreement with the Stock Exchanges.

Compliance with Mandatory Requirements:

The Company has complied with all the mandatory requirements of the provisions of Listing Regulations. As regards the non-mandatory requirements the extent of compliance has been stated in this report against each item.

Management Discussion and Analysis:

The Management Discussion and Analysis Report on the Company's activities during the financial year is published as part of the Company's Annual Report. This report has been placed before the Company's Audit Committee.

Insider Trading:

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Company observes a closed period for trading in securities of the Company by the Directors/Officers and Designated Employees of the Company for a period of seven days prior to the close of the quarter/half year/year and up to 24 hours after the date on which the results for the respective quarter/half year/year and is notified to the Stock Exchanges.

Means of Communication:

Quarterly/half yearly/annual financial results are published in The Business Line (All India Edition) and PrajaVani (Bengaluru Edition). The Company's financial results and shareholding pattern are also displayed in the Company's website at : https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/ and are also notified to the Stock Exchanges as required under the Listing Regulation. Shareholding pattern, Compliance on Corporate Governance and other Corporate Announcement are uploaded in the NSE Electronic Application Processing System (NEAPS) and in BSE Listing Centre website. The Company has not made any presentations to the Institutional Investors or to the Analysts.

Shareholders:

Details of the Directors seeking appointment/re-appointment at the ensuing AGM are provided in the Notice convening the AGM.

Secretarial Audit for Reconciliation of Capital:

Secretarial Audits were carried out periodically by a qualified Practising Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of Shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. This audit is carried out every quarter and the report thereon are submitted to the Stock Exchanges and is also placed before the Board of Directors.

NON-MANDATORY REQUIREMENTS

Chairman's Office:

The Company has a Non-Executive Chairman. However, no separate Chairman's office is maintained at the Company's expense. The Company has separate positions for Chairman and Managing Director.

Shareholders' Rights:

Quarterly/half yearly/annual financial results are published in English Newspaper having a circulation all over India and in Kannada newspaper (having circulation in Bengaluru). Significant events of the Company are being disclosed to the Stock Exchanges from time to time. The Company's financial results, shareholding pattern and other corporate announcements are also displayed in the Company's website: https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/ and are also notified to the Stock Exchanges as per the provisions of Listing Regulations. The Company also displays in their website, the quarterly report sent to the Stock Exchanges on the Compliance on Corporate Governance, Shareholding Pattern, quarterly financial results and other corporate announcements. The Shareholding Pattern, Corporate Governance details and other quarterly compliances and corporate announcements are uploaded in the NSE Electronic Application Processing System (NEAPS) and in BSE Listing Centre website.

Audit qualifications:

During the financial year under review, there were no qualifications, reservations or adverse remarks made by the Statutory Auditors / Secretarial Auditors in their respective Reports.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Reporting of Internal Auditor: The Company has an in-house Internal Auditor and reports to the Audit Committee.

Annual General Meeting	August 26, 2020 (Wednesday) Time: 3.00 P.M. over Video Conference (“VC”) / Other Audio Visual Means (“OAVM”). (Deemed venue for the Meeting - Corporate Office at UB City, Concorde Block, 11th Floor, 24, Vittal Mallya Road, Bangalore – 560 001.) For details please refer Notice of the AGM
Date of Book Closure/ Cutoff date for eligibility for voting	August 20, 2020 (Thursday)
Remote e-voting period	Start at 9.00 A.M. on August 23, 2020 (Sunday) and Ends at 5.00 P.M. on August 25, 2020 (Tuesday).
Dividend payment date	N. A.
Financial Results calendar (Tentative)	Second week of August 2020 – Unaudited Results for the quarter and three months ended June 30, 2020. First week of November 2020 – Unaudited Results for the quarter and six months ended September 30, 2020. First week of February 2021 – Unaudited Results for the quarter and nine months ended December 31, 2020. Last week of May 2021 – Audited Results for the year ended March 31, 2021.
Listing on Stock Exchanges	National Stock Exchange of India Limited (Code –3MINDIA) BSE Limited (Code - 523395)
International Securities Identification Number (ISIN)	INE470A01017
Corporate Identification Number (CIN)	L31300KA1987PLC013543

The Company has paid Annual Listing fees, as prescribed, to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the financial year 2020-21.

Annual Custody / Issuer Charges:

The Company has paid the Annual Custody fees for the financial year 2020-21 to Central Depository Services Limited (CDSL) and to National Securities Depository Limited (NSDL).

Registrar & Share Transfer Agents:

Share registration and other investor related activities are carried out by our Registrar and Transfer Agents, KFin Technologies Private Limited for both Physical and Demat securities. Their address is furnished below:

KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited), KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032, Ph: 040-67161524

E-mail: rajeev.kr@kfintech.com, Website: <https://www.kfintech.com> Contact person: Mr. Rajeev Kumar.

Share Transfer System:

Shares sent for transfer in physical form are registered and dispatched within 30 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 30 days.

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. With the proposed change coming into effect from April 1, 2019, Equity Shares of the Company shall be eligible for transfer only in Dematerialized form. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

Monitoring of Share Transfers and other investor related matters are dealt with by the Stakeholders’ Relationship Committee. The Company’s Registrars, KFin Technologies Private Limited process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the authorized Executives of the Company also on a fortnightly basis.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

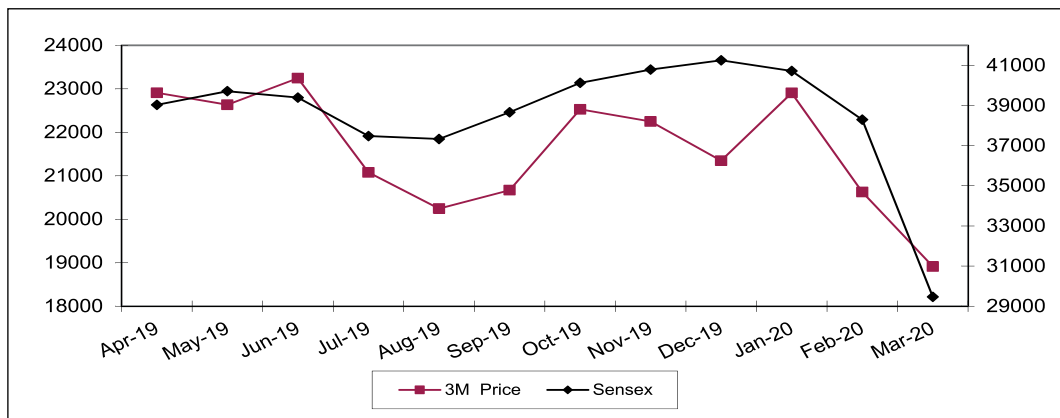
All requests for dematerialization of shares, which are in order, are processed within 21 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Price Data for the financial year 2019-20:

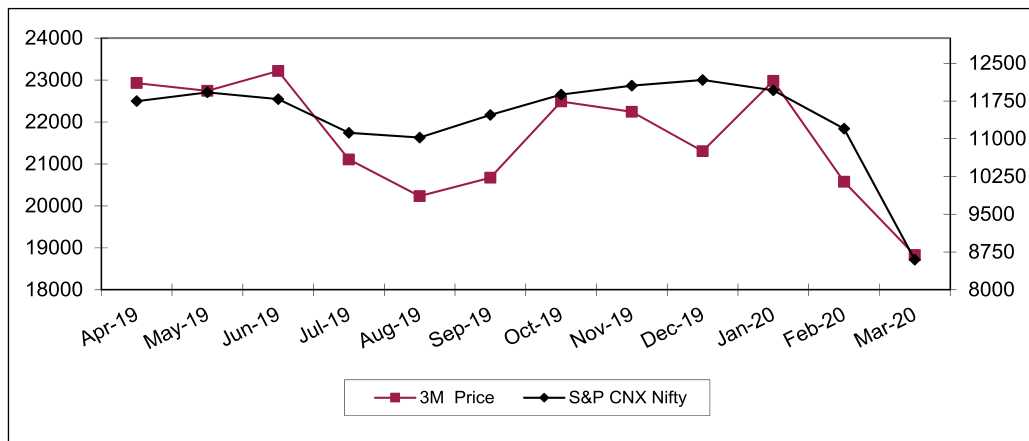
Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (Rs.)	Low (Rs.)	No. of Shares traded	High (Rs.)	Low (Rs.)	No. of Shares traded
April 2019	25,361	22,700	7,321	25,440	22,665	62,256
May 2019	24,200	21,995	3,759	24,255	21,910	38,848
June 2019	23,947	22,000	2,375	23,980	22,000	26,731
July 2019	24,150	20,700	2,149	23,500	20,669	28,252
August 2019	21,839	20,187	2,396	21,850	20,100	24,915
September 2019	21,004	18,200	8,645	21,000	16,750	3,83,506
October 2019	23,490	19,500	12,963	23,267	19,551	3,32,838
November 2019	22,891	22,033	2,893	22,844	22,002	31,500
December 2019	22,481	20,680	1,807	22,469	20,700	23,707
January 2020	24,110	20,868	4,422	24,140	20,855	65,900
February 2020	25,209	20,347	10,484	25,200	20,300	1,30,929
March 2020	24,348	15,686	28,497	24,350	15,700	2,97,701

Stock Performance:

BSE Sensex Vs 3M Share Price (Monthly Closing Price)



NSE-S&P CNX Nifty Vs 3M Share price (Monthly Closing Price)



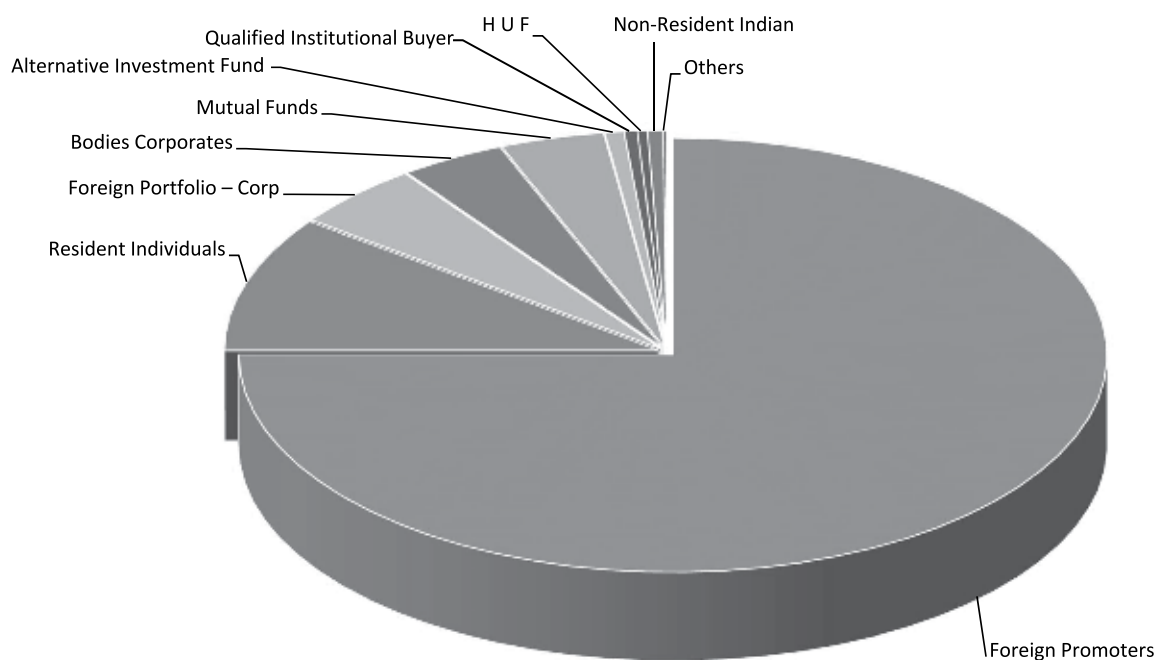
ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Consolidated Shareholding Pattern as on March 31, 2020:

Category	No. of Holders	Total No. of Shares	% To Equity
Foreign Promoters*	1	84,48,802	74.999996
Resident Individuals	27,770	11,39,107	10.11185
Foreign Portfolio – Corp	90	5,46,528	4.851528
Bodies Corporates	660	4,40,887	3.913753
Mutual Funds	43	4,36,545	3.875209
Alternative Investment Fund	14	79,226	0.703289
Qualified Institutional Buyer	6	54,304	0.482056
H U F	1,023	40,418	0.35879
Non-Resident Indian Non Repatriable	479	33,540	0.297735
Non-Resident Indians	775	31,529	0.279883
Banks	1	4,026	0.035739
NBFC	5	3,584	0.031815
Clearing Members	171	3,364	0.029862
Indian Financial Institutions	2	2,500	0.022192
Trusts	4	317	0.002814
Foreign Institutional Investors	1	313	0.002779
Insurance Companies	1	60	0.000533
Nationalised Banks	1	20	0.000178
Total	31,047	1,12,65,070	100.00

* None of Foreign Promoter Shares has been pledged as on March 31, 2020

Pursuant to SEBI Circular No. Cir/ISD/3/2011 dated June 17, 2011, the Company has achieved 100% of Promoters' shareholding in dematerialized Form.



Total No. of shares held

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

Summary of Shareholding as on March 31, 2020:

Category	No. of Holders	Total No. of Shares	% To Equity
PHYSICAL	893	60,477	0.54
N S D L	18,435	1,07,56,529	95.49
C D S L	11,719	4,48,064	3.98
Total	31,047	1,12,65,070	100.00

Top Ten (10) Members of the Company as on March 31, 2020:

Name of the Members	No. of shares held	% to paid-up capital	Category
3M Company	84,48,802	74.999996	FPR
Bright Star Investments Pvt Ltd	1,66,700	1.479796	LTD
SBI Equity Hybrid Fund	1,30,000	1.154010	MUT
IDFC Multi Cap Fund	1,01,420	0.900305	MUT
ACACIA Partners, LP	70,000	0.621390	FPC
ACACIA Conservation Fund LP	70,000	0.621390	FPC
ACACIA Institutional Partners, LP	65,000	0.577005	FPC
Govindlal M Parikh	40,115	0.356101	PUB
ACACIA Banyan Partners	40,000	0.355080	FPC
MAX Life Insurance Co Ltd	32,296	0.286692	LTD
Total	91,64,333	81.351765	

Distribution Schedule as on March 31, 2020:

Range of Shares	No. of Cases	% to Cases	Amount (Rs.)	% to Amount
1-5000	30,609	98.58	71,34,940	6.33
5001-10000	25	0.08	8,61,610	0.76
10001-20000	99	0.31	13,42,200	1.19
20001-30000	39	0.12	9,72,37,620	86.32
30001-40000	38	0.12	27,56,420	2.45
40001-50000	20	0.06	9,03,290	0.80
50001-100000	169	0.54	12,47,600	1.11
100001 and above	48	0.15	11,67,020	1.04
TOTAL	31,047	100.00	11,26,50,700	100.00

Dematerialization of Shares and Liquidity:

99.46 % of the total equity capital was held in dematerialized form as on March 31, 2020.

Outstanding GDRs / Warrants, Convertible Bonds, conversion date and likely impact on equity: Not Applicable

Plant Locations:

- Plot No. 48-51, Electronics City, Hosur Road, Bengaluru – 560 100.
- Plot No.8, Moraiya Industrial Area; Tal Sanand, Sarkhej Bavla Highway, Ahmedabad –382 213.
- Plot No. B-20, MIDC; Ranjagaon Industrial Area, Tal: Shirur, Pune- 412 210.

Branch Locations:

- No.60-61, Udyog Vihar, Phase IV, Gurgaon, Haryana- 122001.
- Nos.1-10-39 to 44, Gumidelli Towers, 8th Floor, Begumpet, Hyderabad – 500 016.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

3. No.636/1, Seshachalam Centre, 11th Floor, Anna Salai, Nandanam, Chennai-600 035.
4. No. 2, Upper Wood Street, Kolkata-700 017.
5. No.1111, 1st Floor, Building 11, Solitaire Corporate Park, Chakala, Andheri, Ghatkopar Link Road, Andheri (East), Mumbai – 400 009
6. No. 145, Mumbai-Pune Road, Pimpri, Pune – 411 018.

Commodity Price Risks or Foreign Exchange Risks and Hedging Activities:

The Company has adequate risk assessment and minimization system in place for foreign exchange. The foreign exchange risk is reviewed periodically. The Company does not have material exposure of any commodity as well as foreign exchange and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/000000141 dated November 15, 2018.

D&O Insurance for Directors:

In line with the requirements of Regulation 24(10) of SEBI Listing Regulations, the Company has taken Directors and Officers Insurance (D&O) for all its Directors and Members of the Senior Management and other Personnel's of the Company.

Other Disclosures

- The Board has received disclosures from the Senior Management that there are no material, financial or commercial transactions, where they and / or their relatives have personal interest. There are no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large. The transactions with related parties as per requirements of applicable Accounting Standards are disclosed under notes to accounts.
- All transactions with related parties, as defined under the Companies Act, 2013, the Listing Regulations, during the year were in ordinary course of business and at arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. The Board has approved a policy on dealing with related party transactions and the same is available on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.
- The Board has approved Whistle Blower Policy / Vigil Mechanism pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the same is available on the website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. As per the Policy no personnel has been denied access of the Audit Committee.
- There have been no instances of any noncompliance and no penalties or strictures have been imposed on the Company on any matter relating to the capital markets, either by Stock Exchanges, Securities and Exchange Board of India or any such related statutory authority during the last three years.
- The Company has adopted and complied with mandatory requirements as per provisions of the Listing Regulations. Some of the non-mandatory requirements have also been complied with.
- The requisite certificates from CEO and CFO were placed before the Board Meetings for consideration.
- The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- The Company does not have a Material Subsidiary. Hence 'Policy on Determination of 'Material' Subsidiary is not applicable.
- The Company has formulated the Dividend Distribution Policy as required under Regulation 43A of the Listing Regulations and the same is annexed to this report and also available on the website of the Company.
- Disclosures required under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 have been included in the Directors' Report which forms part of the Annual Report.
- Details of total fees for all services paid by the Company to the statutory auditors and all entities in the network firm / network entity of which the statutory auditor have been included in notes to the financial statements which forms part of the Annual Report.

Address for correspondence: Corporate Office: Concorde Block, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001

Designated e-mail id for redressal of investor complaints: investorhelpdesk.in@mmm.com

Compliance Officer: Mr. V. Srinivasan, Company Secretary. Inquiries, if any, may be addressed to the Compliance Officer.

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

CEO / CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of 3M India Limited ("the Company") certify that:

- A. We have reviewed Financial Statements and the Cash Flow Statement for the year ending March 31, 2020 and that to the best of our knowledge and belief, we state that:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
1. Significant changes in internal control over financial reporting during the financial year;
 2. Significant changes in Accounting Policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours Faithfully,

On behalf of the Board of Directors

Ramesh Ramadurai

Managing Director

DIN: 07109252

Place : Bengaluru

Date : May 29, 2020

Mamta Gore

Chief Financial Officer

Place : Dubai

Date : May 29, 2020

CODE OF CONDUCT

The Company's Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct is available on the website of the Company at https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/. Requisite annual affirmations of compliance with respective codes have been made by the Directors and Senior Management of the Company for the period April 01, 2019 to March 31, 2020.

The Certificate by the MD/CEO of the Company concerning compliance with the Code of Conduct for Directors and Senior Management is given below:

Code of Conduct for Directors and Senior Management MD / CEO Confirmation

I hereby confirm that:

The Company has obtained from the Directors and Senior Management personnel affirmation that they have complied with the above code for, and in respect of, the year ended March 31, 2020.

Place : Bengaluru

Date : May 29, 2020

Ramesh Ramadurai

Managing Director

DIN: 07109252

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

CERTIFICATE OF COMPLIANCE

Certificate from Mr. Vijayakrishna K.T, Practising Company Secretary, Bengaluru confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 (3) of the Listing Regulations read with Schedule V is attached to the Board's Report forming part of the Annual Report. This Certificate shall be forwarded to the Stock Exchanges where the securities of the Company are listed.

On behalf of the Board of Directors

Place : Bengaluru
Date : May 29, 2020

Ramesh Ramadurai
Managing Director
DIN: 07109252

Place : Mumbai
Date : May 29, 2020

Radhika Rajan
Director
DIN: 00499485

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (LODR) REGULATIONS, 2015

To
The Members of
3M India Limited
Bangalore

I have examined the compliance of the conditions of Corporate Governance by 3M India Limited for the year ended 31st March, 2020 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bangalore
Date : 29-05-2020

Vijayakrishna K.T
Practising Company Secretary
FCS- 1788
CP-980
UDIN: F001788B000296049

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
[Listing Obligations and Disclosure Requirements] Regulations, 2015)*

To
The Members of
3M India Limited
Plot No. 48-51, Electronic City
Hosur Road, Bangalore- 560 100

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of 3M INDIA LIMITED having CIN L31300KA1987PLC013543 and having Registered Office at Plot No 48-51, Electronic City, Hosur Road, Bangalore 560100 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March,

ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

2020 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1.	Mr. Banwaraviashnatharao Shankaranarayana Rao	0000044840	23/02/2003
2.	Mr. Amit Laroya	0000098933	01/10/2013
3.	Mr. Bharat Dhirajlal Shah	0000136969	27/03/2015
4.	Ms. Radhika Govind Rajan	0000499485	27/05/2016
5.	Ms. Sadhana Kaul	0002589934	31/10/2018
6.	Mr. Biren Chandrakant Gabhawala	0003091772	05/08/2014
7.	Mr. Jongho Lee	0006720950	26/05/2017
8.	Mr. Ramadurai Ramesh	0007109252	27/03/2015

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bangalore
Date : 29-05-2020

Vijaykrishna K.T
Practising Company Secretary
FCS- 1788
CP-980
UDIN: F001788B000296115

ANNEXURE 'C' TO REPORT OF THE BOARD OF DIRECTORS

BUSINESS RESPONSIBILITY REPORT

[As per Regulation 34(2) (f) of SEBI (LODR) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: **L31300KA1987PLC013543**
2. Name of the Company: **3M INDIA LIMITED**
3. Registered address: **PLOT NOS.48-51, ELECTRONICS CITY, HOSUR ROAD, BANGALORE – 560 100**
4. Website: https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/
5. E-mail id: [investorhelpdesk.in @mmm](mailto:investorhelpdesk.in@mmm)
6. Financial Year reported: **2019-20**
7. Sector(s) that the Company is engaged in (industrial activity code-wise): **3290 – Other manufacturing N.E.C. (as per NIC 2008)**
8. List three key products/services that the Company manufactures/provides (as in Balance Sheet): **Abrasive, Fusion bonded epoxy coating and Self- adhesive tapes**
9. Total number of locations where business activity is undertaken by the Company
 - (a) Number of International Locations (Provide details of major 5): **Nil**
 - (b) Number of National Locations: **3 Plants and 6 Branch Locations across India**
10. Markets served by the Company – **Local, State, National and International**

SECTION B: FINANCIAL DETAILS OF THE COMPANY (as at March 31, 2020)

1. Paid up Capital (Rs.): **1,126.51 Lakhs**
2. Total Turnover (Rs.): **280,646.05 Lakhs**
3. Total profit after taxes (Rs.): **21,897.25 Lakhs**
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): **4.10%**
5. List of activities in which expenditure in 4 above has been incurred:-
 - (a) **Education**
 - (b) **Community**
 - (c) **Environment**
 - (d) **National Calamity**

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? **Yes**
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s): **Yes, One**
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

The Company collaborates with all relevant stakeholders by sharing its Ethical Business Practices, Code of Conduct, Anti-Bribery Policy and Supplier Code of Conduct with its contract manufacturers, suppliers and other major third parties associated with the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR
 - (a) Details of the Director responsible for implementation of the BR policy/policies

ANNEXURE 'C' TO REPORT OF THE BOARD OF DIRECTORS

1. DIN Number: 00044840
2. Name: Mr. B.V. Shankaranarayana Rao (up to May 13, 2020)
3. Designation: Whole-time Director

(b) Details of the BR head:

No.	Particulars	Details
1	DIN Number (if applicable)	00044840
2	Name	Mr. B.V. Shankaranarayana Rao
3	Designation	Whole-time Director
4	Telephone number	080- 4459 4366
5	e-mail id	rshankar@mmm.com

2. Principle-wise (as per NVGs) BR Policy/policies:

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine (9) areas of Business Responsibility as under-

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Businesses should provide goods and services that are safe and contribute to sustainability their life cycle
- P3 Businesses should promote the wellbeing of all employees
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5 Businesses should respect and promote human rights
- P6 Businesses should respect, protect and make efforts to restore the environment
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8 Businesses should support inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No.	Questions	Business Ethics	Sustainability	Employees' well being	Stakeholders' welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	-	-	Y	-	-	Y	-	-	-
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)\$	-	-	-	-	-	Y	-	-	-
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?*	-	-	-	-	-	-	-	Y	-
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	-	-	-	-	Y	-

ANNEXURE 'C' TO REPORT OF THE BOARD OF DIRECTORS

6	Indicate the link for the policy to be viewed online @	https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	-	-	Y	-	-	Y	-	-	-

\$ -ISO 14001, @-except for P7

* -3M India Ltd has a globally accepted Code of Conduct policy approved by the CEO of the Parent Company, 3M Company, U.S.A. which is also followed by the Company, being one of its subsidiaries.

- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)#	-	-	-	-	-	-	Y	-	-

The Company through various Industry Forums endeavors for economic reforms and inclusive sustainable business principles. Therefore, the Company currently does not find it necessary to frame a policy on principle #7.

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:
Assessment is an ongoing exercise and is an inherent part of corporate function. BR Committee comprises the Whole-time Director, who heads the Committee and three senior managerial personnel, including the Managing Director.
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
This is the Fourth Business Responsibility Report. It is available also at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and forms part of Annual report. The Global sustainability report can be accessed at <http://www.3m.com/sustainabilityreport>.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1-Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company's Code of Conduct is based primarily on the Code of Conduct of 3M Company, USA, the holding/ Parent Company, which is followed by all 3M Group Companies. The Code has to be adhered by all other stakeholders who do business with the Company.

3M's Code of Conduct is comprised of our core business conduct principles that set forth global corporate expectations for all 3M employees and certain third parties who act on 3M's behalf. 3M's Code of Conduct applies to all "3M People." 3M People are 3M's employees and may include others who act on 3M's behalf. 3M People are expected to live 3M Values. All 3M People are partners

ANNEXURE 'C' TO REPORT OF THE BOARD OF DIRECTORS

in complying with 3M's Code of Conduct and supporting others' compliance. Together, 3M People ensure the continued success of 3M Company and protect 3M's longstanding reputation for doing the right thing, always and everywhere.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
 - i. No. of complaints received in Ethics point = 28
No. of complaints resolved = 11 (17 work in progress)
 - ii. No. of complaints received from shareholders = 63
No. of complaints resolved = 63

Principle 2- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

1. **Product Name: 3M™ Scotchkote™ Poly-Tech Exp-RG 700 Solar Heat Reflective Coating**

Product Technical description/ Features/ Benefits:

With the rise in urbanization, urban heat islands, created when roofs and pavements absorb heat from the sunlight, have become a much bigger problem. Because of these heat islands, the cooling efficiency in urban methods of transportation are reduced during the summer and it becomes very expensive to cool down spaces. For example, in the United States, air conditioners use about 6% of all electricity produced, at an annual cost of about \$29 billion to homeowners. As a result, roughly 117 million metric tons of carbon dioxide are released into the air each year, according to the University of Wisconsin-Madison. Also, petroleum products face higher evaporation losses due to direct sunlight exposure, and concrete or ceramic floors can burn bare feet. 3M™ Scotchkote™ Poly-Tech Exp-RG 700 Solar Heat Reflective Coating is a heat reflective coating that reflects and emits heat from the sunlight without absorbing, thereby helping to reduce the heat inside the enclosure. Along with high infrared reflection and anticorrosion, the system provides abrasion resistance and weatherability properties.

This product is ideally suited to the hot climates that prevail in much of the developing world, including the Indian subcontinents and Arabian countries. While 3M was working with the Indian Railways to evaluate the Scotchkote RG 700 performance on the rail coaches, around the same time North India also had reported casualties due to high temperatures in the rail cars, especially those that were not air-conditioned. Such incidents can potentially be reduced by the application of the Scotchkote RG 700, which can help reduce temperatures in the cars and significantly increase comfort for the passengers. This product has also been applied over air-conditioned coaches to enhance energy efficiency of air conditioners and reduce the energy consumption by more than 20%.

India generates about 6,000 passenger coaches per year, and so far, the product has been applied to more than 100 coaches. The team is scaling up the product in Singapore, Germany and China, and is exploring other application areas, too.

3M™ Scotchkote™ Poly-Tech Exp-RG 700 is a simple and sustainable way to fight the rise of urban heat islands, while saving energy and money. If it were applied to an estimated 15,000 rail coaches in a large rail network like in India, that rail network would save about 162 megawatts of electricity and lower the amount of CO2 released by almost 132 tons per year. This would cause them to save approximately \$15 million per year in energy costs, or about 17%. This high performance can be achieved using a very thin layer of 3M™ Scotchkote™ Poly-Tech Exp-RG 700, with only a coating thickness of 70 millimeters, as compared to 300 - 2000 millimeters needed in comparable coatings. And the estimated service life is about 10 years, as compared to three to five years in other similar solutions available in the market. Another benefit to the 3M™ Scotchkote™ Poly-Tech Exp-RG 700 is that the product is water based, the first of its kind in India having a low amount of volatile organic compounds (VOCs).

One of the other factors that sets our 3M™ Scotchkote™ Poly-Tech Exp-RG 700 apart is its diverse application potential. Although so far it has mostly been applied on railroad cars and luxury buses, the product can also be used in other applications, such as portable cabins, industrial shed roofing, pavements, Liquefied Petroleum Gases (LPG) storage tanks, pipelines and outdoor enclosures that have electronic components.

Environmental/Social benefits:

- 3M™ Scotchkote™ Poly-Tech Exp-RG 700 coating can reduce internal temperatures by 15% and can help the user save up to 20% on HVAC costs.

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- The product offers long-term protection and durability. Also, after 10 years, it can simply be covered by a new coat, instead of having to scrape it, leading to less waste generation, making it better for the environment.

2. **Product Name: 3M Scotchkote WB Urethane PU WB AG 180**

Product Technical description/ Features/ Benefits:

3M Scotchkote WB Urethane PU WB AG 180 is a waterborne polyurethane coating for durable finish for plastic, laminates and primed metal surfaces. This coating has wide scope application in the industrial and automotive field including OEMs as a finish coat. The waterborne polyurethane coating (PUWBAG 180) is having good abrasion resistance, UV resistance and high order of ease of graffiti removal.

The coating is an emerging polyurethane topcoat technology in high performance industrial segment where predominantly solvent borne coatings prevail currently. Being water borne, this coating doesn't contain same health and safety risk as with solvent borne. The coating is having low volatile organic compounds (VOC) content with a VOC of 105 g/L [calculated]. During manufacturing water is used for cleaning of vessels and equipment (in place of solvents) thereby reducing the potential health hazards during production. Also, the final coating product is tested with limited fire hazard performance.

Social & Environmental benefits:

- Health & Safety risks are reduced due to low flammability due to low VOC compared to solvent borne coating.
- Water is used in place of solvent for thinning and viscosity adjustment during application.
- Limited emission of solvent & elimination of chemical exposure risk to applicators.
- Product helps in reducing carbon footprint.
- Being waterborne, the handling and application health and safety risk is significantly less compared to solvent borne PU products.

3. **Product Name: Next Gen Raised Pavement Marker**

Product Technical description/ Features/ Benefits:

Raised pavement marker is a safety device used on the roads. The product provides guidance to the drivers while driving during night times on whether they are on the edge or on the middle of the road & thus helping them to navigate & prevent road accidents. The 3M India's Next Gen RPM provide drivers on following during inclement weather and low light conditions.

- Information about which lanes are available for their use, especially at night.
- Information about their position within their own lane.
- A preview of upcoming changes in the roadway geometry, including curves, lane drops, narrowing, the start and end of passing zones, crosswalks, and intersections.

The product is compliant with the IRC specifications, has good mechanical strength & performances & lens protection & more importantly has retro reflectivity in wet & dry conditions. Some of key product features are listed below.

- Higher compression strength.
- Higher flexural strength.
- Abrasion resistances of lens.
- Self-cleaning is not as good as ILC & Regular.
- Weld line provides better seal ability of lens to body.
- Rumble effect.
- Single Solid body with better load transfer.
- Salt spray test Passed.

ANNEXURE 'C' TO REPORT OF THE BOARD OF DIRECTORS

Environmental/Social benefits:

The Next Gen RPM uses single step manufacturing process as compared to the three-step process of molding used in the current product categories of RPM (ILC). This significantly brings down the manufacturing cycle time, reduces the runner waste & significantly saves energy (power consumption of machines) & is low in weight with similar performances.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
Refer point no. 1 above
 - b. Reduction during usage by consumers (energy, water) has been achieved since the previous year? **Refer point no. 1 above**
3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, the Company has procedures in place for sustainable sourcing, covering areas such as standardized processes for supplier's audits for EHS compliance including conflict Minerals, Paper and pulp and frugal automation to improve sustainability of materials procured. Manufacturing process are selected and improved year on year to consume less energy and resource. The Company has also reduced the transportation cost over the years through various methods.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company as a policy ensures localization and outsourcing for each of the plants with suppliers who are competitive as well as close to the plants. Localized vendors are preferred, if they meet the quality specifications and EHS Compliance. Technology Investment by suppliers for new products are encouraged by the Company and thereby focusses on increasing the capacity of its suppliers.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

3M has a World class program called "Pollution Prevention Pays" popularly known as "3P program" where every effort is a made right from the design stage to reduce waste. Used oil is recycled through authorized recyclers. Spent solvents are recycled through authorized recyclers. Powder residue collected through dust collectors is recycled into product. 3M Manufacturing waste is sent to cement industries for Coprocessing. There by supporting the carbon footprint reduction in waste handling which would otherwise be incinerated. About 1150 MT of wastes having high calorific value are sent to approved & authorized cement industry for coprocessing as an alternate fuel/ Raw material. This helped in reducing the use of coal (fossil fuel) used as Raw materials for cement kilns and helped in reduction of carbon footprint of 2800 MT of CO2 per year.

Principle 3- Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.
1,277 employees as on March 31, 2020
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
872 employees as on March 31, 2020
3. Please indicate the Number of permanent women employees.
143 women employees as on March 31, 2020
4. Please indicate the Number of permanent employees with disabilities
Nil
5. Do you have an employee association that is recognized by management?
The Company does not have union for the employees
6. What percentage of your permanent employees is members of this recognized employee association?
Not Applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

ANNEXURE 'C' TO REPORT OF THE BOARD OF DIRECTORS

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- Permanent Employees **100%**
 - Permanent Women Employees **100%**
 - Casual/Temporary/Contractual Employees **100%**
 - Employees with Disabilities **Nil**

Principle 4- Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

- Has the Company mapped its internal and external stakeholders? **Yes**
- Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders: **Yes**
- Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Yes, the Company works with various NGO partners in the following areas to engage with disadvantaged, vulnerable and marginalized stakeholders –

- Improving the infrastructure and learning environment in Government Anganwadis, part of Govt. of India's ICDS program, to help children under the age of 6 years be school ready in cities such as - Kolkata, Bengaluru, Pune, Ahmedabad, Chennai, Delhi, Gurgaon and Mumbai.
- Strengthening the skills set of women community healthcare workers in Rajasthan and Uttar Pradesh through topics related to disease prevention and health promotion.
- Supporting the primary education of first-generation girl children in Government Schools in tribal areas in Ambegaon district in Pune.
- Supporting the education of underprivileged children in Government Schools in urban and semi-urban areas in Bangalore through infrastructure improvements.
- Supporting the rehabilitation of displaced communities due to flood and cyclones that hit districts in Odisha and parts of North Karnataka.

Principle 5 – Businesses should respect and promote human rights

- Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
The Company's Code of Conduct is based primarily on the Code of Conduct of the 3M Company, USA, which is followed by all the entities in the 3M Group worldwide. The principle of the Code of Conduct is expected to be adhered by other stakeholders including customers and vendors.
- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? **Please refer principle 3**

Principle 6-Business should respect, protect and make efforts to restore the environment

- Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?
The Company's EHS Policy is based primarily on the EHS Policy of 3M Company, USA, the Parent / Holding Company, which is followed by all 3M Group Companies worldwide. The EHS Policy has to be adhered by all other stakeholders who do business with the Company.

ANNEXURE 'C' TO REPORT OF THE BOARD OF DIRECTORS

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc. Yes, http://www.3m.com/3M/en_US/sustainability-report/.
3. Does the Company identify and assess potential environmental risks?
Yes, The Risks pertaining to Environment are assessed through a proper Aspect Impact Assessment as per ISO 14001: 2015 Guidelines.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
We are reducing the carbon footprint of the facility by sending the waste streams to a coprocessing kilns which will enables the cement kilns to reduce the Fossil fuel usage at their facility and at the same time we at 3M reduce the inhouse fuel consumption by not opting for Diesel fired incineration. Also, two (2) of the manufacturing plants are utilizing 24% share of its energy consumption through renewable energy there by contributing for the reduction in carbon footprint.
5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc., Y/N. If yes, please give hyperlink for web page etc.
Yes: http://www.3m.com/3M/en_US/sustainability-report/.
 - Waste generation reduction by 12%
 - Water consumption reduced by 53%
 - Energy Consumption reduced by 23%
 - Also, two of our manufacturing plants are utilizing 24% share of its energy consumption through renewable energy.
 - Waste generated at Plants is majorly sent for co processing in cement kilns thereby reducing the carbon footprint of the sites.All plants have sewage / wastewater treatment plants and the treated water is recycled for cooling tower make and horticulture within the facilities. The plants have also installed rainwater harvesting systems to divert the rainwater for ground water recharging. With the approval from local Pollution Control Boards, plants continued sending non-hazardous waste to cement companies to generate energy. As part of World Environmental day initiative, the plants have taken up various environmental awareness programs including tree plantation in plants as well as public location.
6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?
Yes, well within the permissible limits mentioned in the respective Plant's Consent order's / Authorizations.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
None

Principle 7-Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - (a) Confederation of Indian Industries (CII)
 - (b) American Chamber of Commerce in India (AMCHAM)
 - (c) National HRD Network
 - (d) Bangalore Chamber of Commerce (BCC)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
Yes, on the following broad areas:
 - (a) Road Safety
 - (b) Industrial Safety for factory workers
 - (c) Healthcare Skills Development

ANNEXURE 'C' TO REPORT OF THE BOARD OF DIRECTORS

Principle 8-Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
The Company has programmes, inter alia, for providing Education, Community and Environment.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?
The programmes / projects are implemented through a Charitable Trust, United Way of Bengaluru.
3. Have you done any impact assessment of your initiative?
The Company has tied up with Goodera Platform for monitoring, evaluation and impact assessment of CSR projects.
4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
For details, please refer Annual Report on CSR activities section.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
Not Applicable

Principle 9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
There are 3 consumer cases pending in different consumer courts/forums/commission as on the end of the financial year and the same are sub-judice.

% age of Customer complaints pending = 4.2% (from CAREs data system).
2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)
Yes, apart from the mandated declarations, additional declarations are furnished on the products / labels relating to the products and their safe usage and disposal.
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.
No
6. Did your Company carry out any consumer survey/ consumer satisfaction trends?
Yes

On behalf of the Board of Directors

Place : Bengaluru
Date : May 29, 2020

Ramesh Ramadurai
Managing Director
DIN: 07109252

Place : Mumbai
Date : May 29, 2020

Radhika Rajan
Director
DIN: 00499485

ANNEXURE 'D' TO REPORT OF THE BOARD OF DIRECTORS

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014:

1. The number of permanent employees on the rolls of the Company.	1,277 permanent employees as at March 31, 2020
2. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20.	<p>Key Managerial Personnel's:</p> <ol style="list-style-type: none"> Ms. Debarati Sen, Managing Director (up to May 31, 2019) = 30.26 Mr. Ramesh Ramadurai, Managing Director (from June 1, 2019) = 31.70 Mr. B.V. Shankaranarayana Rao, Whole-time Director = 47.06 Ms. Mamta Gore, Chief Financial Officer = 33.14 Mr. V. Srinivasan, Company Secretary = 4.13 <p>Independent Directors:</p> <ol style="list-style-type: none"> Mr. Bharat Shah = 1.84 Mr. Biren Gabhawala = 1.82 Ms. Radhika Rajan = Rs. 1.79 <p>Median remuneration of employees = Rs. 11,74,172 for the financial year 2019-20</p> <p>Note: The expression Median means the numerical value separating the higher half of a population from the lower half and the median of a fine list of numbers may be found by arranging all the observations from the lowest value to highest value and picking the middle one and if there is an even number of observations, the median shall be the average of the two middle values.</p>
3. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20.	<p>Managing Director = Nil</p> <p>Whole-time Director = Nil</p> <p>Chief Financial Officer = 4%</p> <p>Company Secretary = 3.3%</p>
4. The percentage increase in the median remuneration of employees in the financial year 2019-20.	6.9%
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year (2018-19) and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>FY 2018-19 = 6.2%</p> <p>FY 2019-20 = 6.9%</p> <p>Average increase in the remuneration of the employees other than the Managerial Personnel and that of the Managerial Personnel is in line with the Industry practice and is within the normal range.</p>
6. Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

On behalf of the Board of Directors

Ramesh Ramadurai
Managing Director
 DIN: 07109252

Place : Mumbai
 Date : May 29, 2020

Radhika Rajan
Director
 DIN: 00499485

Place : Bengaluru
 Date : May 29, 2020

ANNEXURE 'E' TO REPORT OF THE BOARD OF DIRECTORS

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain Arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis - **Nil**
 - (a) Name(s) of the related party and nature of relationship- **Nil**
 - (b) Nature of contracts/arrangements/transactions- **Nil**
 - (c) Duration of the contracts/arrangements/transactions- **Nil**
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any- **Nil**
 - (e) Justification for entering into such contracts or arrangements or transactions- **Nil**
 - (f) Date(s) of approval by the Board- **Nil**
 - (g) Amount paid as advances, if any: - **Nil**
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188- **Nil**
2. Details of material contracts or arrangement or transactions at Arm's length basis
 - (a) Name(s) of the related party and nature of relationship - **3M Company, USA, Holding (Parent) Company of the Company**
 - (b) Nature of contracts/arrangements/transactions –

Sl. No.	Nature of Transactions
1.	Income from Contract Research
2.	Sale of Goods
3.	Purchases of Materials
4.	Royalty
5.	Re-charge (Net)
6.	Corporate Management Fee

The above transactions are in the ordinary course of business and are on an arm's length basis.

- (c) Duration of the contracts/arrangements/transactions – **ongoing, will be continuous year on year.**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any-

Sl. No.	Nature of Transactions	Salient Terms
1.	Income from Contract Research	billing in USD on a yearly basis
2.	Sale of Goods	billing in USD, receipt within 15 days from end of the month
3.	Purchases of Materials	billing in USD, payment to be made within 15 days from end of the month
4.	Royalty	billing in USD, on a quarterly basis
5.	Re-charge (Net)	billing in USD, payment/receipt within 15 days from the end of the month
6.	Corporate Management Fee	billing in USD, yearly

ANNEXURE 'E' TO REPORT OF THE BOARD OF DIRECTORS

(Rs. in Crores)

Sl. No.	Nature of Transactions	Actual value of transactions for the Financial Year 2019-20 (standalone)
1.	Income from Contract Research	19.85
2.	Sale of Goods	22.19
3.	Re-charge of expenses received	40.27
Total		82.31
1.	Purchases of Materials	933.74
2.	Royalty	38.20
3.	Re-charge of expenses paid	4.35
4.	Corporate Management Fee	117.90
Total		1,094.19

Terms and Conditions for the transaction are in ordinary course of business and on arm's length basis, which is same for the entire 3M group companies throughout the world.

- (e) Date(s) of approval by the Audit Committee – Omnibus approval for the estimated value of the transactions for the year 2019-20 was obtained at the meeting held on May 28, 2020 and review of the actual transactions versus the estimated at the meetings held on August 13, 2019, November 13, 2019, February 11, 2020 and May 28, 2020.
- (f) Amount paid as advances, if any – Nil

On behalf of the Board of Directors

Ramesh Ramadurai
Managing Director
 DIN: 07109252

Place : Mumbai
 Date : May 29, 2020

Radhika Rajan
Director
 DIN: 00499485

Place : Bengaluru
 Date : May 29, 2020

ANNEXURE 'F' TO REPORT OF THE BOARD OF DIRECTORS

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2019-20

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Objectives

- To engage in outcome-based Corporate Social Responsibility programs that will impact and enrich the communities around the Company's areas of operation.
- To engage 3M India Limited employees to develop social empathy and contribute to the Company's corporate social responsibility initiatives.
- In line with the Company's core values, 3M India Limited CSR strategy will focus on the following three (3) areas:

EDUCATION:

In the area of education, 3M India intervenes at three levels:

- Early child education and development through a sustained intervention at Government Anganwadis to build readiness among children under the age of 6 years.
- Enhancing access to quality education among children from underprivileged backgrounds.
- Support to young scientists, social innovators and entrepreneurs with grants to promote innovation.

COMMUNITY:

3M India's community efforts are aimed at improving lives in communities around areas we operate and have a presence, with interventions ranging from education, skills development and infrastructure support to promote public health and safety. 3M India's response to community interventions during times of natural disasters also come under community initiatives.

ENVIRONMENT:

In line with 3M's Global Sustainability Goals, 3M India contributes to interventions around the theme of water conservation and climate change through initiatives such as lake rejuvenation and solar electrification in rural areas.

CSR policy is been displayed at: <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

2. **The Composition of the CSR Committee.**

- Mr. Bharat D Shah Chairman
- Mr. B.V. Shankaranarayana Rao Member
- Mr. Ramesh Ramadurai Member
- Ms. Debarati Sen(up to March 2, 2020) Member

3. **Average Net Profit of the Company for last three financial years**

Average of the last 3 financial years= Rs. 44,878.73 Lakhs

4. **Prescribed CSR Expenditure (two per cent (2%) of the amount as in item 3 above) :**

Rs. 897.57 Lakhs

5. **Details of CSR spent during the financial year.**

Total amount spent for the financial year 2019-20 = Rs. 897.75 Lakhs

6. **Amount unspent, if any :**

NA

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7. Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
Sl. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or Programs: 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs.)	Amount spent on the projects or Programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads (Rs.)	Cumulative expenditure up to to the reporting period (Rs.)	Amount spent: Direct or through implementing agency *
1.	Education	1. Support School Readiness initiative to enhance the holistic development of 15600+ children in 169 Anganwadis across 8 cities	Bengaluru, Karnataka, Kolkata, West Bengal, Mumbai and Pune, Maharashtra, Ahmedabad, Gujarat, Delhi & Gurgaon, NCR, Chennai, Tamil Nadu	4.22 crores	2,18,93,265	2,18,93,265	Through implementing agency-United Way, Bengaluru
			Pune, Maharashtra		72,00,000	72,00,000	Spent Directly to K.C. Mahindra Trust
			Bengaluru		1,00,00,000	1,00,00,000	Spent Directly to YUVA Unstoppable
			Pan India		31,30,100	31,30,100	Through implementing agency-United Way, Bengaluru
2.	Community	1. Strengthen community-based health cadre by providing enhanced skilling and training to 3658 women community health workers	Rajasthan, Uttar Pradesh	3.12 Crores	2,41,02,000	2,41,02,000	Through implementing agency-United Way, Bengaluru
			Pune, Maharashtra Bengaluru, Karnataka		70,78,403	70,78,403	Through implementing agency-United Way, Bengaluru
3.	Environment	1. Lake Rejuvenation activities for Singasandra Lake	Bengaluru, Karnataka	0.93 Crores	30,50,300	30,50,300	Through implementing agency-United Way, Bengaluru
			Karnataka Maharashtra Tamil Nadu		62,80,000	62,80,000	Spent Directly to Selco Foundation
4.	Disaster Rehabilitation	Flood & Cyclone Disaster Rehabilitation for affected areas in Odisha and North Karnataka	Odisha	0.55 Crores	15,00,000	15,00,000	Through implementing agency-United Way, Bengaluru
			North Karnataka		40,00,000	40,00,000	Through Implementing Agency – United Way Bengaluru and Direct Contribution to Karnataka State Disaster Management Authority
5.	CSR Management Services	CSR & Volunteering Management on Goodera Technology Platform		0.15 Crores	15,41,043	15,41,043	Nextgen Technologies
Total				8.97 Crores	8,97,75,111	8,97,75,111	

ANNEXURE 'F' TO REPORT OF THE BOARD OF DIRECTORS

8. **Give details of implementing agency:**

United Way of Bengaluru : It is a charitable trust registered under the Karnataka Society's Registration Act, 1960 with its registered office at 2nd Floor, Esteem Regency, #6, Richmond Road, Bengaluru – 560025, INDIA, and has its office at Building No. 5, 3rd Floor, Crimson Court, Jeevan Bima Nagar Main Road, HAL 3rd Stage, Bengaluru, Karnataka 560075. It is guided by its Governing Board members affiliated with United Way Worldwide, a District of Columbia not for-profit corporation, headquartered at 701 North Fairfax Street, Alexandria, Virginia, USA 22314-2045.

9. **In case the company has failed to spend the two (2) per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

NA

10. **A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

On behalf of the Board of Directors

Bharat D. Shah

Chairman, CSR Committee

Place : London

Date : May 29, 2020

DIN: 00136969

Ramesh Ramadurai

Managing Director

Place : Bengaluru

Date : May 29, 2020

DIN: 07109252

ANNEXURE 'G' TO REPORT OF THE BOARD OF DIRECTORS

Information as per Section 197(12) of the Companies Act, 2013, read with the Rule 5(1)(2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Report of the Directors for the Year Ended March 31, 2020.

Sl. No.	Name	Age Yrs	Designation	Remuneration Rs. (Gross)	Educational Qualifications	Date of joining	Date of leaving	Previous employment and designation
1	2	3	4	5	6	7	8	9
A: Top ten (10) employees in terms of remuneration drawn during the year:								
1	B V Shankaranarayana Rao	59	Whole-Time Director	5,52,60,911	B.COM, MBA, ICWA (Inter)	16-Apr-90		Mysore Paper Mills Limited, Finance Manager
2	Mamita Gore	54	Chief Financial officer	3,89,11,208	CA, Retail Management from IIM	1-Mar-18		3M Gulf, Finance Manager
3	Ramesh Ramadurai	58	Managing Director	3,72,27,144	IT - Chemical Engineering, IIM - PG Diploma in Marketing	1-Jun-19		3M China, Business Director - Asia & GCA
4	Kris Sridhar	62	Head-Technical	3,55,78,472	Ph.D.	1-May-17		3M Company, USA - R & D
5	Debarati Sen	52	Managing Director	3,55,31,974	BE in Electronics Engineering, MBA (Mktg & Finance)	1-Jun-16	31-May-19	3M Company, USA, Director, Corporate Sales Operations
6	Vijay Kumar Ramamoorthy	52	Head-Transportation and Electronics Business	2,13,08,625	BE (Mech), Masters in Finance	1-Sep-18		3M Electro & Communication India Private Limited, Managing Director
7	Vijaykrishnan Venkatesan	45	Business Development Manager	1,90,59,618	BE, MBA	2-Aug-04		Grindwell Norton Limited, National Sales Manager
8	Sanjit Satapathy	52	Head - Consumer Business	1,48,95,814	B.Sc., PGDM	4-Nov-98		Funschool (I) Limited, Area Sales Manager
9	Atul Shukla	52	Head-Safety & Industrial Business	1,47,16,957	BE, Masters in Marketing Management	19-Aug-96		Color Chem Limited, Marketing Executive
10	Shobhana Nikam	48	General Counsel	1,22,36,577	Master of Laws, (International & Constitutional Law)	17-Sep-18		Fidelity Business Services India Private Limited, Vice President & Head Legal
B: Other employees drawing a remuneration of not less than Rs. 1.02 Crores p.a. and employed throughout the year other than A								
1	Abhijeet Saungkar	56	Vice President-Technical	1,17,51,035	B.Sc.	23-Dec-92		Cravatex Limited, Production Supervisor
2	Appiah Kuppanda	56	Head- Customer Operations	1,10,40,049	PGDBA/PGDBM	5-Sep-03		NA (joined as a fresher)
3	Shreya Bhagwanth	44	Head- Human Resources	1,07,87,124	BA (Economics) Post Graduate Diploma in PM & IR	17-Sep-18		Siemens Limited, HR Business Partner - Corporate Function
4	Rajiv Gupta	50	Head-Health Care Business	1,03,74,562	MBA	14-Apr-97		Escorts Job Ltd, Service Engineer
5	Ajay Jain	48	Vice President- Pricing Management	1,02,73,867	B.Sc. PGDM Sales and Marketing	8-Apr-97		Specialty Ranbaxy Limited, Sales Officer
C: Employees drawing a remuneration of not less than Rs. 8.50 Lakhs p.m. and employed for part of the year other than A & B								
1	Jayanand Kagnalkar	56	Head- Total Supply Chain & Lean Six Sigma	48,03,505	BE, PGDVI-Operations Management	11-Jul-07	12-May-19	TATA CHKK Springs Limited, General Manager Operations
2	Archibald Fernandes	60	Sr. General Manager - Compliance	49,47,368	PGDBM - Finance	7-Nov-89	31-May-19	Phillips India Limited, Accounts Executive
3	Srinivathiah Madhavilagam Subramanian	60	General Manager - Imports	46,51,570	B.Com, LLB	11-Jan-95	30-Jul-19	Hindustan Powerplus Limited, Assistant Manager
4	Pankaj Tyagi	56	Sr. General Manager - Sales	1,46,09,805	Master of Arts	20-Sep-93	31-Jul-19	Johnson & Johnson Ltd, PSO(S)
5	Krishna Kishore G	50	General Manager - Technical	59,59,254	Bachelor's in Commerce	22-Jul-05	31-Jul-19	Tata Auto Plastic, Dy. Manager
6	Sankar G	61	Manager - Sales	34,83,668	PGDBA/PGDBM	20-Feb-06	31-Jul-19	Sheth Impex, Division Manager
7	Ravi Sura	48	Sr. General Manager-Technical	73,71,942	Ph.D.	1-Oct-15	31-Jul-19	3M USA, Specialist Research
8	Yogesh Kapur	55	Sr. General Manager-Corporate planning and Strategy	1,62,24,752	BE, Masters in Marketing Management	3-Oct-17	31-Jul-19	3M Lanka (Private) Ltd, Vice President
9	Tapan Kumar Dutta	50	Senior Manager - Technical	36,42,259	Bachelor's in Commerce	6-Feb-06	31-Jul-19	Johnson & Johnson Ltd, District Manager
10	Joydeep Basu	48	General Manager - Sales	50,53,179	Diploma	30-Jun-06	31-Jul-19	Purodator India Ltd, Product Manager
11	Raju Thakur	47	Dy General Manager - Technical	48,52,198	Masters in Technology	3-Oct-06	31-Jul-19	ICI India Ltd, Tech Services
12	Ninad Gadgil	50	Head-Health Care Business	2,29,08,151	BE, MBA	15-Jun-98	30-Sep-19	The Paper Products Limited, Deputy Manager

Notes

1. Remuneration includes salary, bonus, allowances, company's contribution to superannuation funds, medical reimbursements; leave travel assistance, 3M US Stock option payments, value of other perquisites as per Income Tax Rules.
2. No one listed above is related to any of the Directors of the Company and all the above appointments are/were on contractual basis.
3. Other terms and conditions are as per rules of the Company and, where required, according to sanctions from the Government.
4. None of the above employees holds shares of the Company except Ms. Shreya Bhagwanth, Head- Human Resources, who holds 4 shares.

Place : Bengaluru
Date : May 29, 2020

Ramesh Ramadurai
Managing Director
DIN: 07109252

On behalf of the Board of Directors

Place : Mumbai
Date : May 29, 2020

Rachika Rajan
Director
DIN: 00499485

ANNEXURE 'H' TO REPORT OF THE BOARD OF DIRECTORS

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

[Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

CONSERVATION OF ENERGY

Your Company has been very conscious of the need for Conservation of Energy. Energy conservation measures have been implemented across all locations.

Examples of specific energy conservation projects include:

Compressed air optimization :

- Installation of energy efficient variable drive air compressors.
- Regular monitoring and plugging of air leakages.
- Reducing the air pressure setting by the use of localized receivers.

Lighting optimization :

- Replacement of conventional lamps by LED lamps.
- Installation of day light panels to reduce daytime light energy usage.

HVAC optimization:

- Optimization of room and chiller temperatures.
- Energy reduction through warehouse air-conditioning optimization.
- Replacement of old reciprocating chillers with new technology screw chillers with improved efficiency.

Cycle time reduction:

- Low cost automation to lower the cycle time of operations to improve productivity and reduce specific energy consumption
- Reduction of idle running of machine through auto sensors.

Other initiatives:

- Energy saving by installing harmonics filters in electrical systems.
- Installation of Variable frequency drives to optimize the speed of the motors and help energy saving.
- Power factor improvement.
- Reduction of oven power consumption by optimization of oven parameters.

TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

A. Research & Development:

1. Specific areas in which Research & Development were carried out by the Company.

Safety & Industrial Business:

- ❖ *Launch of Paint Coating Protection* : A specially formulated siloxane protection coating for Car Painted surface which provides long lasting water repellency, easy removal of the pollutants and keeps the car looking glossy for long time.
- ❖ Development of double sides Polyester Tape with High Tack, Excellent adhesion on HSE & LSE surfaces, Excellent dynamic shear and Good adhesion & Cohesion- at angular load. This is essential for Cladding applications in Elevators.
- ❖ Natural Buff Pads with 3" diameter developed for the Auto OEMs with consistent quality and buffing performance.
- ❖ *BIS Approved Ear Plugs* : To sustain and get prepared with Future Regulations aligned with Make in India with BIS approval for both - Disposable and Reusable Earplugs.
- ❖ The following products are in final development stage - IR reflective cooling solutions for paintable surfaces & Polyurethane based Pipe coating for water pipelines.

ANNEXURE 'H' TO REPORT OF THE BOARD OF DIRECTORS

Transportation & Electronics Business:

- ❖ *Launch of new Film for Automotive applications* – A film designed and developed for Automotive exterior and Motorcycle graphic applications having superior performance – flexible, Quick grab, high adhesion & enhanced Gasoline resistance. It yields 2X productivity for customers with faster & defects free buried graphics applications.
- ❖ Development of light weight,3-D moldable Multi-layered Insulation for Acoustic solutions in Automotive vehicles. Suitable for Acoustic applications in high temperature prone area, typically in a Firewall application of an Automobile with excellent thermal aging properties, Customizable to Meet V1/V0 Standards.
- ❖ *Launch of Smart Variable messaging signage Systems Version 2.0* : This provide road users with information on Journey time, Congestion and Weather and helps them to reach destination Safely and Quickly. Version 2.0 is totally Web API Based solution, which reads data from other Smart City Elements and displays and also provides Data to be used by other Smart City Elements.

Heath Care Business:

- ❖ *Launch of locally manufactured Water softener:* This helps to reduce the hardness of the water at the point of entry of individual house by use of unique resin-based formulation.

Consumer Business:

- ❖ Development & Launch - Range of new floor care products & Scouring tools to meet requirements of India customers.
 - ❖ New products and applications developed to serve specific needs of the Indian market.
 - ❖ New technologies developed relevant to Indian market needs to aid product development.
 - ❖ Improved system cost solutions for our customers and end users.
 - ❖ Supporting growth of business through solutions for Indian customers.
2. **Benefits derived as a result of the above Research & Development**
- ❖ Build capabilities in technology and product development to serve the needs of Indian customers.
 - ❖ Development of products specific for Indian market, especially in the areas of Vehicular emissions (target to Bharat Stage VI),Corrosion Protection, Automotive, Adhesives and Tapes, Abrasive products for industrial and consumer markets, healthcare products, traffic and personal safety and graphics.
 - ❖ Further localization of manufacturing of products to meet Indian market needs.
3. **Future plan of action**
4. **Expenditure on Research & Development** *(Rs. in Lakhs)*
- | | | |
|----|---|----------|
| a) | Capital | 584.51 |
| b) | Revenue | 5,543.91 |
| c) | Total | 6,128.42 |
| d) | Total Research & Development expenditure as a percentage of total turnover. | 2.18% |

ANNEXURE 'H' TO REPORT OF THE BOARD OF DIRECTORS

B. *Technology absorption, adaptation and innovation*

1. *Efforts made :*

The Company continues to focus on innovating in the local market. The Company's technical team has been continuously working on adoption and modification of certain parent company products for local market requirements and redesigning products to create new market opportunities. The technical team is also focused on developing products that meet the needs of the Indian customers. Technology development capabilities relevant to local market needs are being developed in the R&D center to support long term growth. Technology absorption from the parent company continues. Internal practices and procedures are in place for adoption of new technologies. Collaborated with Society of Automotive Engineers (SAE) India to build a national level curriculum for Electric Vehicles. As part of this a Professional development training program (3 Days) was conducted at 3M R&D center for engineers from OEMs and Tier suppliers.

2. *Benefits derived:*

New products have been introduced in several market segments such as: Industrial & Safety business, Transportation and Electronics business, Health Care business and Consumer business. Several products which were launched used the technical knowledge and expertise in the India laboratory while leveraging global knowledge base in 3M helped to create intellectual property protection for the Company. Several local and global patents were filed from technology developed in India. The focus on local market innovation also led to creation of unique technical skills and laboratory capabilities relevant to the market.

3. *Technology imported during the last 5 years:*

Technologies and knowhow from parent company include those in the areas of pressure sensitive adhesives and coatings, corrosion protection coatings, automotive products, retro reflective technology, healthcare products in the area of infection prevention, and nonwovens for consumer, industrial and safety needs. No technology was imported from other companies other than from parent company.

The Company had entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from July 1, 2006 to June 30, 2009. These payments have been reinstated with effect from July 1, 2009, accordingly the Company has incurred an expenditure of **Rs. 3,820.22 Lakhs** for the financial year 2019-20 (PY: Rs. 5,096.23 Lakhs).

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. *Activities relative to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans:*

Continuous focus, strategies, increased sourcing of products and services from 3M India by the 3M Group Companies will increase export of products and services.

The Company had entered into a contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for carrying out contract research activities. During the period under review, Company received an amount of **Rs. 1,984.76 Lakhs** (PY: Rs. 2,658.91 Lakhs) for contract research and **Rs. 911.53 Lakhs** (PY: Rs. 895.38 Lakhs) for Support Services / Corporate Management Fees.

2. *Foreign Exchange Earnings and Outgo:*

During the period under review, Foreign Exchange Earnings were **Rs. 8,230.93 Lakhs** (PY: Rs. 10,375.34 Lakhs) and Foreign Exchange Outgo was **Rs. 119,151.07 Lakhs** (PY: Rs. 117,774.79 Lakhs).

On behalf of the Board of Directors

Place : Bengaluru
Date : May 29, 2020

Ramesh Ramadurai
Managing Director
DIN: 07109252

Place : Mumbai
Date : May 29, 2020

Radhika Rajan
Director
DIN: 00499485

ANNEXURE 'I' TO REPORT OF THE BOARD OF DIRECTORS

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To
The Members
3M India Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by 3M India Limited (CIN: L31300KA1987PLC013543) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by 3M India Limited for the financial year ended on 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (j) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - (k) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
 - (l) Circulars/Guidelines issued thereunder;
- (vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.
- (vii) The other general laws as may be applicable to the Company including the following:

(1) Employer/Employee Related Laws & Rules:

- i. Industries (Development & Regulation) Act, 1951
- ii. The Factories Act, 1948
- iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- iv. The Apprentices Act, 1961

ANNEXURE 'I' TO REPORT OF THE BOARD OF DIRECTORS

- v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- vi. The Employees State Insurance Act, 1948
- vii. The Workmen's Compensation Act, 1923
- viii. The Maternity Benefits Act, 1961
- ix. The Payment of Gratuity Act, 1972
- x. The Payment of Bonus Act, 1965
- xi. The Industrial Disputes Act, 1947
- xii. The Trade Unions Act, 1926
- xiii. The Payment of Wages Act, 1936
- xiv. The Minimum Wages Act, 1948
- xv. The Child Labour (Regulation & Abolition) Act, 1970
- xvi. The Contract Labour (Regulation & Abolition) Act, 1970
- xvii. The Industrial Employment (Standing Orders) Act, 1946
- xviii. Equal Remuneration Act, 1976
- xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxiii. Dangerous Machines (Regulation) Act, 1983
- xxiv. Indian Boilers Act, 1923
- xxv. The Karnataka Shops & Establishments Act, 1961
- xxvi. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxvii. The Labour Welfare Fund Act, 1965
- xxviii. The Karnataka Daily Wage Employees Welfare Act, 2012
- xxix. The Maharashtra Labour Welfare Fund Act, 1965 & Rules
- xxx. The Employment Exchanges (CNV) Act & Rules
- xxxi. The Karnataka (National & Festival) Holidays Act & Rules
- xxxii. For majority of Central Labour Laws, the State has introduced Rules [names of each of the Rules is not included here]

(2) Environment Related Acts & Rules:

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Air (Prevention & Control of Pollution) Act, 1981
- iv. The Government Order Under Environment (Protection) Act, 1986
- v. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- vi. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

(3) Economic/Commercial Laws & Rules:

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930
- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Transfer of Property Act, 1882
- vii. The Patents Act, 1970
- viii. The Trade Marks Act, 1999

ANNEXURE 'I' TO REPORT OF THE BOARD OF DIRECTORS

(4) Other Laws:

- i. Explosives Act
- ii. Legal Metrology Act

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS – 2.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Certain non-material findings made during the course of the audit relating to Labour Laws were addressed suitably by the Management.

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

The decisions were carried through majority while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, Rules, regulations and guidelines.

I further report that I could not physically verify few documents / registers / returns due to lockdown situation in relation to outbreak of pandemic COVID-19 and I have relied up on the soft copies / information shared with me.

Place : Bangalore
Date : 29.05.2020

(Vijayakrishna K T)
FCS-1788
CP-980
UDIN: 01788B000296027

Note: This report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

'Annexure'

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Customs Act, Goods and Services Tax Act.
4. Where ever required, the Company has represented about the compliance of laws, Rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bangalore
Date : 29.05.2020

(Vijayakrishna K T)
FCS-1788
CP-980

ANNEXURE 'I-1' TO REPORT OF THE BOARD OF DIRECTORS

SECRETARIAL COMPLIANCE REPORT OF 3M INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2020.

I, Vijayakrishna K T, Practising Company Secretary have examined all the documents and records made available to us and explanation provided by 3M INDIA LIMITED having CIN: L31300KA1987PLC013543 and having its Registered Office at Plot No. 48-51, Electronic City, Hosur Road, Bangalore – 560 100 (“the listed entity”), the filings/submissions made by the listed entity to the Stock Exchanges, website of the listed entity and other document/filing and as may be relevant, which has been relied upon to make this certification for the Financial Year ended 31st March, 2020 (“1st April, 2019 to 31st March, 2020”) in respect of compliance with the provisions of :

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), Rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the Circulars/Guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and,
- (j) Circulars/Guidelines issued thereunder;

Based on the above examination, I hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued except in respect of matters specified below: NIL

Sl. No.	Compliance Requirement (Regulations/circulars/ Guidelines including specific clause)	Deviations	Observations/Remarks of the Practising Company Secretary
NOT APPLICABLE			

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder insofar as it appears from my examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its Promoters/Directors/Material Subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and Circulars/Guidelines issued thereunder:

Sl. No.	Action taken by	Details of violation	Details of action taken ex. Fines, warning letter, debarment etc.	Observations/Remarks of the Practising Company Secretary, if any
NIL				

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports

Sl. No.	Observations of the Practising Company Secretary in the previous reports	Observations made in the Secretarial Compliance report for the year ended... (the years are to be mentioned)	Action taken by the listed entity if any	Comments of the Practising Company Secretary on the actions taken by the listed entity
	Nil	31 st March, 2019	NA	NA

Place : Bangalore
Date : 29.05.2020

(Vijayakrishna K T)
FCS-1788
CP-980
UDIN: F001788B000296060

ANNEXURE 'J' TO REPORT OF THE BOARD OF DIRECTORS

DIVIDEND DISTRIBUTION POLICY

1. Preamble

- 1.1. 3M India Limited (the **Company**) has formulated this Dividend Distribution Policy (this **Policy**) as required by regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the **Listing Regulations**).
- 1.2. This Policy has been approved by the Board of Directors (**Board**) of the Company at its meeting held on **February 9, 2017**. This Policy may be reviewed by the Board from time to time. This Policy and all amendments thereto will be updated on the Company's website (www.3m.com/in) and in the Company's Annual Report.

2. Policy

- 2.1. The Board shall consider appropriate financial and other parameters, as well as relevant internal and external factors, when determining the quantum, if any, of dividend to be paid out by the Company, which may include, but shall not be restricted to, all or some of the following as the Board in its discretion considers relevant:
 - (a) Revenues and net profits for the relevant financial year and future outlook;
 - (b) Possible current and future cash flow requirements;
 - (c) Liquidity needs including working capital requirements;
 - (d) Capital expenditure plans and requirements, including for expansion, modernization and upgradation of existing operations and infrastructure;
 - (e) Market expansion plans;
 - (f) Product expansion plans;
 - (g) Expenditure on research and development;
 - (h) Possible organic and inorganic growth opportunities, and other usage of cash;
 - (i) Leverage levels;
 - (j) Any restrictions and covenants in agreements with debenture-holders, lenders and others;
 - (k) Comparative tax efficiency of dividend distribution;
 - (l) Provisions for unforeseen events and contingencies;
 - (m) Strategic priorities and objectives;
 - (n) Macroeconomic conditions, local and international; and
 - (o) Any other methods of delivering value to shareholders.
- 2.2. When deliberating on the recommendation of dividend, the Board will seek to balance the benefit to shareholders of the Company with the comparative advantages of retaining profits in the Company which would lead to greater value creation for all stakeholders.
- 2.3. In the event that the Board proposes to recommend dividend on the basis of parameters and factors in addition to those stated in clause 2.1 and 2.2 above, or to change any of the relevant parameters and factors, the changes along with the rationale for the same shall be disclosed in the Company's annual report and on the Company's website (www.3m.com/in).
- 2.4. Recommendation and declaration of dividend, if any, would be in accordance with the Listing Regulations and the Companies Act, 2013 read with the Rules issued thereunder.
- 2.5. The shareholders of the Company may expect dividend when the Board, on a consideration of such parameters and factors as it considers relevant, is of the view that it would be in the best interests of the Company and its shareholders as a whole to recommend dividend, and the shareholders approve such dividend at the Annual General Meeting. The Board may not recommend dividend where the future outlook, possible future cash flow requirements, growth opportunities, capital expenditure, macroeconomic conditions or other factors, including as mentioned in clause 2.1 above, in the opinion of the Board, do not warrant recommending any dividend.
- 2.6. The Board's recommendation of dividend would be in the discretion of the Board. Any declaration of dividend pursuant to the Board's recommendation would be subject to the approval of the shareholders at the Annual General Meeting as required by the Companies Act, 2013.
- 2.7. The Board intends that retained earnings, if any, of the Company shall be used in furtherance of the business objectives and operations of the Company.
- 2.8. The Company presently has only one class of shares, being equity shares of face value of INR 10 each.

ANNEXURE 'K' TO REPORT OF THE BOARD OF DIRECTORS

EXTRACT OF ANNUAL RETURN

FORM NO. MGT – 9

As on the Financial Year Ended March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1. CIN: L31300KA1987PLC013543
2. Registration Date: July 4, 1987
3. Name of the Company: 3M India Limited
4. Category / Sub-Category of the Company: Company having Share Capital
5. Address of the Registered office and contact details:
Plot No. 48-51, Electronics City, Hosur Road, Bengaluru – 560 100, Ph: 080-3914 3000
6. Whether listed Company: Yes
7. Name, Address and Contact details of Registrar and Transfer Agent, if any:
KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited)
KFintech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda,
Serlingampally Mandal, Gachibowli, Hyderabad – 500 032
Website: <https://www.kfintech.com>, Contact person: Mr. Rajeev Kumar, Ph: 040- 67161524

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of Main Products / Ser vices	NIC Code of the Product/ Ser vice	% to Total Turnover of the Company
Nil	Nil	Nil	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	3M Company 3M CENTER, St. PAUL, MN, USA-55144-10000	NA	Holding	75%	2(46)
2	3M Electro & Communication India Private Limited, Plot no 95 - 97, Sanniyasikuppam, Thirubhu Vanai Main Road, Udhaya Nagar, Sanniyasikuppam, Thirubhuvanai Post, Pondicherry - 605107	U31909PY1989PTC001156	Subsidiary	100%	2(87)

ANNEXURE 'K' TO REPORT OF THE BOARD OF DIRECTORS

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year (01/04/2019)				No. of shares held at the end of the year (31/03/2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
(a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Central Government/ State Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Others.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total (A)(1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Foreign									
(a) Individuals (NRI/Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Bodies Corporate	84,48,802	Nil	84,48,802	75.00	84,48,802	Nil	84,48,802	75.00	Nil
(c) Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Others.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total (A)(2)	84,48,802	Nil	84,48,802	75.00	84,48,802	Nil	84,48,802	75.00	Nil
Total Shareholding of Promoters (A)=(A)(1) +(A)(2)	84,48,802	Nil	84,48,802	75.00	84,48,802	Nil	84,48,802	75.00	Nil
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds/UTI	3,10,892	440	3,11,332	2.76	5,15,331	440	5,15,771	4.58	1.81
(b) Banks/FI	3,437	20	3,457	0.03	6,526	20	6,546	0.06	0.03
(c) Central Government/ State Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Insurance Companies	Nil	60	60	Nil	Nil	Nil	Nil	Nil	Nil
(f) FII's	9,34,141	Nil	9,34,141	8.29	5,46,841	0	5,46,841	4.85	-3.44

ANNEXURE 'K' TO REPORT OF THE BOARD OF DIRECTORS

(g) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (B)(1)	12,48,470	520	12,48,990	11.09	10,68,698	520	10,69,218	9.49	-1.60
2. Non-Institutions									
(a) Bodies Corporate	3,63,833	1,580	3,65,413	3.24	4,42,891	1580	4,44,471	3.95	0.70
(b) Individuals									
i. Individual Shareholders holding nominal share capital up to Rs. 1 lakh	9,68,433	67,929	10,36,362	9.20	10,03,870	58377	10,62,247	9.43	0.23
ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	1,03,478	Nil	1,03,478	0.92	1,17,278	Nil	1,17,278	1.04	0.12
(c) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Others									
i. Clearing Members/ Clearing House	420	Nil	420	Nil	3,364	Nil	3,364	0.03	0.03
ii. NRI	29,468	Nil	29,468	0.26	31,529	Nil	31,529	0.28	0.02
iii. NRI (Non-Repatriation)	31,715	Nil	31,715	0.28	33,540	Nil	33,540	0.30	0.02
iv. Qualified Institutional Buyer	Nil	Nil	Nil	Nil	54,304	Nil	54,304	0.48	0.48
v. Trusts	422	Nil	422	Nil	317	Nil	317	Nil	Nil
Sub Total (B)(2)	14,97,769	69,509	15,67,278	13.91	16,87,093	59,957	17,47,050	15.51	1.60
Total Public Shareholding (B)=(B)(1)+(B)(2)	27,46,239	70,029	28,16,268	25.00	2755791	60,477	28,16,268	25.00	Nil
TOTAL (A)+(B)	111,95,041	70,029	112,65,070	100.00	112,04,593	60,477	112,65,070	100.00	Nil
C. Shares held by custodians, against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
GRAND TOTAL (A+B+C)	111,95,041	70,029	112,65,070	100.00	112,04,593	60,477	112,65,070	100.00	Nil

(ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (01/04/2019)			Shareholding at the end of the year (31/03/2020)			% change in shareholding during the year
	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
3M Company, USA	84,48,802	75%	Nil	84,48,802	75%	Nil	Nil
Total	84,48,802	75%	Nil	84,48,802	75%	Nil	Nil

ANNEXURE 'K' TO REPORT OF THE BOARD OF DIRECTORS

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	For each of Promoters	Shareholding at the beginning of the year (01/04/2019)		Cumulative Shareholding during the year (31/03/2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	No Change			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.,)	No Change			
3	At the end of the year	No Change			

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year (01/04/2019)		Increase during the year (+) (market purchase)	Decrease during the year (-) (market sale)	Date	Shareholding at the end of the year (31/03/2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Acacia Partners, LP	2,10,000	1.86	Nil	1,400	19/04/2019		
					2,450	26/04/2019		
					1,200	12/07/2019		
					3,450	26/07/2019		
					1,500	16/08/2019		
					3,400	30/08/2019		
					5,000	06/09/2019		
					22,600	13/09/2019		
					43,000	20/09/2019		
					56,000	25/10/2019	70,000	0.62
2.	Acacia Conservation Fund LP	2,06,400	1.83	Nil	6,000	05/04/2019		
					74,400	20/09/2019		
					56,000	25/10/2019	70,000	0.62
3.	Acacia Institutional Partners, LP	1,85,016	1.64	Nil	5,416	05/04/2019		
					62,600	20/09/2019		
					52,000	25/10/2019	65,000	0.58
4.	Bright Star Investments Pvt Ltd	1,66,700	1.48	Nil	Nil	Nil	1,66,700	1.48
5.	SBI Equity Hybrid Fund	1,30,000	1.15	Nil	Nil	Nil	1,30,700	1.48
6.	Acacia Banyan Partners	126,045	1.12	Nil	54,045	20/09/2019		
					32,000	25/10/2019	40,000	0.36
7.	Max Life Insurance Company Ltd	Nil	Nil	97,000	Nil	25/10/2019		
				295	Nil	08/11/2019		
				5,220	Nil	14/02/2020		
				2,550	Nil	28/02/2020		
				4	Nil	13/03/2020	1,05,069	0.93
8.	IDFC Multi Cap Fund	95,899	0.85	2,069	Nil	26/04/2019		
				300	Nil	03/05/2019		
				1,000	Nil	24/05/2019		

ANNEXURE 'K' TO REPORT OF THE BOARD OF DIRECTORS

				302	Nil	31/05/2019		
				256	Nil	07/06/2019		
				1,000	Nil	14/06/2019		
				1	Nil	28/06/2019		
				500	Nil	16/08/2019		
				300	Nil	30/08/2019		
				1,000	Nil	20/09/2019		
				459	Nil	11/10/2019		
				434	Nil	01/11/2019	1,03,520	0.92
9.	Tata Mid Cap Growth Fund	Nil	Nil	48,500		20/09/2019		
					100	27/09/2019		
				36,000		25/10/2019		
					700	10/01/2020		
				1,000		31/01/2020	84,700	0.75
10.	Motilal Oswal Midcap 30 Fund	Nil	Nil	68		13/09/2019		
				1		20/09/2019		
					1	27/09/2019		
				1		04/10/2019		
				14		11/10/2019		
				994		18/10/2019		
				40,572		25/10/2019		
				1		08/11/2019		
				2		15/11/2019		
				2		22/11/2019		
				1		29/11/2019		
				4		06/12/2019		
				1		13/12/2019		
				2		20/12/2019		
				1		31/12/2019		
				4		03/01/2020		
				4,403		10/01/2020		
				11		17/01/2020		
				9		24/01/2020		
				6		31/01/2020		
				1,112		07/02/2020		
				6		14/02/2020		
				3		28/02/2020		
				1		06/03/2020		
					11	06/03/2020		
				1,508		13/03/2020		
				5		20/03/2020		
				13		27/03/2020		
				1		31/03/2020	48,734	0.43
11.	Govindlal M Parikh	40,115	0.36	Nil	Nil	Nil	40,115	0.36
12.	Nemish S Shah	25,000	0.22	Nil	Nil	Nil	25,000	0.22
13.	IIFL Focused Equity Strategies Fund	24,329	0.22	Nil	Nil	Nil	24,329	0.22

ANNEXURE 'K' TO REPORT OF THE BOARD OF DIRECTORS

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (01/04/2019)		Cumulative Shareholding during the year (31/03/2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	• Directors and KMPs -Nil			
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease(e. g. allotment / transfer / bonus/ sweat equity etc.):	Increase in shareholding details • Directors and KMPs -Nil Decrease in shareholding details • Directors and KMPs -Nil			
3	At the End of the year	• Directors and KMPs -Nil			

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits (Rs.)	Unsecured Loans (Rs.)	Deposits (Rs.)	Total Indebtedness (Rs.)
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Deletion	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:

Sl. no.	Particulars of Remuneration	Managing Director (Rs.)	Managing Director (Rs.)	Whole-time Director (Rs.)	Total Amount (Rs.)
		Ms. Debarati Sen (up to May 31, 2019)	Mr. Ramesh Ramadurai (From June 1, 2019)	Mr. B.V. Shankaranarayana Rao	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,42,74,388	3,50,70,144	1,63,88,659	8,57,33,191
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961	12,57,586	21,57,000	Nil	34,14,586
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil

ANNEXURE 'K' TO REPORT OF THE BOARD OF DIRECTORS

2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				
	- As a % of profit	Nil	Nil	Nil	Nil
	- Others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify				
	- Restricted Stock Units(RSU's) and Stock Appreciation Rights(SARs) of the Parent Company	Nil	Nil	3,88,72,252	3,88,72,252
	- Contribution to Provident Fund	7,07,222	11,69,280	7,68,732	26,45,234
TOTAL (A) (Rs.)		3,62,39,196	3,83,96,424	5,60,29,643	13,06,65,263
Ceiling as per the Act (Section 197)		The remuneration payable to an individual Managing Director or Whole-time Director shall not exceed 5% of the Net Profits of the Company for that financial year and if there is more than one such Director, remuneration shall not exceed 10% of the net profit to all such Directors taken together. The remuneration paid is well within the prescribed limits. The limit as per the Act is Rs. 31.34 Crores.			

B. Remuneration to other Directors:

Particulars of Remuneration	Name of the Directors				Total Amount (Rs.)
	Mr. Bharat D Shah (Rs.)	Mr. Biren Gabhawala (Rs.)	Ms. Radhika Rajan (Rs.)		
Independent Directors					
Fee for attending Board / Committee meetings	3,60,000	3,40,000	3,00,000		10,00,000
Commission for the year FY 2019-20 (to be paid in the FY 2020-21)	18,00,000	18,00,000	18,00,000		54,00,000
Others, please specify	Nil	Nil	Nil		Nil
Total (1) (Rs.)	21,60,000	21,40,000	21,00,000		64,00,000
Particulars of Remuneration	Name of the Directors				Total Amount (Rs.)
	Ms. Debarati Sen (from June 1, 2019 to March 2, 2020) (Rs.)	Mr. Amit Laroya (Rs.)	Mr. Jongho Lee (Rs.)	Ms. Sadhana Kaul (Rs.)	
Other Non-Executive Directors					
Fee for attending Board / Committee meetings	Nil	Nil	Nil	Nil	Nil
Commission for the year FY 2019-20 (to be paid in the FY 2020-21)	Nil	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil	Nil
Total (2) (Rs.)	Nil	Nil	Nil	Nil	Nil
Total (B) = (1+2) (Rs.)					64,00,000
Total (A) + (B)(Rs.)					13,70,65,263
Ceiling as per the Act (Section 197)	The remuneration payable to all Non-Executive Directors and Independent Directors shall not exceed 1% of the Net Profits of the Company for that financial year. The remuneration paid is well within the prescribed limits. The limit as per the Act is Rs. 3.13 Crores.				

ANNEXURE 'K' TO REPORT OF THE BOARD OF DIRECTORS

Overall ceiling as per the Act (Section 197)	The total managerial remuneration payable to its Directors, including Managing Director and Whole-time Director and its Manager in respect of any financial year shall not exceed 11% of the Net Profits of the Company for that financial year. The remuneration paid is well within the overall limits. The limit as per the Act is Rs.34.47 Crores.
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C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Chief Financial Officer (Rs.)	Company Secretary (Rs.)
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	1,90,12,751	48,54, 303
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,98,98,457	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission		
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5.	Others, please specify-		
	- Restricted Stock Units (RSU's) and Stock Appreciation Rights(SARs) of the Parent Company	Nil	Nil
	- Contribution to Provident Fund	16,09,872	2,18,532
	Total (C)	4,05,21,080	50,72,835

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority[RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

On behalf of the Board of Directors

Place : Bengaluru
Date : May 29, 2020

Ramesh Ramadurai
Managing Director
DIN: 07109252

Place : Mumbai
Date : May 29, 2020

Radhika Rajan
Director
DIN: 00499485

ANNEXURE 'L' TO REPORT OF THE BOARD OF DIRECTORS

Details of Subsidiaries, Associates and Joint Ventures

Form AOC 1

[Pursuant to the provisions of Section 129(3) of the Act, read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing as on March 31, 2020 salient features of the financial statement of Subsidiaries/
Associate Companies/Joint Ventures

PART A: Subsidiaries

(Rs. in Lakhs)

Name of the Subsidiary	Financial year ended	Currency	Closing exchange rate	Average exchange rate	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities
3M Electro & Communication India Private Limited*	March 31, 2020	INR	1	-	50.00	18,041.22	22,307.19	4,215.97

(Rs. in Lakhs)

Investments	Turnover	Profit/(loss) before taxation	Provision for taxation	Profit/(loss) after taxation	Proposed dividend	% of share holding	Country
Nil	22,221.45	3,226.27	896.60	2,329.67	Nil	100	India

Note: * became a subsidiary with effect from December 27, 2018

Part B: Associates and Joint Ventures

Nil

On behalf of the Board of Directors

Place : Bengaluru
Date : May 29, 2020

Ramesh Ramadurai
Managing Director
DIN: 07109252

Place : Mumbai
Date : May 29, 2020

Radhika Rajan
Director
DIN: 00499485

INDEPENDENT AUDITORS' REPORT

To the Members of 3M India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of 3M India Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Revenue Recognition

See note 3 (h) and 20 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The products of the Company are mainly sold through distributors, modern trade and direct sale channels amongst others. Revenue from sale of goods is recognised when control of the product is transferred to the customer i.e. on delivery to customer. The Company tracks proof of delivery and reverses the value of goods not delivered by the balance sheet date.</p> <p>We identified revenue recognition as a key audit matter given it is a key performance indicator of the Company. Pressure to achieve targets, earning expectations or incentive schemes linked to performance could create an incentive for revenue to be overstated or recognised before control has been transferred.</p>	<p>To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others:</p> <ul style="list-style-type: none">• Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.• Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis.• Tested the design, implementation and operating effectiveness of the Company's general IT controls and key application controls over the Company's IT systems which govern revenue recognition in the general ledger accounting system.• Performed substantive testing of selected samples of revenue transactions, recorded during the year by testing the underlying documents.• Analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.• Independent confirmation on a sample basis of customer balances at the balance sheet date.• Obtaining supporting documentation, on a sample basis for sales transactions recorded near to balance sheet date to determine whether revenue was recognised in the correct period.• Tested, on a sample basis, manual journal entries relating to revenues to identify and inquire on unusual items, if any.

INDEPENDENT AUDITORS' REPORT

Impairment testing of investment in 3M Electro & Communication India Private Limited

See note 3(d), 3(e)(i), 6 and 40(B)(iv) to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>During the previous year, the Company acquired 100% stake in 3M Electro & Communication India Private Limited from its existing shareholders (related parties of the Company) at a consideration of INR 58,470 lakhs. The Company has carried out impairment testing of such investment and have recognized impairment provision of INR 7,990 lakhs.</p> <p>Company's assessment of impairment contains a number of parameters which involve significant judgements and estimates including revenue growth, cashflow forecasting and weighted average cost of capital. Changes in these assumptions could lead to an impact over fair value of investment and accordingly impairment provision.</p> <p>The annual impairment testing was significant to our audit, because of the financial quantum of the assets it supports as well as the fact that the testing relies on critical judgements, estimates and assumptions.</p>	<p>To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Tested the design of key internal financial controls and operating effectiveness of the relevant key controls around the review of the assessment of impairment of investment in subsidiary. • Performed a retrospective review to assess the reasonableness of Company's past projections by comparing historical forecast to actual results. • Tested reasonability of projections used by the Company relating to the sales growth, operating costs, cashflow forecast. • Engaged our valuation specialists to assist us in providing overall reasonableness of the valuation by evaluating the assumptions, approaches and methodologies used by the Company, in particular those relating to the weighted average cost of capital (WACC), terminal growth rate etc. • Tested whether the management analysis about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the valuation of investment in subsidiary. • Evaluated the appropriateness of the disclosure in the financial statements including key assumptions and sensitivities.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

INDEPENDENT AUDITORS' REPORT

accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

INDEPENDENT AUDITORS' REPORT

- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 16 and 36 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

Place : Bangalore
Date : 29 May 2020

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022
Vikash Gupta
Partner
Membership Number: 064597
UDIN No. : 20064597AAAABW1819

ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the Members of the Company on the Standalone financial statements for the year ended 31 March 2020, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are physically verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets have been physically verified during the year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

In respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company.

- (ii) The inventory, except goods-in-transit and stocks lying with third parties has been physically verified by the Management during the year. In our opinion, the frequency of such physical verification is reasonable. The discrepancies noticed on physical verification between the physical stock and the book records were not material and have been appropriately dealt with in the books of accounts. For stocks lying with third parties at the year end, written confirmations have been obtained.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made. Further, there are no loans, guarantees and security given in respect of which provisions of Sections 185 and 186 of the Act are applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under section 148(1) of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees State Insurance, Income-tax, Duty of customs, Goods and Services tax, Cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales-tax, Service-tax, Duty of excise and Value added tax during the year. Also refer note 36 to the financial statements.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees State Insurance, Income-tax, Duty of customs, Goods and Services tax, Cess and any other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the particulars of dues of Income-tax, Sales-tax, Service-tax, Duty of customs, Duty of excise and Value added tax as at 31 March 2020 which have not been deposited by the Company on account of disputes are mentioned in Appendix-1.
- (viii) In our opinion and according to the information and explanations given to us, the Company did not have any loans or borrowings from financial institutions or banks or government and there were no dues to debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Accordingly, para 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, para 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or issued fully or partly convertible debentures during the year. Accordingly, para 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him/ her. Accordingly, para 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us and in our opinion the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No: 101248W/W-100022

Vikash Gupta

Partner

Membership Number: 064597

UDIN No. : 20064597AAAABW1819

Place : Bangalore

Date : 29 May 2020

Appendix-1 to the Annexure 'A' to the Independent Auditor's Report

Statute / Nature of dues	Demand amount (Rs. in lakhs)	Payment under protest/ adjusted (Rs. in lakhs)	Net amount (Rs. in lakhs)	Period to which it pertains	Forum where the dispute is pending
Income tax	16,219.12	2,872.82	13,346.30	2005-2006, 2010-2011, 2012-2013 to 2016-17	Commissioner of Income Tax (Appeals)
	399.35	322.17	77.18	2006-07	Assessing officer
	1,974.08	1,540.15	433.93	2007-2010 and 2011-2013	Income Tax Appellate Tribunal
Sales tax/ Value added tax/ Central Sales tax	9,679.19	1,815.76	7,863.43	2005-2009 and 2010-2016	Appellate Authority up to Commissioner's level
	1,595.85	800.54	795.31	2007-2012	Sales Tax Appellate Tribunal
Excise (including service tax)	282.06	5.15	276.91	2010-2014	Commissioner- Appeals
	1,956.61	117.26	1,839.35	2006-2015	Customs, Excise and service tax appellate tribunal
Custom duty	1,961.51	-	1,961.51	2005-2010	Customs, Excise and Service tax appellate tribunal
	16,387.03	577.01	15,810.02	2011-2014	Directorate of Revenue Intelligence

Annexure-B to the Independent Auditors' report on the standalone financial statements of 3M India Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1 (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of 3M India Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place : Bangalore
Date : 29 May 2020

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022
Vikash Gupta
Partner
Membership Number: 064597
UDIN No. : 20064597AAAABW1819

STANDALONE BALANCE SHEET

(Rs. in lakhs)

As at	Note	31 March 2020	31 March 2019
I. Assets			
(1) Non-current assets			
(a) Property, plant and equipment	4	24,277.28	26,927.06
(b) Capital work-in-progress	4	663.79	1,019.45
(c) Right - of - use assets	42	4,352.45	-
(d) Intangible assets	5	34.77	20.95
(e) Financial assets			
(i) Investments	6	50,480.00	58,470.00
(ii) Loans receivable	8	1,257.29	939.81
(f) Deferred tax assets (net)	37	1,665.51	2,347.42
(g) Income tax assets (net)	37	9,027.15	5,519.96
(h) Other non-current assets	10	4,801.52	5,127.82
Total non-current assets		96,559.76	100,372.47
(2) Current assets			
(a) Inventories	11	41,104.12	37,918.19
(b) Financial assets			
(i) Trade receivables	7	50,658.82	54,613.88
(ii) Cash and cash equivalents	12	66,576.71	47,039.04
(iii) Loans receivable	8	136.36	458.24
(iv) Other financial assets	9	2,594.29	3,023.48
(c) Other current assets	10	7,694.21	5,943.02
Total current assets		168,764.51	148,995.85
Total assets		265,324.27	249,368.32
II. Equity and liabilities			
Equity			
(a) Equity share capital	13	1,126.51	1,126.51
(b) Other equity	14	206,349.54	184,826.52
Total equity		207,476.05	185,953.03
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	40	1,749.30	-
(ii) Borrowings	15	-	745.44
(b) Provisions	16	2,888.00	2,645.21
Total non-current liabilities		4,637.30	3,390.65
(2) Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	40	2,427.78	-
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	17	1,362.44	1,825.38
- Total outstanding dues of creditors other than micro and small enterprises	17	27,681.56	30,509.76
(iii) Other financial liabilities	18	10,344.67	15,167.72
(b) Other current liabilities	19	3,134.86	4,085.12
(c) Provisions	16	5,980.11	6,648.73
(d) Income tax liabilities (net)	37	2,279.50	1,787.93
Total current liabilities		53,210.92	60,024.64
Total liabilities		57,848.22	63,415.29
Total equity and liabilities		265,324.27	249,368.32
Significant accounting policies	3		

See accompanying notes to the standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta
Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Place: Bengaluru
Date: 29 May 2020

Place: Dubai
Date: 29 May 2020

Ramesh Ramadurai

Managing Director
[DIN: 07109252]

Mamta Gore

Chief Financial Officer
[PAN: AKIPG9089M]

Place: Mumbai
Date: 29 May 2020

Place: Bengaluru
Date: 29 May 2020

For and on behalf of the Board of Directors

Radhika Rajan

Director
[DIN: 00499485]

V. Srinivasan

Company Secretary
[M. No. A16430]

STANDALONE STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

For the year ended	Note	31 March 2020	31 March 2019
Income			
Revenue from operations	20	276,487.73	280,875.97
Other income	21	4,158.32	3,283.16
Total income		280,646.05	284,159.13
Expenses			
Cost of materials consumed	22	102,856.73	86,741.34
Purchases of stock-in-trade	23	59,157.11	63,315.23
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(822.45)	(1,387.67)
Employee benefits expense	25	29,782.15	30,106.15
Finance costs	26	361.11	109.18
Depreciation and amortisation expense	4, 5 and 42	5,737.70	4,187.67
Other expenses	27	51,533.39	51,341.30
Total expenses		248,605.74	234,413.20
Profit before tax		32,040.31	49,745.93
Tax expense :			
(i) Current tax	37	9,335.29	18,652.61
(ii) Deferred tax	37	807.77	(1,205.76)
		10,143.06	17,446.85
Profit for the year		21,897.25	32,299.08
Other comprehensive income			
<i>Items that will not be reclassified subsequently to the statement of profit or loss</i>			
Remeasurements of net defined benefit (liability) / asset	32	(500.09)	(19.63)
Income tax relating to items that will not be reclassified subsequently to profit or loss	37	125.86	6.86
Other comprehensive income, net of tax		(374.23)	(12.77)
Total comprehensive income for the year		21,523.02	32,286.31
Earnings per share (Nominal value of Rs. 10 each)			
	29		
- Basic (in Rs.)		194.38	286.72
- Diluted (in Rs.)		194.38	286.72
Weighted average number of equity shares used in computing earnings per share :			
- Basic		1,12,65,070	1,12,65,070
- Diluted		1,12,65,070	1,12,65,070
Significant accounting policies	3		

See accompanying notes to the standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Place: Bengaluru

Date: 29 May 2020

Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Ramesh Ramadurai

Managing Director

[DIN: 07109252]

Mamta Gore

Chief Financial Officer

[PAN: AKIPG9089M]

Place: Mumbai

Date: 29 May 2020

Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

For and on behalf of the Board of Directors

STANDALONE STATEMENT OF CHANGES IN EQUITY

(Rs. in lakhs)

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity attributable to equity holders of the Company
		Surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Remeasurement of the net defined benefit liability / (asset), net of tax		
Balance as at 1 April 2018	1,126.51	949.90	32.25	151,888.13	(330.07)	152,540.21	153,666.72
Changes in equity for the year ended 31 March 2019							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(12.77)	(12.77)	(12.77)
Profit for the year	-	-	-	32,299.08	-	32,299.08	32,299.08
Balance as at 31 March 2019	1,126.51	949.90	32.25	184,187.21	(342.84)	184,826.52	185,953.03

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity attributable to equity holders of the Company
		Surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Remeasurement of the net defined benefit liability / (asset), net of tax		
Balance as at 1 April 2019	1,126.51	949.90	32.25	184,187.21	(342.84)	184,826.52	185,953.03
Changes in equity for the year ended 31 March 2020							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(374.23)	(374.23)	(374.23)
Profit for the year	-	-	-	21,897.25	-	21,897.25	21,897.25
Balance as at 31 March 2020	1,126.51	949.90	32.25	206,084.46	(717.07)	206,349.54	207,476.05

See accompanying notes to the standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Ramesh Ramadurai

Managing Director

[DIN: 07109252]

Mamta Gore

Chief Financial Officer

[PAN: AKIPG9089M]

Place: Mumbai

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

For and on behalf of the Board of Directors

STANDALONE STATEMENT OF CASH FLOW

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Cash flow from operating activities		
Profit before tax	32,040.31	49,745.93
<i>Adjustments for:</i>		
Depreciation and amortisation expense	5,737.70	4,187.67
Provision for impairment of investment in subsidiary company	7,990.00	-
Provision for doubtful debts (net)	1,399.17	1,027.17
Liabilities no longer required written back (net)	(1,167.74)	(597.95)
Unrealised net gain on foreign currency transactions and translation	97.07	(390.27)
Loss on disposal of property, plant and equipment	2.38	1.40
Interest income	(2,534.76)	(2,685.21)
Finance costs	361.11	109.18
	43,925.24	51,397.92
Movements in working capital		
Increase / (decrease) in trade payables	(3,210.46)	1,016.81
Increase in provisions	21.42	876.81
Increase / (decrease) in other financial liabilities and other liabilities	(5,272.58)	2,322.93
Decrease / (Increase) in trade receivables	2,565.92	(2,687.15)
Increase in inventories	(3,185.93)	(3,189.26)
Increase in loans, other financial assets, other current and non current assets	(659.57)	(3,083.71)
	34,184.04	46,654.35
Cash generated from operations activities	34,184.04	46,654.35
Income tax paid (net of refund)	(12,350.91)	(19,922.80)
Net cash generated from operating activities (A)	21,833.13	26,731.55
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,983.52)	(3,824.18)
Proceeds from sale of property, plant and equipment	8.24	25.29
Investment in subsidiary	-	(58,470.00)
Interest received	2,117.06	3,286.18
Net cash generated from / (used in) investing activities (B)	141.78	(58,982.71)

STANDALONE STATEMENT OF CASH FLOW

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Cash flow from financing activities		
Payment of lease liability (including interest thereon)	(2,437.24)	-
Movement in lease liability	-	403.40
Interest paid	-	(44.44)
Net cash generated from / (used in) financing activities (C)	(2,437.24)	358.96
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	19,537.67	(31,892.20)
Cash and cash equivalents at the beginning of the year	47,039.04	78,931.24
Cash and cash equivalents at the end of the year	66,576.71	47,039.04
Cash and cash equivalents comprise of (refer note 12):		
Cash on hand	0.09	-
Balances with banks:		
- in current accounts	11,576.62	47,039.04
- deposits accounts (original maturity of less than three months)	55,000.00	-
	66,576.71	47,039.04

Significant accounting policies (Refer Note 3)

See accompanying notes to the standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Place: Bengaluru

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Ramesh Ramadurai

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Chief Financial Officer

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Place: Bengaluru

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Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

For and on behalf of the Board of Directors

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in four operating segments: Safety & Industrial, Transportation & Electronics, Health Care and Consumer. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's four business segments bring together common or related 3M technologies that enhance the development of innovative products and services and provide efficient sharing of business resources. The Company is a public limited Company domiciled in India with its registered office situated at Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560 100 and is listed on the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange Ltd (NSE).

2. Basis of preparation

A. Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 29 May 2020.

Details of the Company's significant accounting policies are included in Note 3.

B. Functional & presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Liabilities for cash settled shared-based payment arrangements	Fair value
Net defined benefit asset / (liability)	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 28 and 42 - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

- Note 4 and 5 - useful life of property, plant and equipment and intangible assets;
- Note 6 to 9 and 40 - impairment of financial assets;
- Note 32 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 11 - provision for inventories; and
- Note 16 and 36 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 31 - share-based payment arrangements and
- Note 40 - financial instruments

3. Significant accounting policies

(a) Financial instruments

i. *Recognition and initial measurement*

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at-

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. *Derecognition*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

(b) Property, plant and equipment

i. *Recognition and measurement*

Items of property, plant and equipment, are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

ii. *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. *Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss.

Leasehold improvements are amortised over the period of lease or the estimated useful life (3-10 years) whichever is lower. Assets acquired under finance leases till previous year were depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. For the current year, refer note 3(n). Freehold land is not depreciated.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful lives
Buildings	10/ 20 and 30 years
Plant and machinery	3/ 7/ 10 and 15 years
Data processing equipment	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	5 years

Depreciation/amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that the estimates of useful lives as given above best represent the period over which management expects to use these assets and are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 for some assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Capital work in progress includes cost of property, plant & equipment under installation/ under development as at the balance sheet date.

(c) Intangible assets

Internally generated : Research and development

Expenditure on research activities is recognised in statement of profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are stated at acquisition cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss. The amortisation rates used are:

Asset	Useful life
Computer software	3 years

(d) Investment in subsidiaries

Investment in equity shares in subsidiaries is carried at cost, less impairment, if any, in the financial statements.

(e) Impairment

(i) *Financial assets*

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in the statement of profit or loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The Company at end of each reporting period evaluates, if any indicators are present which might require Company to impair its financial assets.

(ii) *Non-financial assets*

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units (CGUs) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(f) Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. The costs of raw materials and traded goods are ascertained on First-In-First-Out basis, whereas manufactured work-in-progress and finished goods are ascertained on weighted average method.

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for inventory obsolescence is ascertained regularly based on estimated usage of the products.

(g) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the balance sheet date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(h) Revenue recognition

Effective April 1, 2018, the Company applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces erstwhile guidance on revenue recognition including Ind AS 18. The Company adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact on the financial statements of the Company.

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Customers have the contractual right to return goods. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets are classified as other assets. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for goods and services are reported as liabilities until all conditions for revenue recognition are met.

The Company has determined that the revenues as disclosed in Note 20 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

(i) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit or loss in the periods during which the related services are rendered by employees.

Provident fund

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation

The Company makes contribution to the Superannuation Scheme for certain employees participating in the scheme, a defined contribution scheme, administered by fund manager, based on a specified percentage of eligible employees' salary. The Company's obligation to the scheme is restricted to the contributions to the scheme.

Defined benefit plans

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Company accounts for the liability of Gratuity Benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

Compensated absences

The Company provides for the encashment/ availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses / gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

(j) Share-based payments

The fair value of the amount payable to employees in respect of share appreciation rights (SARs) and restricted stock units (RSUs) which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The Company measures compensation expense for SARs

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

at their fair value determined using Black-Scholes Model and RSUs based on fair market value of shares of 3M Company, USA as on the date of the reporting. Any change in the fair value of the liability are recognised in the Statement of profit and loss.

(k) Income taxes

i. *Current tax*

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. *Deferred tax*

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(l) Borrowing costs

Borrowing costs attributable to the assets acquired on finance lease are expensed in the period in which they incur in the statement of profit and loss.

(m) Provisions and contingent liabilities

i. *General*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. *Contingent liabilities*

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

iii. *Onerous contracts*

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(n) Leases

The company has applied Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Ind AS 17 - for comparative period

i. *Finance leases*

The Company leases certain tangible assets and such leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted in accordance with the accounting policy applicable to similar owned assets.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in long-term borrowings and other current liabilities as appropriate. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(o) Segment reporting

Operating segments

The Company publishes the unconsolidated financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

(p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(q) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit/ loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

(s) Recent Indian Accounting Standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

4 Property, plant and equipment and capital work-in-progress

(Rs. in lakhs)

Particulars	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Vehicles	Leasehold improvements	Leased Assets			Total
									Leasehold land Note (a)	Data processing equipment	Vehicles	
Balance at 31 March 2018	227.95	15,219.32	20,696.69	1,309.14	749.62	58.26	2.87	606.03	387.17	1,225.97	610.59	41,093.61
Additions	-	24.20	1,260.66	211.19	67.70	-	-	-	-	959.18	100.20	2,623.13
Disposals	-	-	(83.56)	(29.55)	(12.05)	-	-	(8.90)	-	(279.87)	(156.91)	(570.84)
Balance at 31 March 2019	227.95	15,243.52	21,873.79	1,490.78	805.27	58.26	2.87	597.13	387.17	1,905.28	553.88	43,145.90
Reclassification pursuant to adoption of Ind AS 116 (refer note 42)	-	-	-	-	-	-	-	-	(387.17)	(1,905.28)	(553.88)	(2,846.33)
Adjusted balances as at 01 April 2019	227.95	15,243.52	21,873.79	1,490.78	805.27	58.26	2.87	597.13	-	-	-	40,299.57
Additions	-	38.17	2,185.26	225.09	47.04	-	-	-	-	-	-	2,495.56
Disposals	-	(0.18)	(48.65)	(10.59)	(11.47)	-	-	(6.94)	-	-	-	(77.83)
Balance at 31 March 2020	227.95	15,281.51	24,010.40	1,705.28	840.84	58.26	2.87	590.19	-	-	-	42,717.30
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2018	-	1,909.08	7,800.06	612.55	665.33	58.26	2.86	605.14	12.86	616.31	319.89	12,602.34
Depreciation for the year	-	636.20	2,607.21	221.93	55.35	-	0.01	0.78	2.52	486.12	150.53	4,160.65
Disposals	-	-	(67.60)	(18.82)	(12.05)	-	-	(8.90)	-	(279.87)	(156.91)	(544.15)
Balance at 31 March 2019	-	2,545.28	10,339.67	815.66	708.63	58.26	2.87	597.02	15.38	822.56	313.51	16,218.84
Reclassification pursuant to adoption of Ind AS 116 (refer note 42)	-	-	-	-	-	-	-	-	(15.38)	(822.56)	(313.51)	(1,151.45)
Adjusted balances as at 01 April 2019	-	2,545.28	10,339.67	815.66	708.63	58.26	2.87	597.02	-	-	-	15,067.39
Depreciation for the year	-	640.28	2,522.09	227.87	49.58	-	-	0.01	-	-	-	3,439.83
Disposals	-	(0.03)	(44.79)	(4.24)	(11.20)	-	-	(6.94)	-	-	-	(67.20)
Balance at 31 March 2020	-	3,185.53	12,816.97	1,039.29	747.01	58.26	2.87	590.09	-	-	-	18,440.02
Carrying value (net)	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2019	227.95	12,698.24	11,534.12	675.12	96.64	-	-	0.11	371.79	1,082.72	240.37	26,927.06
As at 31 March 2020	227.95	12,095.98	11,193.43	665.99	93.83	-	-	0.10	-	-	-	24,277.28

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

5 Intangible assets

(Rs. in lakhs)

Particulars	Computer Software
Balance at 1 April 2018	146.84
Additions	16.80
Balance at 31 March 2019	163.64
Balance at 1 April 2019	163.64
Additions	33.00
Balance at 31 March 2020	196.64
Accumulated depreciation as on 1 April 2018	115.67
Amortisation for the year	27.02
Balance at 31 March 2019	142.69
Accumulated depreciation as on 1 April 2019	142.69
Amortisation for the year	19.18
Balance at 31 March 2020	161.87
Carrying value (net)	
As at 31 March 2019	20.95
As at 31 March 2020	34.77

6 Investments

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Non current investment		
Unquoted, carried at cost less provision for other than temporary impairment		
Investment in equity instruments of subsidiary;		
3M Electro & Communication India Private Limited [100% Subsidiary] [5,00,000 equity shares of Rs. 10/- each fully paid up]	58,470.00	58,470.00
	58,470.00	58,470.00
Aggregate book value of unquoted investment	58,470.00	58,470.00
Aggregate amount of impairment in value of investment	7,990.00	-
Investment carried at cost	50,480.00	58,470.00

During the previous year, the Company invested Rs. 58,470 Lakhs to acquire 100% equity interest in 3M Electro & Communication India Private Limited (the entity). Refer note 43 for disclosures with respect to section 186(4) of Companies Act, 2013. Also refer note 40(B)(iv).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

7 Trade receivables		<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
Considered good			
Trade receivables - secured*	479.64	699.82	
Trade receivables - unsecured	51,892.11	55,208.98	
Less: Provision for impairment	(1,712.93)	(1,294.92)	
	50,658.82	54,613.88	
Credit impaired	3,120.44	2,583.78	
Less: Provision for impairment	(3,120.44)	(2,583.78)	
	50,658.82	54,613.88	
Of the above, trade receivables from related parties are as below (also refer note 33):			
Total trade receivables from related parties (also refer note 33)	457.45	849.23	
Loss allowance	-	-	
Net trade receivables	457.45	849.23	
*These are secured against deposits taken from customers.			
The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 40.			
8 Loans receivable		<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
Non current			
Unsecured, considered good			
Security deposits	1,242.88	914.85	
Loans to employees	14.41	24.96	
	1,257.29	939.81	
Unsecured, considered doubtful			
Security deposits	41.24	67.51	
Less : Provision for impairment	(41.24)	(67.51)	
	-	-	
Current			
Security deposits - unsecured	83.81	411.32	
Loans to employees - unsecured	52.55	46.92	
	136.36	458.24	
	1,393.65	1,398.05	
9 Other financial assets		<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
Current			
Unsecured, considered good			
Unbilled revenue	749.90	1,157.85	
Interest accrued but not due	417.70	-	
Others receivables from related parties (refer note 33)	1,412.33	1,859.20	
Others receivables	14.36	6.43	
	2,594.29	3,023.48	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

10 Other assets

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Non current		
Capital advances	603.36	689.32
<i>Advances other than capital advances</i>		
Payments under protest*		
Unsecured, considered good	4,198.16	4,438.50
Unsecured, considered doubtful	171.50	171.50
Less: Allowance for doubtful advances	(171.50)	(171.50)
	4,198.16	4,438.50
	4,801.52	5,127.82
Current		
Prepayments	1,109.31	922.21
Advance for supply of goods	633.85	1,121.76
Balances with government authorities		
Unsecured, considered good	5,951.05	3,899.05
Unsecured, considered doubtful	548.33	554.04
Less : Allowance for doubtful receivables	(548.33)	(554.04)
	5,951.05	3,899.05
	7,694.21	5,943.02
	12,495.73	11,070.84

* The above payments represents deposits given to government authorities.

11 Inventories*

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Raw materials	14,073.20	11,599.67
[Including in - transit Rs. 6,731.11 (2019: Rs. 3,524.19 lakhs)]		
Packing materials	604.39	714.44
Work-in-progress	1,655.05	1,248.60
Finished goods	8,268.94	13,006.15
Stock-in-trade	16,502.54	11,349.33
[Including in - transit Rs. 6,584.98 (2019: Rs. 4,005.52 lakhs)]		
	41,104.12	37,918.19

* Refer note 3(f) for mode of valuation of inventories

The write down of inventories to net realisable value during the year amounted to Rs. 431.69 lakhs (31 March 2019 : Rs 268.87 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 2,564.95 lakhs (31 March 2019 : Rs. 779.52 lakhs). The write down, reversal and provision for obsolete stock are included in the costs of materials consumed or changes in inventories of finished goods and work-in-progress.

12 Cash and cash equivalents

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Cash on hand	0.09	-
<i>Balances with banks</i>		
- In current accounts	11,576.62	47,039.04
- Deposit accounts (original maturity of less than three months)	55,000.00	-
	66,576.71	47,039.04

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

13 Equity share capital

(Rs. in lakhs except for number of shares)

As at	31 March 2020	31 March 2019
Authorised :		
Equity shares	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2019 : 11,265,070 equity shares of Rs. 10/- each)]	<u>1,126.51</u>	<u>1,126.51</u>
Issued, subscribed and paid up:		
Equity shares fully paid up	1,126.51	1,126.51
[1,12,65,070 equity shares of Rs. 10/- each (31 March 2019 : 1,12,65,070 equity shares of Rs. 10/- each)]	<u>1,126.51</u>	<u>1,126.51</u>

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the year	1,12,65,070	1,126.51	1,12,65,070	1,126.51
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	<u>1,12,65,070</u>	<u>1,126.51</u>	<u>1,12,65,070</u>	<u>1,126.51</u>

(b) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding Company

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
3M Company, USA	84,48,802	844.88	84,48,802	844.88

(d) Details of shareholders holding more than 5 % of total number of equity shares

	31 March 2020		31 March 2019	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	84,48,802	75%	84,48,802	75%

(e) There has been no buyback of shares, issues of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

14 Other equity

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
(i) Securities premium reserve	949.90	949.90
(ii) General reserve	32.25	32.25
(iii) Remeasurement of defined benefit plans, net of tax effect	(717.07)	(342.84)
(iv) Retained earnings	206,084.46	184,187.21
	<u>206,349.54</u>	<u>184,826.52</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Nature and purpose of other equity

(i) Securities premium reserve:

Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

(ii) General reserve:

General reserve comprises of the reserve generally available to the shareholders of the Company

(iii) Other comprehensive income:

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' and subsequently not reclassified to the Statement of Profit and Loss and will be reclassified to retained earnings.

(iv) Retained earnings:

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the statement of profit and loss to retained earnings.

Financial liabilities

15 Borrowings

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Secured		
Long term maturities of finance lease obligations (refer note (a) below)	-	745.44
	<u>-</u>	<u>745.44</u>

Note:

(a) Rate of interest for finance lease obligations ranges from 3.40% to 13.90% per annum. Finance lease obligations are secured by hypothecation of assets underlying the leases. Finance lease obligations are payable on monthly / quarterly payment of equated monthly installments beginning from the month subsequent to taking the lease. Period of maturity for the lease obligations of vehicles is 4 years and for equipments it ranges from 2 years to 5 years. Also refer note 28(a) and 42.

Debt reconciliation statement in accordance with Ind AS 7

(Rs. in lakhs)

Non current borrowings and current maturities of long term borrowings	31 March 2020	31 March 2019
Opening balance	1,349.57	946.17
Recognition pursuant to adoption of IND AS 116	2,670.08	-
Addition to lease liability	2,275.20	-
Interest cost	319.47	-
Payment of lease liability (including interest thereon)	(2,437.24)	403.40
Closing balance	<u>4,177.08</u>	<u>1,349.57</u>

16 Provisions

(Rs. in lakhs)

As at	31 March 2020		31 March 2019	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 32)	-	2,294.26	-	2,107.94
Compensated absences	59.42	503.17	57.30	446.72
Others (refer note 38)				
Provision for asset retirement obligation	-	90.57	-	90.55
Sales tax, service tax and other issues	2,191.49	-	3,179.85	-
Provision for credit notes and sales return	3,729.20	-	3,411.58	-
	<u>5,980.11</u>	<u>2,888.00</u>	<u>6,648.73</u>	<u>2,645.21</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

17 Trade payables

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Total outstanding dues of micro and small enterprises (Refer note (a) below)	1,362.44	1,825.38
Total outstanding dues of creditors other than micro and small enterprises*	27,681.56	30,509.76
	29,044.00	32,335.14

Note (a)

1. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal	1,362.44	1,825.38
- Interest	22.05	39.61
2. The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year:		
- Interest	99.98	-
- Principal	27,050.92	12,120.98
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year	22.05	39.61
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	49.45	127.38

Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

* Includes due to related party (refer note 33)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 40.

18 Other financial liabilities

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Current maturities of finance lease obligations (refer note 15 (a))	-	604.13
Deposits from customers	813.38	974.23
Creditors for capital goods	136.12	32.72
Payroll related liabilities	2,537.50	5,194.24
Intercompany payables (refer note 33)	1,233.86	1,429.70
Accrued expenses	5,380.83	6,430.85
Other payables	242.98	501.85
	10,344.67	15,167.72

The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 40.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

19 Other current liabilities		<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
Advance from customers	204.81	281.65	
Statutory liabilities	2,930.05	3,803.47	
	3,134.86	4,085.12	

20 Revenue from operations		<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019	
Sale of products			
Finished goods	156,512.82	154,523.50	
Traded goods	116,633.48	122,497.53	
Sale of services*	3,127.16	3,610.96	
Other operating revenue			
Income from duty drawback	77.05	111.43	
Scrap sales	137.22	132.55	
	276,487.73	280,875.97	

* Sale of services includes income from contract research Rs. 1,984.76 lakhs (31 March 2019 : Rs. 2,658.91 lakhs) (refer note 30 (c)) and management support service fee of Rs. 1,142.40 lakhs (31 March 2019 : Rs. 952.05 lakhs). Also refer note 33.

Disaggregation of revenue from operations:

Business Segments	31 March 2020	31 March 2019	
Safety and Industrial	96,893.89	102,880.31	
Transportation and Electronics	101,970.45	102,211.85	
Health Care	43,448.06	42,740.11	
Consumer	31,966.12	30,348.57	
Others	2,209.21	2,695.13	
Total	276,487.73	280,875.97	

Reconciliation of revenue from sale of products with the Contracted Price

Contracted Price	292,286.99	298,021.82	
Less: Reduction towards volume rebates	(11,085.66)	(11,502.70)	
Less: Reduction primarily towards sales returns and others	(4,713.60)	(5,643.15)	
Revenue recognised	276,487.73	280,875.97	

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving event based contracts.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

21 Other income	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Interest income from financial assets carried at amortised cost	2,534.76	2,685.21
Liabilities no longer required written back (net)	1,167.74	597.95
Miscellaneous income	455.82	-
	4,158.32	3,283.16
22 Cost of materials consumed	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Inventory of materials at the beginning of the year	12,314.11	10,512.52
Add: Purchases (refer note 33)	105,220.21	88,542.93
Less: Inventory of materials at the end of the year	(14,677.59)	(12,314.11)
	102,856.73	86,741.34
23 Purchases of stock-in-trade	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Abrasive	2,155.86	8,903.57
Fusion bonded epoxy coating	5,123.57	4,819.74
Medical surgical and dental products	11,238.21	5,883.04
Self adhesive films	10,842.09	14,857.77
Others	29,797.38	28,851.11
	59,157.11	63,315.23
Also refer note 33.		
24 Changes in inventories of finished goods, stock-in-trade and work-in-progress	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Opening inventory		
- Finished goods	13,006.15	12,546.57
- Stock-in-trade	11,349.33	10,281.43
- Work-in-progress	1,248.60	1,388.41
	25,604.08	24,216.41
Closing inventory		
- Finished goods	8,268.94	13,006.15
- Stock-in-trade	16,502.54	11,349.33
- Work-in-progress	1,655.05	1,248.60
	26,426.53	25,604.08
(Increase) in inventory	(822.45)	(1,387.67)
25 Employee benefits expense	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Salaries, wages and bonus	26,263.81	25,688.70
Contribution to provident and other funds (refer note 32)	1,941.57	1,937.67
Share based payment expenses (refer note 31)	(573.47)	341.44
Staff welfare expenses	2,150.24	2,138.34
	29,782.15	30,106.15

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

26 Finance costs		<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019	
Finance costs on finance lease obligations	319.47	44.44	
Interest expense on financial liability measured at amortised cost	41.64	64.74	
	361.11	109.18	
27 Other expenses		<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019	
Consumption of stores and spares	699.43	735.35	
Power and fuel	1,557.43	1,643.80	
Water charges	46.46	35.10	
Rent (refer note 28(b) and 42)	302.48	1,942.29	
Repairs and maintenance			
- Plant and machinery	706.71	787.52	
- Building	365.58	409.32	
- Others	77.50	110.63	
Insurance	199.00	213.49	
Rates and taxes	253.04	1,365.75	
Communication expenses	220.50	243.87	
Travel and conveyance	2,168.74	2,991.81	
Legal and professional charges (refer note (a) below)	1,159.94	936.41	
Selling, distribution and advertisement expenses	6,752.49	8,398.23	
Commission	350.93	361.62	
Freight outward	5,501.26	6,006.82	
Royalty (refer note 30 (a) and 33)	3,820.22	5,096.23	
Corporate management fees (refer note 30 (b)(i) and 33)	11,790.19	12,713.33	
Directors' sitting fees	10.00	9.40	
Provision for impairment of investment in subsidiary company (refer note 40(B)(iv))	7,990.00	-	
Provision for doubtful debts (net)	1,399.17	1,027.17	
Exchange loss on foreign currency transactions (net)	1,521.16	1,223.50	
Expenditure towards corporate social responsibility activities (refer note 35)	897.75	770.05	
Loss on sale of property, plant and equipment (net)	2.38	1.40	
Miscellaneous expenses	3,741.03	4,318.21	
	51,533.39	51,341.30	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(a) Payment to auditors # (Rs. in lakhs)

	31 March 2020	31 March 2019
As auditors:		
Audit fee	102.00	96.00
Tax audit fee	8.00	8.00
Others	5.60	-
Reimbursement of out-of-pocket expenses	3.00	3.00
Total	118.60	107.00

Excluding goods and service tax.

28 (a) Finance lease obligations

The Company has taken vehicles, leasehold improvements and data processing equipment under finance lease agreements. The minimum lease rental payments under the finance leases are as under:

(Rs. in lakhs)

	31 March 2020*			31 March 2019		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments
Within less than one year	-	-	-	639.72	35.59	604.13
Between one and five years	-	-	-	773.50	28.06	745.44
	-	-	-	1,413.22	63.65	1,349.57

(b) Operating leases

A. Leases as lessee

The Company has taken office premises, warehouse and residential premises under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. The initial tenure of the lease is generally for eleven months to ninety six months.

i. Future minimum lease payments

As at the year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:

	31 March 2020*	31 March 2019
Payable in less than one year	-	1,385.64
Payable between one and five years	-	1,546.30
	-	2,931.94

ii. Amounts recognised in profit or loss

	31 March 2020*	31 March 2019
Lease expenses – minimum lease payments	-	1,942.29
	-	1,942.29

*On transition to Ind AS 116 - Leases, these amounts are nil. Refer note 42.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

29 Earnings per share

(Rs. in lakhs except for number of shares)

For the year ended	31 March 2020	31 March 2019
Net profit attributable to equity shareholders	21,897.25	32,299.08
Weighted average number of equity shares outstanding during the year	1,12,65,070	1,12,65,070
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	194.38	286.72
Diluted earnings per share (Rs.)	194.38	286.72

30 Inter Company agreements and arrangements

- a) *Intellectual property agreement* – The Company has entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from 1 July 2006 to 30 June 2009. These payments have been reinstated with effect from 1 July 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective 1 July 2013. Accordingly, the Company has incurred an expenditure of Rs. 3,820.22 lakhs for the year ended 31 March 2020 (31 March 2019: Rs. 5,096.23 lakhs) and disclosed as Royalty under other expenses.
- b)(i) *Support services and corporate management fees* - In order to avail economies of scale, the Company has entered into inter-company services support services agreement with 3M Global Service Center Management Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from 1 April 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company for the services received from all the 3M group companies in the areas of Laboratory, Technical assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009, 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Company has incurred the following expenditure:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
- Laboratory and technical assistance manufacturing services	782.44	1,106.89
- Selling and marketing services	4,441.11	5,808.09
- Information technology services	4,853.37	3,027.44
- Other managerial services	1,713.27	2,770.91
Corporate management fee	11,790.19	12,713.33
- Foreign services employees expense are included in employee costs amounting to	434.78	919.81

The Company has accrued an amount of Rs. 3,170.43 lakhs (31 March 2019 : Rs. 3,445.19 lakhs) in respect of estimated liability for the above services during period 1 January 2020 to 31 March 2020, the actual liability would be ascertained by December 2020.

- (ii) The support service agreement enables the Company to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its affiliates. Accordingly the Company has recharged Rs. 1,382.29 lakhs (31 March 2019 : Rs. 1,442.94 lakhs).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- (iii) The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of Rs. 1,142.40 lakhs (31 March 2019 : Rs. 952.05 lakhs).
- c) *Contract research agreement* – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for carrying out contract research activities. During the year, Company has recognized an income of Rs. 1,984.76 lakhs (31 March 2019 : Rs. 2,658.91 lakhs).

31 Employee stock option plan

A. Description of share based payment arrangements

i) *Share purchase plan (equity-settled)*

3M Company, USA, the parent Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Company, under which the employees of the Company are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Company deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Company during the year has deducted for remittance a sum of Rs. 327.47 lakhs (2019: Rs. 319.96 lakhs) and cumulatively amounting to Rs. 1,640.53 lakhs (2019: Rs. 1313.06 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 28.77 lakhs (2019: Rs. 32.17 lakhs) is pending remittance to the holding Company and the same is included under 'Other financial liabilities' (refer note 18).

ii) *Stock appreciation rights and Restricted stock units (cash-settled)*

3M Company, USA has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Company are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock appreciation rights (SARs) / restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan. Exercise price of SARs and RSUs will be Nil. As of the year end a sum of Rs. 900.21 lakhs (2019: Rs. 3,644.91 lakhs) is liability and the same is included under 'Other financial liabilities' (refer note 18).

B. Measurement of fair values

The Company measures compensation expense for stock appreciation rights (SARs) at their fair value determined using Black - Scholes Model and restricted stock units (RSUs) based on fair market value of shares of 3M Company, USA as on 31 March 2020.

The fair value of the cash settled SARs and the inputs used in the measurement of fair value at grant date and measurement date of the SARs are as follows:

	31 March 2020	31 March 2019
Fair value (in \$)	12.79	38.93
Share price (in \$)	133.24	201.12
Expected volatility (%)	19.69%	20.35%
Expected life (years)	6.54 years	6.55 years
Expected dividends (%)	2.65%	2.50%
Risk free interest rate (%)	1.39%	2.58%

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behaviour of the employee who receives the SAR. Expected volatility during the expected term is based on historical volatility of the observed market prices of the 3M Company USA's publicly traded equity shares particularly over the historical period commensurate with the expected term.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2020 is set out below:

	31 March 2020		31 March 2019	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
Stock appreciation right				
Outstanding at the beginning	75,362	-	73,756	-
Granted	8,744	-	9,315	-
Forfeited and expired	2,726	-	-	-
Exercised	18,592	-	10,244	-
Transferred from 3M Electro & Communication India Pvt. Ltd.	-	-	2,535	-
Outstanding at the end	62,788	-	75,362	-
Exercisable at the end	45,840		61,228	
Restricted stock unit				
Outstanding at the beginning	6,119	-	7,258	-
Granted	3,258	-	2,578	-
Forfeited and expired	54	-	-	-
Exercised	2,042	-	3,717	-
Outstanding at the end	7,281	-	6,119	-
Exercisable at the end	-		3,543	

D. Expense recognised in Statement of profit and loss

An amount of Rs. 573.47 lakhs has been credited (31 March 2019: Rs. 341.44 lakhs has been debited) to the Statement of profit and loss for the year and included under Employee benefits expense.

E. The weighted average share price at the date of exercise with regards to SARs and RSUs exercised during the year is USD 198.11 and USD 160.08 respectively.

The above disclosures have been made to the extent information is available with the Company.

32 Employee benefits

(a) Defined contribution plan

The Company offers its employees defined contribution plans in the form of Provident Fund (PF), Superannuation Fund (SF), Employees' State Insurance (ESI). Contribution to SF is made to 3M India Ltd Employees Superannuation Fund Trust. Other contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has recognised the following amounts in the Statement of profit and loss, which are included in contribution to provident and other funds:

	<i>(Rs. in lakhs)</i>	
Benefits (contribution to)	31 March 2020	31 March 2019
Provident fund	1,289.52	1,296.74
Superannuation fund	115.34	129.93
Employee State Insurance Corporation	0.48	0.43
	1,405.34	1,427.10

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company contributes all ascertained liabilities towards gratuity to the 3M India Ltd Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2020 and 31 March 2019, the plan assets have been primarily invested in insurer managed funds.

(Rs. in lakhs)

A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2020	31 March 2019
Obligation at the beginning of the year	4,290.66	3,867.21
Current service cost	408.32	390.65
Interest cost	305.47	285.93
Actuarial loss / (gains)	421.59	(26.94)
Benefits paid	(542.81)	(226.19)
Obligation at the end of the year	4,883.23	4,290.66
B. Reconciliation of opening and closing balances of the fair value of plan assets	31 March 2020	31 March 2019
Plan assets at the beginning of the year	2,182.72	2,289.41
Interest income on plan assets	177.56	166.01
Contribution by the Company	850.00	0.06
Remeasurements- Return on plan assets excluding amounts included in interest income	(78.50)	(46.57)
Benefits paid	(542.81)	(226.19)
Plan assets at the end of the year	2,588.97	2,182.72
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet	31 March 2020	31 March 2019
Present value of obligation at the end of the year	4,883.23	4,290.66
Fair value of plan assets at the end of the year	(2,588.97)	(2,182.72)
Liability recognised in balance sheet	2,294.26	2,107.94
D. Expenses recognized in the Statement of profit and loss	31 March 2020	31 March 2019
Current service cost	408.32	390.65
Interest cost	305.47	285.93
Interest income on plan assets	(177.56)	(166.01)
	536.23	510.57
E. Remeasurements recognized in Other comprehensive income	31 March 2020	31 March 2019
Actuarial (gains) / losses on defined benefit obligation	421.59	(26.94)
Actuarial losses / (gains) on plan assets	78.50	46.57
	500.09	19.63
F. Investment details of plan assets	31 March 2020	31 March 2019
Government securities	0.00%	0.00%
High quality corporate bonds (including public sector bonds)	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Cash (including Special deposits)	0.54%	1.58%
Fund balance with Insurance companies	99.46%	98.42%
	100.00%	100.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

G. Assumptions	31 March 2020	31 March 2019
Discount rate (per annum)	6.70%	7.60%
Rate of escalation in salary (per annum)	6.00%	6.00%
Retirement age (in years)	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates		
Under 30 years	15.00%	15.00%
31-34 years	10.00%	10.00%
35-44 years	5.00%	5.00%
45-50 years	3.00%	3.00%
51-54 years	2.00%	2.00%
55-60 years	1.00%	1.00%

(Rs. in lakhs)

H. Sensitivity analysis	31 March 2020	31 March 2019
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
A. Discount rate		
Effect on defined benefit obligation due to 1% increase in discount rate	(413.96)	(349.74)
Effect on defined benefit obligation due to 1% decrease in discount rate	480.13	403.96
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate	478.94	406.64
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate	(420.38)	(357.97)

(Rs. in lakhs)

I. Maturity profile of defined benefit obligation	Amount
1. March 31, 2021	320.96
2. March 31, 2022	396.06
3. March 31, 2023	421.51
4. March 31, 2024	266.89
5. March 31, 2025	662.12
6. March 31, 2026 to March 31, 2030	2,967.33

Notes :

- The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- As per the best estimate of the management, contribution of Rs. Nil (31 March 2019 : Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2021.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

33 Related party transaction

Names of related parties and nature of relationship:

i) Holding company	3M Company, USA		
ii) Wholly owned subsidiary	3M Electro & Communication India Private Limited (w.e.f. 27 December, 2018)		
iii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M China Limited	3M Lanka Private Limited	
	3M Thailand Limited	Dyneon B.V.	
	3M France S.A	3M Belgium S.A./N.V.	
	3M Gulf Limited	3M Singapore Pte. Ltd.	
	3M Asia Pacific Pte. Ltd	Sumitomo 3M Limited	
	PT. 3M Indonesia	3M Taiwan Limited	
	3M APAC RDC Pte Limited	3M Technologies (S) Pte Ltd	
	3M Australia Pty. Limited	3M Philippines, Inc.	
	3M Canada Company	3M Pakistan Private Limited	
	3M Do Brasil Limitada	3M International Trading (Shanghai) Co., Ltd	
	3M EMEA, GmbH	3M Panama Pacifico S Der L.	
	3M Espana, S.A.	3M Panama S.A	
	3M Hong Kong Limited	3M Vietnam Limited	
	3M Innovation Singapore Pte Limited	3M Hellas Limited	
	3M Italia S.P.A.	3M Germany Hilden GmbH	
	3M Malaysia Sdn. Bhn.	3M Innovation (Thailand) Co. Ltd.	
	3M Korea Limited	3M UK Holdings Limited	
	3M Korea Health & Safety Ltd	3M Wendt GmbH	
	3M Korea High Tech, Korea	3M Winterthur Technologies AG	
	3M United Kingdom PLC	3M Touch System Singapore PTE	
	3M ESPE Dental AG	3M Peru S.A	
	Dyneon GmbH	3M Svenska AB	
	3M Unitek Corporation	3M International Group B.V.	
	3M Material Tech(Guangzhou) Co., Limited	Emfi S.A	
	3M Wroclaw SP. Z O.O.	3M Matl Tech Suzhou Co Ltd	
	3M South Asia Manufacturing Private Limited	3M Material Tech Hefei Co Ltd	
	3M Saudi Arabia	Winterthur Tech Taican Co Ltd	
	3M Speciality Materials (Shanghai) Co. Ltd.	3M Health Care Ltd, Japan	
	Trimodal Softech Solutions Private Limited	Capital Safety Products India Private Limited	
	3M Global Service Management Company		
	iv) Post employment benefit plan entities	3M India Limited Employees Gratuity Fund Trust	3M India Limited Employees Superannuation Fund Trust

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- v) Key management personnel **Executive Directors**
 Debarati Sen (Managing Director) (upto 31 May 2019)
 Ramesh Ramadurai (Managing Director) (from 01 June 2019)
 B V Shankaranarayana Rao (Whole- time Director) (upto 13 May 2020)
- Non-executive Directors**
 Amit Laroya
 Debarati Sen (from 01 June 2019 till 02 March 2020)
 Bharat D. Shah
 Biren Gabhawala
 Radhika Rajan
 Albert C. Wang (Resigned effective 21 August 2018)
 Sadhana Kaul (Resigned effective 05 May 2020)
 Jongho Lee
- Others**
 Mamta Gore (Chief Financial Officer)
 V. Srinivasan (Company Secretary)

The details of the amounts due to or due from related parties are as follows:

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Trade payables		
3M Company, USA	9,846.95	7,356.55
3M APAC RDC Pte Limited	1,186.22	2,106.99
3M Australia Pty. Limited	0.56	-
3M Canada Company	829.20	773.75
3M China Limited	596.87	489.75
3M Do Brasil Limitada	87.35	202.10
3M Electro & Communication India Private Limited	11.97	5.34
3M EMEA, GmbH	2,765.31	1,732.05
3M Gulf Limited	70.63	-
3M Hong Kong Limited	75.01	2.96
3M Innovation Singapore Pte Limited	3,754.81	-
3M International Trading (Shanghai) Co. Ltd.	1.96	16.97
3M Korea Limited	164.45	597.13
3M Korea High Tech, Korea	79.60	303.53
3M Material Tech(Guangzhou) Co., Limited	50.92	70.06
3M Panama Pacifico S Der L.	84.57	12.81
3M Singapore Pte. Ltd.	122.75	7,193.40
3M Speciality Materials (Shanghai) Co. Ltd.	380.71	275.52
3M Taiwan Limited	2.63	2.86
3M Thailand Limited	53.90	47.63

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
3M United Kingdom Plc	2.40	-
3M Unitek Corporation	38.05	20.51
Dyneon GmbH	14.22	-
Dyneon B.V.	-	16.27
3M Matl Tech Suzhou Co Ltd	249.02	-
3M Material Tech Hefei Co Ltd	204.51	-
Winterthur Tech Taican Co Ltd	39.77	-
Emfi S.A	152.32	314.10
Sumitomo 3M Limited	35.31	1,977.07
3M Health Care Ltd, Japan	1,468.42	-
	22,370.39	23,517.35
Other financial liabilities		
3M Company, USA	1,071.76	1,331.60
3M Electro & Communication India Private Limited	-	11.97
3M Singapore Pte. Ltd.	162.10	86.13
	1,233.86	1,429.70
Trade receivables		
3M Company, USA	10.91	13.29
3M Electro & Communication India Private Limited	5.74	101.26
3M EMEA, GmbH	0.73	74.66
3M Gulf Limited	2.83	13.49
3M Hong Kong Limited	10.27	15.52
3M Lanka Private Limited	-	44.06
3M Malaysia Sdn. Bhn.	0.85	1.28
3M Philippines, Inc.	-	0.04
3M Singapore PTE Ltd	27.26	6.04
3M Speciality Materials (Shanghai) Co. Ltd.	8.67	7.73
3M Taiwan Limited	-	6.14
3M Thailand Limited	54.82	106.70
3M Vietnam Limited	71.92	37.64
3M Saudi Arabia	119.53	364.80
P.T. 3M Indonesia	143.63	52.16
Sumitomo 3M Limited	0.29	4.42
	457.45	849.23

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Other financial assets		
3M Company, USA	-	203.85
3M China Limited	73.22	553.41
3M Korea Limited	250.40	462.19
3M Philippines, Inc.	114.01	-
3M Thailand Limited	39.19	35.98
P.T. 3M Indonesia	215.20	213.67
3M Malaysia Sdn. Bhn.	27.80	27.37
Trimodal Softech Solutions Private Limited	70.35	-
3M International Trading (Shanghai) Co. Ltd.	534.75	345.25
3M South Asia Manufacturing Private Limited	87.41	17.48
	1,412.33	1,859.20

Details of the related party transactions entered into by the Company are as follows:

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Remuneration paid to Key management personnel #		
Debarati Sen	362.39	567.70
Ramesh Ramadurai	383.96	-
B V Shankaranarayana Rao	560.30	224.44
Mamta Gore	405.21	364.62
V. Srinivasan	50.73	46.17
	1,762.59	1,202.93

Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

Sitting fees and commission paid to Key management personnel

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Bharat D. Shah	21.60	18.60
Biren Gabhawala	21.40	18.20
Radhika Rajan	21.00	17.60
	64.00	54.40

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Sales of products (net of returns)		
3M Company, USA	118.06	218.33
3M Gulf Limited	20.91	110.37
3M Thailand Limited	434.28	448.02
3M Malaysia Sdn Bhn	50.50	2.62
3M Korea Limited	122.75	39.01
P.T. 3M Indonesia	423.56	144.46
3M EMEA, GmbH	86.87	219.09
3M Pakistan Private Limited	23.82	35.55
3M Lanka Private Limited	(2.79)	39.92
3M China Limited	-	18.79
3M Electro & Communication India Private Limited	9.33	94.58
3M Hong kong Limited	32.45	54.26
3M Taiwan Limited	14.24	6.18
3M Philippines, Inc	-	0.04
3M Vietnam Limited	306.66	102.96
3M Singapore Pte. Ltd.	0.06	7.82
Sumitomo 3M Limited	102.64	75.07
3M Saudi Arabia	362.91	1,018.02
3M Asia Pacific Pte. Ltd.	92.29	0.38
3M Do Brasil Limitada	20.93	61.33
	2,219.47	2,696.80
Contributions during the year		
3M India Limited Employees Gratuity Fund Trust	850.00	0.06
3M India Ltd Employees Superannuation Fund Trust	115.34	129.93
	965.34	129.99
Investment in shares of subsidiary company		
3M International Group B.V.	-	28,650.30
3M Company, USA	-	29,819.70
	-	58,470.00
Income from contract research		
3M Company, USA	1,984.76	2,658.91
	1,984.76	2,658.91
Income from management support services		
3M Company, USA	911.53	895.38
3M South Asia Manufacturing Private Limited	69.92	87.41
Capital Safety Products India Private Limited	1.20	-
Trimodal Softech Solutions Private Limited	159.75	-
	1,142.40	982.79

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Reimbursement of expenses received		
3M Company, USA	854.87	2,060.64
P.T. 3M Indonesia	505.46	419.37
3M Korea Limited	482.18	444.97
3M Singapore PTE Ltd	295.99	145.82
3M Thailand Limited	153.03	37.04
3M Philippines, Inc	172.27	-
3M Malaysia Sdn Bhn	88.26	66.42
3M China Limited	132.24	329.32
3M Electro & Communication India Private Limited	202.06	201.57
	2,886.36	3,705.15
Purchase of materials (net of returns)		
3M Company, USA	35,719.78	34,029.77
3M APAC RDC Pte Limited	7,568.39	6,719.52
3M Australia Pty. Limited	0.56	-
3M Belgium S.A./N.V.	14.43	7.71
3M Canada Company	2,522.81	993.51
3M China Limited	1,686.62	975.42
3M Do Brasil Limitada	348.05	375.93
3M EMEA, GmbH	4,733.69	2,663.06
3M Espana, S.A.	-	777.60
3M ESPE Dental AG	798.58	173.33
3M France S.A	504.59	876.91
3M Germany Hilden GmbH	2,765.18	2,562.77
3M Hong Kong Limited	182.60	13.20
3M Innovation (Thailand) Co. Ltd.	3.15	2.68
3M Innovation Singapore Pte Limited	22,853.86	23,638.31
3M Italia S.P.A.	27.35	39.51
3M Korea Health & Safety Ltd	-	0.91
3M Vietnam Limited	7.13	-
3M Korea Limited	1,187.74	1,469.47
3M Malaysia Sdn. Bhn.	9.70	6.40
3M Material Tech(Guangzhou) Co., Limited	55.28	73.80
3M Panama S.A	474.78	20.99
3M Philippines, Inc.	8.66	-
3M Speciality Materials (Shanghai) Co. Ltd.	821.62	526.14

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
3M Taiwan Limited	84.50	10.16
3M Thailand Limited	258.47	162.43
3M UK Holdings Limited	321.39	896.03
3M Unitek Corporation	201.42	68.88
3M Wendt GmbH	9.19	47.03
3M Winterthur Technologies AG	228.29	1,014.90
3M Wroclaw SP. Z O.O.	592.43	484.59
3M Material Technology (Hefei) Co Limited	546.32	-
Dyneon B.V.	16.40	-
Dyneon GmbH	1,768.68	1,349.36
3M International Trading (Shanghai) Co., Ltd	29.30	33.30
3M Korea High Tech, Korea	361.30	416.96
3M Singapore Pte. Ltd.	330.58	296.60
3M Technologies (S) Pte Ltd	1.41	-
3M Touch System Singapore PTE	-	1.96
3M Svenska AB	300.17	42.54
3M Peru S.A	-	63.41
Sumitomo 3M Limited	6,029.18	7,753.16
3M Electro & Communication India Private Limited	-	12.19
	93,373.58	88,600.44
Corporate management fees (excluding ineligible portion of Goods and Service Tax)		
3M Company, USA	-	12,713.33
3M Global Service Management Company	11,790.19	-
	11,790.19	12,713.33
Royalty (excluding ineligible portion of Goods and Service Tax)		
3M Company, USA	3,820.22	5,096.23
	3,820.22	5,096.23
Recharges of expenses paid		
3M Company, USA	209.82	684.79
3M Lanka Private Limited	-	30.74
3M Gulf Limited	224.96	235.02
	434.78	950.55

34 Segment Reporting

Effective 1 April 2019, The Company realigned its former five business segments Industrial, Health care, Safety and Graphics, Consumer and Electronics and Energy into four, the new business segments are Safety and Industrial, Transportation and Electronics, Health Care, and Consumer. Existing divisions were largely realigned to this new structure. In accordance with Ind AS 108 'Operating segments', segment information are included in the consolidated financial statement of the Company and therefore no separate disclosure on segment information has been given in these standalone financial statement.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

35 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 897.57 lakhs (31 March 2019: Rs. 768.00 lakhs) in accordance with Section 135 of the Companies Act, 2013. The following amounts were spent during the current and previous year:

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
(i) Amount spent other than for construction / acquisition of any asset	897.75	770.05
(ii) Amount not spent	-	-
Total	897.75	770.05

36 Contingent liabilities and commitments:

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
a) Guarantees:		
- Issued by Company's bankers	4,863.30	4,279.47
b) Claims against the Company not acknowledged as debts:		
- Income tax demand (including interest) (refer note (i) below)	18,470.69	12,768.35
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	3,570.02	5,963.47
- Service tax matters (refer note (v) below)	917.01	917.01
- Central excise duty matters (refer note (vi) below)	1,295.10	1,206.27
c) Bills discounted	200.79	118.33

Notes:

- (i) Income tax matters mainly relate to intercompany charges.
- (ii) The Company during the year 2012-13 had received an order from The Commissioner of Customs demanding differential duty, interest and penalty of Rs.1,961.50 lakhs, contending the availment of concessional import duty in respect of some of its products for which a demand notice was served on the Company for payment of the above amount. The Company has filed an appeal against the order including for obtaining a stay against any recovery proceedings that may be initiated and accordingly no liability has been recognised in the books.
- (iii) The Company was issued a Show Cause Notice dated 8 December 2016 by the Directorate of Revenue Intelligence (DRI) in relation to levy of customs duty on inter-company transactions for import of goods and services and hence proposing to demand differential duty of customs covering the transactions during the period 8 December 2011 to 7 February 2014. The Company has received an order in original on 1 October 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to Rs.7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of Rs.1,000 lakhs. The Company has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of Rs.577 lakhs which is not included in the amount above.
- (iv) Sales tax cases primarily pertains to Maharashtra Value Added Tax Act, 2002 and Karnataka Value Added Tax Act, 2003. These are pertaining to the years from 2003-04 to 2015-16. These cases are with respect to the applicable rate of tax for various products and matters pertaining to declaration forms.
- (v) Service tax matters relates to cases with respect to manner of apportionment of credit availed by the Company without registering as an Input service distributor.
- (vi) Excise matters relates to penalty for allegedly dealing in goods liable to confiscation under Rule 26 of the Central Excise Act.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- (vii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement in the previous year. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Capital commitments	31 March 2020	31 March 2019
Estimated value of contracts in capital account remaining to be executed	1,164.40	982.64

During the year ended 31 March 2020, no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

37 Tax expenses

(a) Amount recognised in Statement of profit and loss (Rs. in lakhs)

	31 March 2020	31 March 2019
Current tax	9,335.29	18,652.61
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	807.77	(1,205.76)
Tax expense for the year	10,143.06	17,446.85

Note: The Company elected to exercise the option permitted under section 115BBA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

(b) Reconciliation of effective tax rate (Rs. in lakhs)

	31 March 2020		31 March 2019	
Profit before tax		32,040.31		49,745.93
Tax at statutory income tax rate 25.168% (31 March 2019 - 34.944%)	25.168%	8,063.91	34.944%	17,383.22
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>				
Non-deductible expenses	0.41%	130.75	0.30%	147.40
Impact due to change in tax rate	1.97%	629.99	-	-
Provision for impairment of investment in subsidiary company	4.04%	2,010.92	-	-
Others	(2.16%)	(692.51)	(0.17%)	(83.77)
Income tax expense	29.42%	10,143.06	35.07%	17,446.85

(c) Deferred tax assets and liabilities are attributable to the following: (Rs. in lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets) / liabilities net	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment	-	-	1,102.25	2,009.81	1,102.25	2,009.81
Employee benefits expense	772.30	1,011.74	-	-	(772.30)	(1,011.74)
Provisions	1,995.46	3,345.49	-	-	(1,995.46)	(3,345.49)
	2,767.76	4,357.23	1,102.25	2,009.81	(1,665.51)	(2,347.42)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(d) Movement in temporary differences

(Rs. in lakhs)

Particulars	Balance as at 1 April 2018	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2019
Property, plant and equipment	2,087.37	(77.56)	-	2,009.81
Employee benefits expense	(888.93)	(115.95)	(6.86)	(1,011.74)
Provisions	(2,333.24)	(1,012.25)	-	(3,345.49)
	<u>(1,134.80)</u>	<u>(1,205.76)</u>	<u>(6.86)</u>	<u>(2,347.42)</u>

(Rs. in lakhs)

Particulars	Balance as at 1 April 2019	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2020
Property, plant and equipment	2,009.81	(907.56)	-	1,102.25
Employee benefits expense	(1,011.74)	365.30	(125.86)	(772.30)
Provisions	(3,345.49)	1,350.03	-	(1,995.46)
	<u>(2,347.42)</u>	<u>807.77</u>	<u>(125.86)</u>	<u>(1,665.51)</u>

(e) Details of income tax assets and income tax liabilities

(Rs. in lakhs)

	31 March 2020	31 March 2019
Income tax assets (net)	9,027.15	5,519.96
Current tax liabilities (net)	(2,279.50)	(1,787.93)
Net current income tax asset/ (liability) at the end of the year	<u>6,747.65</u>	<u>3,732.03</u>

(f) The gross movement in the current income tax asset / (liability)

(Rs. in lakhs)

	31 March 2020	31 March 2019
Net current income tax asset / (liability) at the beginning of the year	3,732.03	2,461.84
Income tax paid	12,350.91	19,922.80
Current income tax expense	(9,335.29)	(18,652.61)
Net current income tax asset/ (liability) at the end of the year	<u>6,747.65</u>	<u>3,732.03</u>

38 Provision movement

(Rs. in lakhs)

Particulars	1 April 2019	Addition	Utilisation/ reversals	31 March 2020
a) Asset retirement obligation	90.55	0.02	-	90.57
b) Sales tax, service tax and other issues	3,179.85	696.00	1,684.36	2,191.49
c) Credit notes and sales return	3,411.58	3,729.20	3,411.58	3,729.20
	<u>6,681.98</u>	<u>4,425.22</u>	<u>5,095.94</u>	<u>6,011.26</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	1 April 2018	Addition	Utilisation/ reversals	31 March 2019
a) Warranty	81.63	-	81.63	-
b) Asset retirement obligation	90.50	0.05	-	90.55
c) Sales tax, service tax and other issues	2,048.15	1,221.34	89.64	3,179.85
d) Credit notes and sales return	4,105.30	3,411.58	4,105.30	3,411.58
	6,325.58	4,632.97	4,276.57	6,681.98

39 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt is debt as considered under long-term, short-term borrowings and lease liabilities. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Lease liability	4,177.08	-
Debt	-	1,349.57
Total equity	2,07,476.05	1,85,953.03
Debt to total equity ratio	2.01%	0.73%

40 Financial Instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2020

(Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	7	-	-	-	50,658.82	50,658.82
Loans to employees	8	-	-	-	66.96	66.96
Security deposits	8	-	-	-	1,326.69	1,326.69
Other financial assets	9	-	-	-	2,594.29	2,594.29
Cash and cash equivalents	12	-	-	-	66,576.71	66,576.71
		-	-	-	121,223.47	121,223.47
Financial liabilities not measured at fair value						
Lease liability	42	-	-	-	4,177.08	4,177.08
Trade payables	17	-	-	-	29,044.00	29,044.00
Other financial liabilities	18	-	-	-	10,344.67	10,344.67
		-	-	-	43,565.75	43,565.75

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2019

(Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	7	-	-	-	54,613.88	54,613.88
Loans to employees	8	-	-	-	71.88	71.88
Security deposits	8	-	-	-	1,326.17	1,326.17
Other financial assets	9	-	-	-	3,023.48	3,023.48
Cash and cash equivalents	12	-	-	-	47,039.04	47,039.04
		-	-	-	106,074.45	106,074.45
Financial liabilities not measured at fair value						
Finance lease obligation	15, 18	-	-	-	1,349.57	1,349.57
Trade payables	17	-	-	-	32,335.14	32,335.14
Other financial liabilities	18	-	-	-	14,563.59	14,563.59
		-	-	-	48,248.30	48,248.30

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

B. Financial Risk Management

The Company has exposure to the following risk arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk

i. Risk management framework

The Company's principal financial liabilities comprise finance lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that are derived directly from its operations.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

(a) Financial assets that are not credit impaired

The Company has financial assets which are in the nature of cash and cash equivalents, loans to employees, unbilled revenue from related party, interest accrued on fixed deposits and receivables from related parties which are not credit impaired. These are contractually agreed with either banks, related parties or employees where the probability of default is negligible.

(b) Financial assets that are credit impaired

Trade receivables

The Credit services team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available. Sale limits are established for each customer and reviewed yearly.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The maximum exposure to credit risk for trade receivables by geographic region is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2020	31 March 2019
India	55,040.48	57,744.61
Other regions	451.71	747.97
	55,492.19	58,492.58

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2020	31 March 2019
Distributors	31,639.14	30,146.05
Other	23,853.05	28,346.53
	55,492.19	58,492.58
Less: Receivables from related party, secured receivables and receivables not considered for credit risk	3,279.77	3,939.45
Net receivables	52,212.42	54,553.13

Expected credit loss assessment for the Company as at 31 March 2019 and 2020.

The Company has divided all the debtors outstanding for the last twelve quarters into age brackets of not due, 0-90 days, 91-180 days, 181-270 days, 271-365 days and amounts outstanding for more than one year.

The Company has calculated the impairment loss arising on account of past trends in the default rate for time bucket.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Out of the total trade receivables of Rs. 55,492.19 lakhs (31 March 2019: 58,492.58 lakhs), the exposure considered for expected credit loss is Rs. 52,212.41 lakhs (31 March 2019 :Rs. 54,553.13). The balance which is not considered for impairment primarily pertains to intercompany receivables and secured debtors.

The following table provides information about the exposure to credit risk and expected credit loss for trade and other receivables:

	Gross carrying amount	Weighted average loss rate	Loss allowance
31 March 2020			
Current (not past due)	31,802.20	1.35%	430.01
0-90 days	15,446.27	4.23%	652.72
91-180 days	1,566.12	28.23%	442.16
181-270 days	277.39	67.79%	188.04
271-360 days	408.84	100.00%	408.84
> 360 days	2,711.60	100.00%	2,711.60
	52,212.42		4,833.37

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	Gross carrying amount	Weighted average loss rate	Loss allowance
31 March 2019			
Current (not past due)	41,020.47	1.60%	656.45
0-90 days	10,526.91	5.38%	566.10
91-180 days	220.66	32.79%	72.36
181-270 days	684.90	70.61%	483.59
271-360 days	638.24	100.00%	638.24
> 360 days	1,461.95	100.00%	1,461.95
	54,553.13		3,878.70

Movements in the allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables is as follows: *(Rs. in lakhs)*

	31 March 2020	31 March 2019
Balance as at 1 April	3,878.70	3,012.81
Utilised during the year	(444.50)	(161.28)
Impairment loss recognised	1,399.17	1,027.17
Balance as at 31 March	4,833.37	3,878.70

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities: *(Rs. in lakhs)*

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
31 March 2020					
Non-derivative financial liabilities					
Lease liability	2,427.78	1,009.72	739.58	-	4,177.08
Trade and other payables	39,388.67	-	-	-	39,388.67
	41,816.45	1,009.72	739.58	-	43,565.75
31 March 2019					
Non-derivative financial liabilities					
Finance lease obligations	604.13	474.03	271.41	-	1,349.57
Trade and other payables	46,898.73	-	-	-	46,898.73
	47,502.86	474.03	271.41	-	48,248.30

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Exposure to currency risk

The summary quantitative data about the Company's unhedged exposure to currency risk as reported to the management is as follows:
(Rs. in lakhs)

	31 March 2020				31 March 2019			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	14,512.96	3,085.96	4,039.65	2,360.96	13,219.72	2,187.53	7,279.53	2,757.78
Trade and other receivables	1,864.04	-	-	-	2,589.69	-	-	-
Net exposure in respect of recognised assets and liabilities	<u>12,648.92</u>	<u>3,085.96</u>	<u>4,039.65</u>	<u>2,360.96</u>	<u>10,630.03</u>	<u>2,187.53</u>	<u>7,279.53</u>	<u>2,757.78</u>

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (for 1% movement)	126.49	(126.49)	94.65	(94.65)
EURO (for 1% movement)	30.86	(30.86)	23.09	(23.09)
SGD (for 1% movement)	40.40	(40.40)	30.23	(30.23)
Others (for 1% movement)	23.61	(23.61)	17.67	(17.67)
	<u>221.36</u>	<u>(221.36)</u>	<u>165.64</u>	<u>(165.64)</u>
31 March 2019				
USD (for 1% movement)	106.30	(106.30)	69.15	(69.15)
EURO (for 1% movement)	21.88	(21.88)	14.23	(14.23)
SGD (for 1% movement)	72.80	(72.80)	47.36	(47.36)
Others (for 1% movement)	27.58	(27.58)	17.94	(17.94)
	<u>228.56</u>	<u>(228.56)</u>	<u>148.68</u>	<u>(148.68)</u>

In March 2020, the World Health Organization declared COVID 19 to be a Pandemic. The Company adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has evaluated the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets and liabilities including investment in its subsidiary and its internal financial controls. In performing such assessment, the Company has applied assumptions, considered internal and external information upto the date of approval of these standalone financial statements. The actual impact of the global pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and Globally. The Company will continue to closely monitor any material changes to future economic conditions. Based on such assessment, the Company does not expect material impact on its carrying value of assets and liabilities other than the write down of the carrying value of its investment in its subsidiary.

During the year ended 31 March 2020, the Company evaluated the carrying value of its investment in its subsidiary (3M Electro & Communication India Private Limited) given the impact of the COVID 19 Pandemic on the current and future operations of the subsidiary. Based on its assessment the Company has recorded an impairment of Rs. 7,990 lakhs to the carrying value of the investment in the subsidiary which is included under other expenses.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

41 Research and development expenses (Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Capital expenditure	584.51	162.31
Revenue expenditure	5,543.91	5,265.00
	6,128.42	5,427.31

42 Ind As 116

- (a) Impact on transition to Ind AS 116 - The Company has adopted Ind AS 116 "Leases" on all the lease contracts existing on 01 April 2019 using modified retrospective method on the date of initial application. Accordingly, comparative for the year ended 31 March 2019 have not been retrospectively adjusted. The impact of transition to Ind AS is summarised below:

(Rs. in lakhs)

Particulars	Amount*
Right of Use	2,670.08
Lease Liability	(2,670.08)

* excluding reclassification from PPE and borrowings.

- (b) The Company has taken vehicles, leasehold improvements, data processing equipment, office premises, warehouse and residential premises. These leases typically run for a period of eleven months to ninety six months, with an option to renew the lease after that date. For certain leases, the Company is restricted from entering into any sub-lease arrangements. Information about leases for which the Company is a lessee is presented below:

Right-of-use assets (Rs. in lakhs)

Particulars	Buildings	Land	Data processing equipment	Vehicles	Total
Balance as at 1 April 2019 (On adoption of Ind AS 116)	2,670.08	-	-	-	2,670.08
Reclassification pursuant to adoption of Ind AS 116 (refer note 4)*	-	371.79	1,082.72	240.37	1,694.88
Additions during the year	1,457.51	-	748.56	69.13	2,275.20
Depreciation charge for the year	1,537.58	5.04	605.68	130.38	2,278.68
De-recognition during the year	-	-	-	9.03	9.03
Balance as at 31 March 2020	2,590.01	366.75	1,225.60	170.09	4,352.45

The Company incurred Rs 302.48 lakhs for the year ended 31 March 2020 towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases is 2,437.24 Lakhs (including interest of Rs. 301.95 lakhs) for the year ended March 31, 2020, including cash outflow of short-term leases and leases of low-value assets. The Group has lease term extension options that are not reflected in the measurement of lease liabilities.

* The incremental borrowing rate on the previously considered operating leases is 9%.

43 Details of non-current investments (Rs. in lakhs)

	Face value per unit	As at 01 April 2019	Purchase/ addition during the year	Sold / deletion during the year	Impairment	As at 31 March 2020
Investments in subsidiaries (Carried at cost)						
Equity shares, unquoted						
3M Electro & Communication India Private Limited [100% Subsidiary]	Rs. 10	58,470.00	-	-	(7,990.00)	50,480.00
Total		58,470.00	-	-	(7,990.00)	50,480.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- 44** The Board of Directors of the Company and its Subsidiary Company 3M Electro & Communication India Private Limited, at their Meetings held on November 13, 2019 had approved the Scheme of Amalgamation ('the Scheme') of 3M E&C ('Transferor Company') with the Company under Section 233 of the Companies Act, 2013. The Appointed Date fixed under the Scheme was April 1, 2019. The Company sought approvals from Members and Creditors under Section 233(1)(b) of the Company's Act, 2013 by Special Resolutions through Postal Ballot notice dated January 21, 2020. The results of the voting by Postal Ballot were announced on February 28, 2020. As the Company did not get the requisite approvals of 90% of the total number of Shares and 90% of the value (amount) of Creditors, the Scheme of Amalgamation did not go through under Section 233(1)(b) of the Companies Act, 2013. The Company will go ahead with an alternate plan for the merger.
- 45** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 2020.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Place: Dubai

Date: 29 May 2020

Ramesh Ramadurai

Managing Director

[DIN: 07109252]

Mamta Gore

Chief Financial Officer

[PAN: AKIPG9089M]

Place: Mumbai

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

For and on behalf of the Board of Directors

INDEPENDENT AUDITORS' REPORT

To the Members of 3M India Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of 3M India Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Revenue Recognition

See note 3 (i) and 19 to the Consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The products of the Group are mainly sold through distributors, modern trade and direct sale channels amongst others. Revenue from sale of goods is recognised when control of the product is transferred to the customer i.e. on delivery to customer. The Group tracks proof of delivery and reverses the value of goods not delivered by the balance sheet date.</p> <p>We identified revenue recognition as a key audit matter given it is a key performance indicator of the Group. Pressure to achieve targets, earning expectations or incentive schemes linked to performance could create an incentive for revenue to be overstated or recognised before control has been transferred.</p>	<p>To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others:</p> <ul style="list-style-type: none">• Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.• Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis.• Tested the design, implementation and operating effectiveness of the general IT controls and key application controls over the IT systems which govern revenue recognition in the general ledger accounting system.• Performed substantive testing of selected samples using statistical sampling of revenue transactions, recorded during the year by testing the underlying documents.• Analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.• Independent confirmation on a sample basis of customer balances at the balance sheet date using statistical sampling.• Obtaining supporting documentation, on a sample basis for sales transactions recorded near to balance sheet date to determine whether revenue was recognised in the correct period.• Tested, on a sample basis using statistical sampling, manual journal entries relating to revenues to identify and inquire on unusual items, if any.

INDEPENDENT AUDITORS' REPORT

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

INDEPENDENT AUDITORS' REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- (A) As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, none of the directors of the Group companies, is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

INDEPENDENT AUDITORS' REPORT

- i The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 15 and 35 to the consolidated financial statements.
 - ii The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.
 - iii There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company, during the year ended 31 March 2020.
 - iv The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

Place : Bangalore
Date : 29 May 2020

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022
Vikash Gupta
Partner
Membership Number: 064597
UDIN No. : 20064597AAAABV2337

Annexure-A to the Independent Auditors' Report on the Consolidated Financial Statements of 3M India Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of 3M India Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place : Bangalore
Date : 29 May 2020

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022
Vikash Gupta
Partner
Membership Number: 064597
UDIN No. : 20064597AAAABV2337

CONSOLIDATED BALANCE SHEET

(Rs. in lakhs)

As at	Note	31 March 2020	31 March 2019
I. Assets			
(1) Non-current assets			
(a) Property, plant and equipment	4	26,174.38	28,580.31
(b) Capital work-in-progress	4	690.85	1,238.16
(c) Right - of - use assets	40	4,389.14	-
(d) Intangible assets	5	34.77	25.90
(e) Financial assets			
(i) Loans receivable	7	1,289.00	975.24
(f) Deferred tax assets (net)	36	2,236.32	3,071.79
(g) Income tax assets (net)	36	10,135.26	6,460.97
(h) Other non-current assets	9	5,311.87	5,797.45
Total non-current assets		50,261.59	46,149.82
(2) Current assets			
(a) Inventories	10	43,865.69	41,126.40
(b) Financial assets			
(i) Trade receivables	6	53,424.91	58,655.97
(ii) Cash and cash equivalents	11	78,057.16	55,746.66
(iii) Loans receivable	7	149.82	472.67
(iv) Other financial assets	8	2,766.22	3,247.46
(c) Other current assets	9	8,610.21	6,433.28
Total current assets		186,874.01	165,682.44
Total assets		237,135.60	211,832.26
II. Equity and liabilities			
Equity			
(a) Equity share capital	12	1,126.51	1,126.51
(b) Other equity	13	173,960.76	142,157.06
Total equity		175,087.27	143,283.57
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	40	1,763.63	-
(ii) Borrowings	14	-	760.54
(b) Provisions	15	3,155.24	2,890.09
Total non-current liabilities		4,918.87	3,650.63
(2) Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	40	2,449.21	-
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	16	1,484.75	2,098.21
- Total outstanding dues of creditors other than micro and small enterprises	16	29,802.28	33,483.33
(iii) Other financial liabilities	17	11,348.26	16,030.26
(b) Other current liabilities	18	3,471.87	4,268.30
(c) Provisions	15	6,293.59	7,182.29
(d) Income tax liabilities (net)	36	2,279.50	1,835.67
Total current liabilities		57,129.46	64,898.06
Total liabilities		62,048.33	68,548.69
Total equity and liabilities		237,135.60	211,832.26
Significant accounting policies	3		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Place: Dubai

Date: 29 May 2020

Ramesh Ramadurai

Managing Director

[DIN: 07109252]

Mamta Gore

Chief Financial Officer

[PAN: AKIPG9089M]

Place: Mumbai

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

For and on behalf of the Board of Directors

Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

For the year ended	Note	31 March 2020	31 March 2019
Continuing Operations:			
Income			
Revenue from operations	19	298,655.09	301,682.24
Other income	20	4,589.56	3,683.12
Total income		303,244.65	305,365.36
Expenses			
Cost of materials consumed	21	110,025.50	93,854.23
Purchases of stock-in-trade	22	64,002.11	68,516.82
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(399.03)	(2,353.52)
Employee benefits expense	24	32,858.51	33,020.88
Finance costs	25	366.21	112.26
Depreciation and amortisation expense	4, 5 and 40	5,933.25	4,375.63
Other expenses	26	47,201.52	55,085.17
Total expenses		259,988.07	252,611.47
Profit before tax from continuing operations		43,256.58	52,753.89
Tax expense :			
(i) Current tax	36	10,065.21	19,620.63
(ii) Deferred tax	36	974.45	(1,181.24)
		11,039.66	18,439.39
Profit after tax from continuing operations		32,216.92	34,314.50
Discontinued Operations:			
Profit from discontinued operations	42	-	91.07
Gain on disposal of discontinued operations		-	3,171.66
Tax expense of discontinued operations		-	959.24
Profit after tax from discontinued operations		-	2,303.49
Profit for the year		32,216.92	36,617.99
Other comprehensive income			
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss</i>			
Remeasurements of net defined benefit liability / asset	31	(552.20)	(9.85)
Income tax relating to items that will not be reclassified subsequently to profit or loss	36	138.98	3.48
Other comprehensive income, net of tax		(413.22)	(6.37)
Total comprehensive income for the year		31,803.70	36,611.62
Earnings per share for continuing operations (Nominal value of Rs. 10 each)			
- Basic (in Rs.)	28	285.99	304.61
- Diluted (in Rs.)		285.99	304.61
Earnings per share for discontinued operations (Nominal value of Rs. 10 each)			
- Basic (in Rs.)	28	-	20.45
- Diluted (in Rs.)		-	20.45
Earnings per share for total operations (Nominal value of Rs. 10 each)			
- Basic (in Rs.)	28	285.99	325.06
- Diluted (in Rs.)		285.99	325.06
Weighted average number of equity shares used in computing earnings per share :			
- Basic		1,12,65,070	1,12,65,070
- Diluted		1,12,65,070	1,12,65,070
Significant accounting policies	3		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta
Partner
Place: Bengaluru
Date: 29 May 2020

Membership No: 064597

Place: Bengaluru
Date: 29 May 2020

Ramesh Ramadurai

Managing Director
Place: Mumbai
Date: 29 May 2020
[DIN: 07109252]

Mamta Gore
Chief Financial Officer
Place: Bengaluru
Date: 29 May 2020
[PAN: AKIPG9089M]

For and on behalf of the Board of Directors

Radhika Rajan

Director
Place: Bengaluru
Date: 29 May 2020
[DIN: 00499485]

V. Srinivasan
Company Secretary
Place: Bengaluru
Date: 29 May 2020
[M. No. A16430]

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Rs. in lakhs)

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity
		Surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings*	Remeasurement of the net defined benefit liability / (asset), net of tax		
Balance as at 1 April 2018	1,126.51	949.90	303.98	104,645.74	(354.18)	105,545.44	106,671.95
Changes in equity for the year ended 31 March 2019							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(6.37)	(6.37)	(6.37)
Profit for the year	-	-	-	36,617.99	-	36,617.99	36,617.99
Balance as at 31 March 2019	1,126.51	949.90	303.98	141,263.73	(360.55)	142,157.06	143,283.57

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity
		Surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings*	Remeasurement of the net defined benefit liability / (asset), net of tax		
Balance as at 1 April 2019	1,126.51	949.90	303.98	141,263.73	(360.55)	142,157.06	143,283.57
Changes in equity for the year ended 31 March 2020							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(413.22)	(413.22)	(413.22)
Profit for the year	-	-	-	32,216.92	-	32,216.92	32,216.92
Balance as at 31 March 2020	1,126.51	949.90	303.98	173,480.65	(773.77)	173,960.76	175,087.27

* During the previous year, the Holding Company had acquired net assets of Rs. 9,188 lakhs, of 3M Electro & Communication India Private Limited, resulting in an adjustment of Rs. 49,282 lakhs in consolidated retained earnings as on 1 April 2017. Refer note 42.

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Place: Dubai

Date: 29 May 2020

Ramesh Ramadurai

Managing Director

[DIN: 07109252]

Mamta Gore

Chief Financial Officer

[PAN: AKIPG9089M]

For and on behalf of the Board of Directors

Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Cash flow from operating activities		
Profit before tax	43,256.58	52,753.89
Profit before tax discontinuing operation	-	3,262.73
<i>Adjustments for:</i>		
Depreciation and amortisation expense	5,933.25	4,375.63
Provision for doubtful debts (net)	1,457.98	1,073.01
Liabilities no longer required written back (net)	(1,272.74)	(777.98)
Unrealised net gain on foreign currency transactions and translation	117.53	(418.94)
(Gain)/ loss on disposal of property, plant and equipment	2.38	(50.29)
Interest income	(2,861.00)	(2,853.45)
Gain on disposal of discontinued operations	-	(3,171.66)
Finance costs	366.21	112.26
	47,000.19	54,305.20
Movements in working capital		
Increase / (decrease) in trade payables	(4,212.47)	891.81
Increase in provisions	(145.89)	822.82
Increase / (decrease) in other financial liabilities and other liabilities	(4,968.98)	1,855.39
Increase in trade receivables	3,783.11	(2,854.97)
Increase in inventories	(2,739.29)	(4,378.86)
Increase in loans, other financial assets, other current and non current assets	(916.33)	(3,456.68)
Cash generated from operations activities	37,800.34	47,184.71
Income tax paid (net of refund)	(13,295.67)	(21,886.54)
Net cash from operating activities (A)	24,504.67	25,298.17
Cash flow from investing activities		
Investment in subsidiary	-	(58,470.00)
Purchase of property, plant and equipment and intangible assets	(2,122.98)	(4,192.72)
Proceeds from sale of property, plant and equipment	8.89	76.20
Interest received	2,384.50	3,474.27
Proceeds from sale of discontinued operations	-	3,771.00
Net cash generated from / (used in) investing activities (B)	270.41	(55,341.25)

CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Cash flow from financing activities		
Payment of lease liability (including interest thereon)	(2,464.58)	-
Movement in lease liability	-	372.01
Interest paid	-	(47.52)
Net cash generated from / (used in) financing activities (C)	(2,464.58)	324.49
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	22,310.50	(29,718.59)
Cash and cash equivalents at the beginning of the year	55,746.66	85,465.25
Cash and cash equivalents at the end of the year	78,057.16	55,746.66
Cash and cash equivalents comprise of (refer note 11):		
Cash on hand	0.09	-
Other bank balances		
- in current accounts	18,057.07	55,746.66
- deposits accounts (original maturity of less than three months)	60,000.00	-
	78,057.16	55,746.66

Significant accounting policies (Refer Note 3)

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Place: Dubai

Date: 29 May 2020

Ramesh Ramadurai

Managing Director

[DIN: 07109252]

Mamta Gore

Chief Financial Officer

[PAN: AKIPG9089M]

Place: Mumbai

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

For and on behalf of the Board of Directors

Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in four operating segments: Safety & Industrial, Transportation & Electronics, Health Care and Consumer. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's four business segments bring together common or related 3M technologies that enhance the development of innovative products and services and provide efficient sharing of business resources. The Company is a public limited Company domiciled in India with its registered office situated at Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560 100 and is listed on the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange Ltd (NSE).

Subsidiary Information:

3M Electro & Communication India Private Limited ('3M E&C' or 'Subsidiary') is a wholly owned subsidiary of 3M India Limited. 3M E&C is a private limited company domiciled in India with its registered office at Plot Nos. 95-97, Sanniyasikuppam, Udhaya Nagar, Thirubhuvanai main road, Thirubhuvanai Post, Pondicherry - 605107. 3M E&C offers a complete range of products that include the Cable jointing kits ranging from 1.1Kv to 132 KV, Heatshrink, Coldshrink, Kastex, Electrical Insulation Tapes, Busbar tubes, DIY Electrical kits, various kinds of water filters, water softeners, Hi flo filters, Wholehouse filters, Zeta +. In India, 3M E&C has manufacturing facilities at Pune.

These consolidated financial statements comprise the Company and its subsidiary referred to collectively as "the Group".

2. Basis of preparation and consolidation

A. Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Group's Board of Directors on 29 May 2020.

Details of the Group's significant accounting policies are included in Note 3.

B. Functional & presentation currency

These consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Group's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Liabilities for cash settled shared-based payment arrangements	Fair value
Net defined benefit asset / (liability)	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 27 and 40 - leases: whether an arrangement contains a lease and lease classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

- Note 4 and 5 - useful life of property, plant and equipment and intangible assets;
- Note 6 to 8 and 39 - impairment of financial assets;
- Note 10 - provision for inventories;
- Note 15 and 35 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 31 - measurement of defined benefit obligations: key actuarial assumptions;

E. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 30 - share-based payment arrangements and
- Note 39 - financial instruments

3. Significant accounting policies

(a) Basis of Consolidation

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiary as disclosed in Note 44. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intragroup balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

(b) Business combination - common control transactions

Business combinations involving entities that are controlled by the Group are accounted for using the pooling of interests method as follows:

1. The assets and liabilities of the combining entities are reflected at their carrying amounts.
2. No adjustments are made to reflect fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonize accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
4. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserves.
5. The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
6. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

(c) Financial Instruments

i. *Recognition and initial measurement*

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at-

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. *Derecognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the consolidated statement of profit and loss.

iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

(d) Property, plant and equipment

i. *Recognition and measurement*

Items of property, plant and equipment, are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. *Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the consolidated statement of profit and loss.

Leasehold improvements are amortised over the period of lease or the estimated useful life (3-10 years) whichever is lower. Assets acquired under finance leases till previous year were depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. For the current year, refer note 3(o). Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful lives
Buildings	10/ 20 and 30 years
Plant and machinery	3/ 7/ 10 and 15 years
Data processing equipment	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	5 years

Depreciation/amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that the estimates of useful lives as given above best represent the period over which management expects to use these assets and are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 for some assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Capital work in progress includes cost of property, plant & equipment under installation/ under development as at the balance sheet date.

(e) Intangible assets

Internally generated : Research and development

Expenditure on research activities is recognised in the consolidated statement of profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the consolidated of statement profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are stated at acquisition cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the consolidated statement of profit and loss. The amortisation rates used are:

Asset	Useful life
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Computer software	3 years
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(f) Impairment

(i) *Financial assets*

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the consolidated statement of profit or loss.

The Group at end of each reporting period evaluates, if any indicators are present which might require Group to impair its financial assets.

(ii) Non -financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units (CGUs) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the consolidated statement of profit and loss, is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years. any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(g) Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. The costs of raw materials and traded goods are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ascertained on First-In-First-Out basis, whereas manufactured work-in-progress and finished goods are ascertained on weighted average method.

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for inventory obsolescence is ascertained regularly based on estimated usage of the products.

(h) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the balance sheet date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(i) Revenue recognition

Effective April 1, 2018, the Group applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces erstwhile guidance on revenue recognition including Ind AS 18. The Group adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact on the financial statements of the Group.

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Customers have the contractual right to return goods. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets are classified as other assets. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for goods and services are reported as liabilities until all conditions for revenue recognition are met.

The Group has determined that the revenues as disclosed in Note 19 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

(j) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

to defined contribution plans are recognised as an employee benefit expense in the consolidated statement of profit or loss in the periods during which the related services are rendered by employees.

Provident fund

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation

The Group makes contribution to the Superannuation Scheme for certain employees participating in the scheme, a defined contribution scheme, administered by fund manager, based on a specified percentage of eligible employees' salary. The Group's obligation to the scheme is restricted to the contributions to the scheme.

Defined benefit plans

Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Group has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Group accounts for the liability of gratuity benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

Compensated absences

The Group provides for the encashment/ availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses / gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

(k) Share-based payments

The fair value of the amount payable to employees in respect of share appreciation rights (SARs) and restricted stock units (RSUs) which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The Group measures compensation expense for SARs at their fair value determined using Black-Scholes Model and RSUs based on fair market value of shares of 3M Company, USA as on the date of the reporting. Any change in the fair value of the liability are recognised in the consolidated statement of profit and loss.

(l) Income taxes

i. *Current tax*

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. *Deferred tax*

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in consolidated financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(m) Borrowing costs

Borrowing costs attributable to the assets acquired on finance lease are expensed in the period in which they incur in the consolidated statement of profit and loss.

(n) Provisions and contingent liabilities

i. *General*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. *Contingent liabilities*

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. *Onerous contracts*

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(o) Leases

The group has applied Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Ind AS 17 - for comparative period

i. Finance leases

The Group leases certain tangible assets and such leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted in accordance with the accounting policy applicable to similar owned assets.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in long-term borrowings and other current liabilities as appropriate. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(p) Segment reporting

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director of the Group is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. Refer note 33 for segment information presented.

(q) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(r) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit/ loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(s) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

(t) Recent Indian Accounting Standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

4 Property, plant and equipment and capital work-in-progress

Particulars	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Electrical installations	Vehicles	Leasehold improvements	Leased Assets			Total
										Leasehold land Note (a)	Data processing equipment	Vehicles	
Balance at 1 April 2018	988.72	15,667.71	21,595.38	1,402.99	778.01	58.27	9.97	2.87	606.03	387.17	1,225.97	717.69	43,440.78
Additions	-	24.20	1,305.15	211.19	67.70	-	-	-	-	-	959.18	100.20	2,667.62
Disposals	-	-	(86.31)	(30.35)	(13.80)	-	-	-	(8.90)	-	(279.87)	(200.28)	(619.51)
Balance at 31 March 2019	988.72	15,691.91	22,814.22	1,583.83	831.91	58.27	9.97	2.87	597.13	387.17	1,905.28	617.61	45,488.89
Reclassification pursuant to adoption of Ind AS 116 (refer note 40)	-	-	-	-	-	-	-	-	-	(387.17)	(1,905.28)	(617.61)	(2,910.06)
Adjusted balances as at 01 April 2019	988.72	15,691.91	22,814.22	1,583.83	831.91	58.27	9.97	2.87	597.13	-	-	-	42,578.83
Additions	-	38.16	2,628.32	225.09	47.04	-	-	-	-	-	-	-	2,938.61
Disposals	-	(0.18)	(50.37)	(10.59)	(11.47)	-	-	-	(6.94)	-	-	-	(79.55)
Balance at 31 March 2020	988.72	15,729.89	25,392.17	1,798.33	867.48	58.27	9.97	2.87	590.19	-	-	-	45,437.89
Accumulated depreciation													
Balance at 31 March 2018	-	2,027.18	8,131.23	634.15	682.22	58.27	8.71	2.86	605.14	12.86	616.31	360.15	13,139.08
Depreciation for the year	-	673.28	2,723.56	230.95	59.13	-	0.83	0.01	0.78	2.52	486.12	166.46	4,343.64
Disposals	-	-	(67.60)	(19.62)	(17.71)	-	-	-	(8.90)	-	(279.87)	(180.44)	(574.14)
Balance at 31 March 2019	-	2,700.46	10,787.19	845.48	723.64	58.27	9.54	2.87	597.02	15.38	822.56	346.17	16,908.58
Reclassification pursuant to adoption of Ind AS 116 (refer note 40)	-	-	-	-	-	-	-	-	-	(15.38)	(822.56)	(346.17)	(1,184.11)
Adjusted balances as at 01 April 2019	-	2,700.46	10,787.19	845.48	723.64	58.27	9.54	2.87	597.02	-	-	-	15,724.47
Depreciation for the year	-	675.00	2,642.60	236.56	53.12	-	0.03	-	0.01	-	-	-	3,607.32
Disposals	-	(0.03)	(45.87)	(4.24)	(11.20)	-	-	-	(6.94)	-	-	-	(68.28)
Balance at 31 March 2020	-	3,375.43	13,383.92	1,077.80	765.56	58.27	9.57	2.87	590.09	-	-	-	19,263.51
Carrying value (net)													
As at 31 March 2019	988.72	12,991.45	12,027.03	738.35	108.27	-	0.43	-	0.11	371.79	1,082.72	271.44	28,580.31
As at 31 March 2020	988.72	12,354.46	12,008.25	720.53	101.92	-	0.40	-	0.10	-	-	-	26,174.38
Capital work-in-progress													
Balance at 31 March 2018	-	-	-	-	-	-	-	-	-	-	-	-	591.37
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	2,186.42
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	1,539.63
Balance at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-	-	1,238.16
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	2,395.26
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	2,942.57
Balance at 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	690.85

Note:

- (a) Leasehold land represents amounts paid to Maharashtra Industrial Development Corporation (MIDC) for land including premium, paid towards fulfillment of compliance of certain conditions as mentioned in the agreement. The Group was in the process of registration of the lease agreement. In this regard, the Group had received a demand of Rs. 181.77 Lakhs from MIDC in the financial year 2011-12. The said demand is with respect to the differential premium for seeking change of Company's name from Biria 3M Limited to 3M India Limited in the records of MIDC. The Group had filed a Civil writ petition in the High Court at Mumbai ("the Court"). The Court vide an Order dated 5 February 2015 granted interim relief to the Group by inter-alia directing MIDC to effect the change of name in its records subject to certain conditions mentioned in the order. During previous financial year, the Group has paid transfer fee of Rs. 14,30,250 to MIDC duly acknowledged by MIDC. A formal transfer order is received during the current year from MIDC to transfer the name from Biria 3M Limited to 3M India Limited.
- (b) Also refer to note 14, 17, 27(a)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Intangible assets		<i>(Rs. in lakhs)</i>	
Particulars	Computer Software		
Balance at 1 April 2018	161.12		
Additions	16.80		
Balance at 31 March 2019	177.92		
Additions	33.00		
Balance at 31 March 2020	210.92		
Accumulated amortisation			
Balance at 31 March 2018	120.03		
Amortisation for the year	31.99		
Balance at 31 March 2019	152.02		
Amortisation for the year	24.13		
Balance at 31 March 2020	176.15		
Carrying value (net)			
As at 31 March 2019	25.90		
As at 31 March 2020	34.77		
6 Trade receivables		<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
Considered good			
Trade receivables - secured*	482.64	699.82	
Trade receivables - unsecured	54,847.43	59,552.92	
Less: Provision for impairment	(1,905.16)	(1,596.77)	
	53,424.91	58,655.97	
Credit impaired	3,636.21	3,142.99	
Less: Provision for impairment	(3,636.21)	(3,142.99)	
	-	-	
Net trade receivables	53,424.91	58,655.97	
Non - current	-	-	
Current	53,424.91	58,655.97	
	53,424.91	58,655.97	
*Secured against deposits received from the customers.			
Of the above, trade receivables from related parties are as below (also refer note 32):			
Total trade receivables from related parties (also refer note 32)	453.25	801.92	
Loss allowance	-	-	
Net trade receivables	453.25	801.92	

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7	Loans receivable	<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
	Non current		
Unsecured, considered good			
Security deposits	1,271.59	948.28	
Loans to employees	17.41	26.96	
Unsecured, considered doubtful			
Security deposits	41.24	67.51	
Less : Provision for impairment	(41.24)	(67.51)	
	<u>1,289.00</u>	<u>975.24</u>	
	Current		
Unsecured, considered good			
Security deposits	96.68	424.20	
Loans to employees	53.14	48.47	
Unsecured, considered doubtful			
Security deposits	15.40	15.40	
Less : Provision for impairment	(15.40)	(15.40)	
	<u>149.82</u>	<u>472.67</u>	
	<u>1,438.82</u>	<u>1,447.91</u>	
8	Other financial assets	<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
	Current		
	Unsecured, considered good		
Unbilled revenue	863.03	1,371.83	
Interest accrued but not due	476.50	-	
Others receivables from related parties (refer note 32)	1,412.33	1,869.20	
Others receivables	14.36	6.43	
	<u>2,766.22</u>	<u>3,247.46</u>	
9	Other assets	<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
	Non current		
Capital advances	604.56	796.36	
<i>Advances other than capital advances</i>			
Payments under protest*			
Unsecured, considered good	4,707.31	5,001.09	
Unsecured, considered doubtful	221.36	284.80	
Less: Allowance for doubtful advances	(221.36)	(284.80)	
	<u>5,311.87</u>	<u>5,797.45</u>	
	Current		
Prepayments	1,242.41	956.88	
Advance for supply of goods	725.99	1,329.90	
	Balances with government authorities		
Unsecured, considered good	6,641.81	4,146.50	
Unsecured, considered doubtful	548.33	554.04	
Less : Allowance for doubtful receivables	(548.33)	(554.04)	
	<u>8,610.21</u>	<u>6,433.28</u>	
	<u>13,922.08</u>	<u>12,230.73</u>	

* The above payments represents deposits given to government authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Inventories* (Rs. in lakhs)

As at	31 March 2020	31 March 2019
Raw materials	15,012.48	12,567.85
[Including in - transit Rs. 6,906.10 (2019: Rs. 3,692.98 lakhs)]		
Packing materials	633.53	737.90
Work-in-progress	1,850.93	1,609.33
Finished goods	8,974.35	14,010.95
Stock-in-trade	17,394.40	12,200.37
[Including in - transit Rs. 6,808.24 lakhs (2019: Rs. 4,501.00 lakhs)]		
	43,865.69	41,126.40

* Refer note 3(g) for mode of valuation of inventories

The write down of inventories to net realisable value during the year amounted to Rs. 466.61 lakhs (31 March 2019: Rs 283.73 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 2,759.78 lakhs (31 March 2019 : Rs. 902.72 lakhs). The write down, reversal and provision for obsolete stock are included in the costs of materials consumed or changes in inventories of finished goods and work-in-progress.

11 Cash and cash equivalents (Rs. in lakhs)

As at	31 March 2020	31 March 2019
Cash on hand	0.09	-
<i>Balances with banks</i>		
- In current accounts	18,057.07	55,746.66
- Deposit accounts (original maturity of less than three months)	60,000.00	-
	78,057.16	55,746.66

12 Share capital (Rs. in lakhs except for number of shares)

As at	31 March 2020	31 March 2019
Authorised :		
Equity shares	1,126.51	1,126.51
[1,12,65,070 equity shares of Rs. 10/- each (31 March 2019 : 1,12,65,070 equity shares of Rs. 10/- each)]		
	1,126.51	1,126.51
Issued, subscribed and paid up:		
Equity shares fully paid up	1,126.51	1,126.51
[1,12,65,070 equity shares of Rs. 10/- each (31 March 2019 : 1,12,65,070 equity shares of Rs. 10/- each)]		
	1,126.51	1,126.51

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the year	1,12,65,070	1,126.51	1,12,65,070	1,126.51
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	1,12,65,070	1,126.51	1,12,65,070	1,126.51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding Company

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
3M Company, USA	84,48,802	844.88	84,48,802	844.88

(d) Details of shareholders holding more than 5 % of total number of equity shares

	31 March 2020		31 March 2019	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	84,48,802	75%	84,48,802	75%

(e) There has been no buyback of shares, issues of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

13 Other equity

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
(i) Securities premium reserve	949.90	949.90
(ii) General reserve	303.98	303.98
(iii) Remeasurement of defined benefit plans, net of tax	(773.77)	(360.55)
(iv) Retained earnings	173,480.65	141,263.73
	173,960.76	142,157.06

Nature and purpose of other equity

(i) Securities premium reserve

Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

(ii) General reserve

General reserve comprises of the reserve generally available to the shareholders of the Company

(iii) Remeasurement of defined benefit plans, net of tax

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' and subsequently not reclassified to the Statement of Profit and Loss and will be reclassified to retained earnings.

(iv) Retained earnings

The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the statement of profit and loss to retained earnings. Also refer note 43.

14 Borrowings

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Secured		
Long term maturities of finance lease obligations (refer note (a) below)	-	760.54
	-	760.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note:

- (a) Rate of interest for finance lease obligations ranges from 2.77% to 13.90% per annum. Finance lease obligations are secured by hypothecation of assets underlying the leases. Finance lease obligations are payable on monthly / quarterly payment of equated monthly installments beginning from the month subsequent to taking the lease. Period of maturity for the lease obligations of vehicles is 4 years and for equipments it ranges from 2 years to 5 years. Also refer note 27(a) and note 40.

Debt reconciliation statement in accordance with Ind AS 7

(Rs. in lakhs)

Non Current borrowings and current maturities of long term borrowings	31 March 2020	31 March 2019
Opening balance	1,379.50	1,007.49
Recognition pursuant to adoption of IND AS 116	2,670.08	-
Addition to lease liability	2,303.94	-
Interest cost	323.90	-
Payment of lease liability (including interest thereon)	(2,464.58)	372.01
Closing balance	4,212.84	1,379.50

15 Provisions

(Rs. in lakhs)

As at	31 March 2020		31 March 2019	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 31)	-	2,509.43	-	2,301.65
Compensated absences	65.19	555.24	63.67	497.89
Others (refer note 37)				
Provision for asset retirement obligation	-	90.57	-	90.55
Sales tax, service tax and other issues	2,440.94	-	3,516.85	-
Provision for credit notes and sales return and others	3,787.46	-	3,601.77	-
	6,293.59	3,155.24	7,182.29	2,890.09

16 Trade payables

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Total outstanding dues to micro and small enterprises (Refer note (a) below)	1,484.75	2,098.21
Total outstanding dues to creditors other than micro and small enterprises*	29,802.28	33,483.33
	31,287.03	35,581.54

Note (a)

- The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:

- Principal	1,484.75	2,098.21
- Interest	22.87	39.65
- The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year:

- Interest	102.21	-
- Principal	27,096.61	13,418.75

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
4.	The amount of interest accrued and remaining unpaid at the end of each accounting year.	22.87	40.80
5.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	52.47	131.81

Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 39.

17 Other financial liabilities (Rs. in lakhs)

As at	31 March 2020	31 March 2019
Current maturities of finance lease obligations (refer note 14)	-	618.96
Deposits from customers	821.32	983.17
Creditors for capital goods	150.31	40.80
Payroll related liabilities	2,639.89	5,349.98
Intercompany payables (refer note 32)	1,494.68	1,543.65
Accrued expenses	5,986.69	6,980.77
Other payables	255.37	512.93
	<u>11,348.26</u>	<u>16,030.26</u>

The Group's exposure to currency and liquidity risks related to other financial liabilities is disclosed in note 39.

18 Other current liabilities (Rs. in lakhs)

As at	31 March 2020	31 March 2019
Advance from customers	251.38	307.66
Statutory liabilities	3,116.44	3,939.01
Other Liabilities	104.05	21.63
	<u>3,471.87</u>	<u>4,268.30</u>

19 Revenue from operations (Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Sale of products		
Finished goods	169,620.78	167,622.88
Traded goods	124,959.89	129,379.79
Sale of services*	3,860.15	4,435.59
Total (a)	<u>298,440.82</u>	<u>301,438.26</u>
Other operating revenue		
Income from duty drawback	77.05	111.43
Scrap sales	137.22	132.55
Total (b)	<u>214.27</u>	<u>243.98</u>
	<u>298,655.09</u>	<u>301,682.24</u>

* Sale of services includes income from contract research Rs. 2,081.75 lakhs (31 March 2019 : Rs. 2,794.01 lakhs) (refer note 29 (c)) and management support service fee of Rs. 1,778.40 lakhs (31 March 2019 : Rs. 1,672.32 lakhs). Also refer note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Disaggregation of revenue from operations: (Rs. in lakhs)

Business Segments	31 March 2020	31 March 2019
a) Safety & Industrial	112,621.35	117,684.16
b) Transportation & Electronics	103,091.80	103,055.36
c) Health Care	48,574.73	47,526.92
d) Consumer	31,966.12	30,348.57
e) Others	2,401.09	3,067.23
Total	298,655.09	301,682.24
Contracted Price	314,715.71	319,288.21
Less: Reduction towards volume rebates	(11,085.66)	(11,732.76)
Less: Reduction primarily towards sales returns and others	(4,974.96)	(5,873.21)
Revenue recognised	298,655.09	301,682.24

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving event based contracts.

20 Other income (Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Interest income from financial assets carried at amortised cost	2,861.00	2,853.45
Liabilities no longer required written back (net)	1,272.74	777.98
Profit on sale of property, plant and equipment	-	51.69
Miscellaneous income	455.82	-
	4,589.56	3,683.12

21 Cost of materials consumed (Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Inventory of materials at the beginning of the year	13,305.75	11,280.41
Add: Purchases (refer note 32)	112,365.76	95,879.57
Less: Inventory of materials at the end of the year	(15,646.01)	(13,305.75)
	110,025.50	93,854.23

22 Purchases of stock-in-trade (Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Abrasive	2,155.86	7,710.81
Fusion bonded epoxy coating	5,123.57	4,319.83
Medical surgical and dental products	11,238.21	5,092.46
Self adhesive films	10,842.09	21,435.45
Others	34,642.38	29,958.27
	64,002.11	68,516.82

*Also refer note 32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Changes in inventories of finished goods, stock-in-trade and work-in-progress		<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019	
Opening inventory			
- Finished goods	14,010.95	13,157.56	
- Stock-in-trade	12,200.37	10,794.22	
- Work-in-progress	1,609.33	1,515.35	
	<u>27,820.65</u>	<u>25,467.13</u>	
Closing inventory			
- Finished goods	8,974.35	14,010.95	
- Stock-in-trade	17,394.40	12,200.37	
- Work-in-progress	1,850.93	1,609.33	
	<u>28,219.68</u>	<u>27,820.65</u>	
(Increase) in inventory	<u>(399.03)</u>	<u>(2,353.52)</u>	
24 Employee benefits expense		<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019	
Salaries, wages and bonus	29,003.17	28,563.52	
Contribution to provident and other funds (refer note 31)	2,133.39	2,143.94	
Share based payment expenses (refer note 30)	(570.64)	60.35	
Staff welfare expenses	2,292.59	2,253.07	
	<u>32,858.51</u>	<u>33,020.88</u>	
25 Finance costs		<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019	
Finance costs on finance lease obligations	324.57	47.52	
Interest expense on financial liability measured at amortised cost	41.64	64.74	
	<u>366.21</u>	<u>112.26</u>	
26 Other expenses		<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019	
Consumption of stores and spares	788.27	854.17	
Power and fuel	1,738.94	1,811.22	
Water charges	46.46	35.10	
Rent (refer note 27(b) and 40)	323.32	1,986.20	
Repairs and maintenance			
- Plant and machinery	761.03	839.11	
- Building	424.53	458.42	
- Others	101.89	126.34	
Insurance	228.39	228.56	
Rates and taxes	498.64	1,399.21	
Communication expenses	240.11	263.26	
Travel and conveyance	2,351.51	3,303.75	
Legal and professional charges (refer note (a) below)	1,264.72	1,053.39	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Selling, distribution and advertisement expenses	7,570.06	9,575.82
Commission	371.29	396.01
Freight outward	5,712.48	6,244.53
Royalty (refer note 29 (a) and 32)	4,156.04	5,472.36
Corporate management fees (refer note 29 (b)(i) and 32)	12,582.66	13,180.95
Directors' sitting fees	10.00	9.40
Provision for doubtful debts (net)	1,457.98	1,073.01
Exchange loss on foreign currency transactions (net)	1,547.33	1,580.88
Expenditure towards corporate social responsibility activities (refer note 34)	976.75	807.05
Loss on sale of property, plant and equipment (net)	2.38	1.40
Miscellaneous expenses	4,046.74	4,385.03
	47,201.52	55,085.17

(a) Payment to auditors

	31 March 2020	31 March 2019
As auditors:		
Audit fee	117.00	109.00
Tax audit fee	11.00	11.00
Certification fees	10.45	-
Reimbursement of out-of-pocket expenses	3.70	3.83
Total	142.15	123.83

#Excluding goods and service tax.

27 (a) Finance lease obligations

The Group has taken vehicles, leasehold improvements and data processing equipment under finance lease agreements. The minimum lease rental payments under the finance leases are as under:

(Rs. in lakhs)

	31 March 2020*			31 March 2019		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments
Within less than one year	-	-	-	655.43	36.47	618.96
Between one and five years	-	-	-	788.90	28.36	760.54
After more than five years	-	-	-	-	-	-
	-	-	-	1,444.33	64.83	1,379.50

(b) Operating leases

A. Leases as lessee

The Group has taken office premises, warehouse and residential premises under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. The initial tenure of the lease is generally for eleven months to ninety six months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

i. Future minimum lease payments

As at year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:
(Rs. in lakhs)

	31 March 2020*	31 March 2019
Payable in less than one year	-	1,385.64
Payable between one and five years	-	1,546.30
Payable after more than five years	-	-
	<u>-</u>	<u>2,931.94</u>

ii. Amounts recognised in profit or loss

(Rs. in lakhs)

	31 March 2020*	31 March 2019
Lease expenses – minimum lease payments	-	1,986.20
	<u>-</u>	<u>1,986.20</u>

*On transition to Ind AS 116 - Leases, these amounts are nil. Refer note 40.

28 Earnings per share

(Rs. in lakhs except for number of shares)

For the year ended	31 March 2020	31 March 2019
Net profit attributable to equity shareholders (for continuing operations)	32,216.92	34,314.50
Weighted average number of equity shares outstanding during the year	1,12,65,070	1,12,65,070
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	285.99	304.61
Diluted earnings per share (Rs.)	285.99	304.61
For the year ended	31 March 2020	31 March 2019
Net profit attributable to equity shareholders (for discontinued operations)	-	2,303.49
Weighted average number of equity shares outstanding during the year	1,12,65,070	1,12,65,070
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	-	20.45
Diluted earnings per share (Rs.)	-	20.45
For the year ended	31 March 2020	31 March 2019
Net profit attributable to equity shareholders (for total operations)	32,216.92	36,617.99
Weighted average number of equity shares outstanding during the year	1,12,65,070	1,12,65,070
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	285.99	325.06
Diluted earnings per share (Rs.)	285.99	325.06

29 Inter Company agreements and arrangements

- a) *Intellectual property agreement* – The Group has entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from 1 July 2006 to 30 June 2009. These payments have been reinstated with effect from 1 July 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective 1 July 2013. Accordingly, the group has incurred an expenditure of Rs. 4,156.04 lakhs for the year ended 31 March 2020 (31 March 2019: Rs. 5,472.36 lakhs).

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- b) (i) *Support services and corporate management fees* - In order to avail economies of scale, the Group has entered into inter-company services support services agreement with 3M Global Service Center Management Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from 1 April 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company for the services received from all the 3M group companies in the areas of Laboratory, Technical assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009, 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Group has incurred the following expenditure: (Rs. in lakhs)

	31 March 2020	31 March 2019
- Laboratory and technical assistance manufacturing services	847.85	1,214.51
- Selling and marketing services	4,947.38	5,954.84
- Information technology services	4,853.37	3,045.78
- Other managerial services	1,934.06	2,965.82
	<u>12,582.66</u>	<u>13,180.95</u>
- Foreign services employees expense are included in employee costs amounting to	434.78	919.81

The Group has accrued an amount of Rs. 3,360.40 lakhs (31 March 2019 : Rs. 3,574.97 lakhs) in respect of estimated liability for the above services during period 1 January 2020 to 31 March 2020, the actual liability would be ascertained by December 2020.

- (ii) The support service agreement enables the Group to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its affiliates. Accordingly the Group has charged Rs. 1,382.29 lakhs (31 March 2019: Rs. 1,442.94 lakhs).
- (iii) The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of Rs. 1,778.40 lakhs (31 March 2019 : Rs. 1,672.32 lakhs).
- c) *Contract research agreement* – The Group has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for carrying out contract research activities. During the year, Group has recognized an income of Rs. 2,081.75 lakhs (31 March 2019 : Rs. 2,794.01 lakhs).

30 Employee stock option plan

A. Description of share based payment arrangements

i) *Share purchase plan (equity-settled)*

3M Company, USA, the parent Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Group, under which the employees of the Group are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Group deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Group during the year has deducted for remittance a sum of Rs. 355.84 lakhs (2019: Rs. 351.03 lakhs) and cumulatively amounting to Rs. 1,784.04 lakhs (2019: Rs. 1,428.20 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 31.18 lakhs (2019: Rs. 43.25 lakhs) is pending remittance to the holding Company and the same is included under 'Other financial liabilities' (refer note 17).

ii) *Stock appreciation rights and Restricted stock units (cash-settled)*

3M Company, USA has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Group are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock

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appreciation rights (SARs) / restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan. Exercise price of SARs and RSUs will be Nil. As of the year end a sum of Rs. 919.93 lakhs (2019: Rs. 3,713.62 lakhs) is liability and the same is included under 'Other financial liabilities' (refer note 17).

B. Measurement of fair values

The Group measures compensation expense for stock appreciation rights (SARs) at their fair value determined using Black - Scholes Model and restricted stock units (RSUs) based on fair market value of shares of 3M Company, USA as on 31 March, 2020.

The fair value of the cash settled SARs and the inputs used in the measurement of fair value at grant date and measurement date of the SARs are as follows:

	31 March 2020	31 March 2019
Fair value (in \$)	12.79	38.93
Share price (in \$)	133.24	201.12
Expected volatility (%)	19.69%	20.35%
Expected life (years)	6.54 years	6.55 years
Expected dividends (%)	2.65%	2.50%
Risk free interest rate (%)	1.39%	2.58%

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behavior of the employee who receives the SAR. Expected volatility during the expected term is based on historical volatility of the observed market prices of the 3M Company USA's publicly traded equity shares particularly over the historical period commensurate with the expected term.

C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2020 is set out below:

	31 March 2020		31 March 2019	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
Stock appreciation right				
Outstanding at the beginning	76,707	-	78,558	-
Granted	9,267	-	9,967	-
Forfeited and expired	3,378	-	-	-
Exercised	18,592	-	11,818	-
Outstanding at the end	64,004	-	76,707	-
Exercisable at the end	46,533		61,980	
Restricted stock unit				
Outstanding at the beginning	6,478	-	8,141	-
Granted	3,330	-	2,578	-
Forfeited and expired	54	-	304	-
Exercised	2,227	-	3,937	-
Outstanding at the end	7,527	-	6,478	-
Exercisable at the end	-		3,738	

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D. Expense recognised in Statement of profit and loss

An amount of Rs. 570.64 lakhs has been credited (31 March 2019: Rs. 60.35 lakhs has been debited) to the consolidated statement of profit and loss for the year and included under Employee benefits expense.

- E. The weighted average share price at the date of exercise with regards to SARs and RSUs exercised during the year is USD 198.11 and USD 160.08 respectively.

The above disclosures have been made to the extent information is available with the Group.

31 Employee benefits

(a) Defined contribution plan

The Group offers its employees defined contribution plans in the form of Provident Fund (PF), Superannuation Fund (SF), Employees' State Insurance (ESI). Contribution to SF is made to 3M India Limited Employees Superannuation Fund Trust and 3M E & C India Employees Superannuation Fund Trust. Other contributions are made to the Government's funds. While both the employees and the Group pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Group has recognised the following amounts in the consolidated statement of profit and loss, which are included in contribution to provident and other funds:

	<i>(Rs. in lakhs)</i>	
Benefits (contribution to)	31 March 2020	31 March 2019
Provident fund	1,414.37	1,431.78
Superannuation fund	127.72	144.66
Employee State Insurance Corporation	0.72	0.70
	<u>1,542.81</u>	<u>1,577.14</u>

(b) Defined benefit plan

The Group provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Group. The Group contributes all ascertained liabilities towards gratuity to the 3M India Limited Employees Gratuity Fund Trust and 3M E & C Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2020 and 31 March 2019, the plan assets have been primarily invested in insurer managed funds.

	<i>(Rs. in lakhs)</i>	
A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2020	31 March 2019
Obligation at the beginning of the year	4,693.18	4,283.69
Current service cost	451.18	435.69
Interest cost	333.53	314.67
Actuarial loss / (gains)	456.90	(38.00)
Benefits paid	(609.34)	(302.87)
Obligation at the end of the year	<u>5,325.45</u>	<u>4,693.18</u>
B. Reconciliation of opening and closing balances of the fair value of plan assets	31 March 2020	31 March 2019
Plan assets at the beginning of the year	2,391.53	2,558.63
Interest income on plan assets	194.13	183.56
Contribution by the Group	935.00	0.06
Remeasurements- Return on plan assets excluding amounts included in interest income	(95.30)	(47.85)
Benefits paid	(609.34)	(302.87)
Plan assets at the end of the year	<u>2,816.02</u>	<u>2,391.53</u>

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(Rs. in lakhs)

	31 March 2020	31 March 2019
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet		
Present value of obligation at the end of the year	5,325.45	4,693.18
Fair value of plan assets at the end of the year	(2,816.02)	(2,391.53)
Liability / (net asset) recognised in balance sheet	2,509.43	2,301.65
D. Expenses recognized in the Statement of profit and loss	31 March 2020	31 March 2019
Current service cost	451.18	435.69
Interest cost	333.53	314.67
Interest income on plan assets	(194.13)	(183.56)
	590.58	566.80
E. Remeasurements recognized in Other comprehensive income	31 March 2020	31 March 2019
Actuarial losses / (gains) on defined benefit obligation	456.90	(38.00)
Actuarial losses / (gains) on plan assets	95.30	47.85
	552.20	9.85
F. Investment details of plan assets	31 March 2020	31 March 2019
Government securities	0.00%	0.00%
High quality corporate bonds (including public sector bonds)	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Cash (including Special deposits)	2.76%	3.15%
Fund balance with Insurance companies	97.24%	96.85%
	100.00%	100.00%
G. Assumptions	31 March 2020	31 March 2019
Discount rate (per annum)	6.70%	7.60%
Rate of escalation in salary (per annum)	6.00%	6.00%
Retirement age (in years)	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates		
Under 30 years	15.00%	15.00%
31-34 years	10.00%	10.00%
35-44 years	5.00%	5.00%
45-50 years	3.00%	3.00%
51-54 years	2.00%	2.00%
55-60 years	1.00%	1.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

H. Sensitivity analysis	31 March 2020	31 March 2019
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below:		
A. Discount rate		
Effect on defined benefit obligation due to 1% increase in discount rate	(456.36)	(386.65)
Effect on defined benefit obligation due to 1% decrease in discount rate	529.35	446.70
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate	528.04	449.66
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate	(463.43)	(395.75)

I. Maturity profile of defined benefit obligation	Amounts
1. March 31, 2021	342.45
2. March 31, 2022	424.68
3. March 31, 2023	452.04
4. March 31, 2024	291.85
5. March 31, 2025	688.87
6. March 31, 2026 to March 31, 2030	3,236.38

Notes :

- The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- As per the best estimate of the management, contribution of Rs. Nil (31 March 2019: Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2021.

32 Related party transaction

Names of related parties and nature of relationship:

i) Holding company	3M Company, USA	
ii) Wholly owned subsidiary	3M Electro & Communication India Private Limited (w.e.f. 27 December 2018)	
iii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M China Limited	3M Lanka Private Limited
	3M Thailand Limited	Dyneon B.V.
	3M France S.A	3M Belgium S.A./N.V.
	3M Gulf Limited	3M Singapore Pte. Ltd.
	P.T. 3M Indonesia	Sumitomo 3M Limited
	3M APAC RDC Pte Limited	3M Taiwan Limited
	3M Australia Pty. Limited	3M Technologies (S) Pte Ltd

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	3M Canada Company	3M Philippines, Inc.
	3M Do Brasil Limitada	3M Pakistan Private Limited
	3M EMEA, GmbH	3M International Trading (Shanghai) Co., Ltd
	3M Espana, S.A.	3M Panama S.A
	3M Hong Kong Limited	3M Speciality Materials (Shanghai) Co. Ltd.
	3M Innovation Singapore Pte Limited	3M Vietnam Limited
	3M Italia S.P.A.	3M Hellas Limited
	3M Malaysia Sdn. Bhn.	3M Germany Hilden GmbH
	3M International Group B.V.	3M Innovation (Thailand) Co. Ltd.
	3M Svenska AB	3M UK Holdings Limited
	3M Korea Limited	3M Wendt GmbH
	3M Korea Health & Safety Ltd	3M Winterthur Technologies AG
	3M Korea High Tech, Korea	3M Touch System Singapore PTE
	3M United Kingdom PLC	3M South Africa (Pty) Ltd
	3M ESPE Dental AG	3M Panama Pacifico S Der L.
	EMFI S.A	3M Peru S.A
	Dyneon GmbH	Cuno Europe (France)
	3M Unitek Corporation	Cuno Inc (USA)
	3M Material Tech(Guangzhou) Co., Limited	Cuno K.K (Japan)
	3M Wroclaw SP. Z O.O.	Cuno Pacific Pty Ltd Australia
	3M Svenska AB	Cuno 3M Germany
	3M Saudi Arabia	Cuno 3M Poland
	3M Chile S.A.	3M Asia Pacific Pte. Ltd.
	3M South Asia Manufacturing Private Limited	3M Material Technology (Hefei) Co Limited
	3M Telecommunications, France	3M Health Care Ltd, Japan
	3M Global Service Management Company	3M Matl Tech Suzhou Co Ltd
	3M Nederland B.V.	Winterthur Tech Taican Co Ltd
	3M South Africa Limited	3M Costa Rica, S.A.
	Trimodal Softech Solutions Private Limited	3M Poland Sp. Z O.O
	Capital Safety Products India Private Limited	
iv) Post employment benefit plan entities	3M India Ltd Employees Gratuity Fund Trust	3M E&C Employees Gratuity Fund Trust
	3M India Ltd Employees Superannuation Fund Trust	3M E&C Employees Superannuation Fund Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

v) Key management personnel	<p>Executive Directors</p> <p>Debarati Sen (Managing Director) (upto 31 May 2019) Ramesh Ramadurai (Managing Director) (from 01 June 2019) B V Shankaranarayana Rao (Whole- time Director) (upto 13 May 2020)</p> <p>Non-executive Directors</p> <p>Amit Laroya Debarati Sen (From 01 June 2019 to 02 March 2020) Bharat D. Shah Biren Gabhawala Radhika Rajan Albert C. Wang (Resigned effective 21 August 2018) Sadhana Kaul (Resigned effective 05 May 2020) Jongho Lee</p> <p>Others</p> <p>Mamta Gore (Chief Financial Officer) V. Srinivasan (Company Secretary)</p>
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The details of the amounts due to or due from related parties are as follows:

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Trade payables		
3M Company, USA	10,415.40	8,132.67
3M APAC RDC Pte Limited	1,208.08	2,156.56
3M Australia Pty. Limited	0.56	-
3M Canada Company	829.20	773.75
3M China Limited	697.26	1,070.63
3M Do Brasil Limitada	189.22	296.36
3M EMEA, GmbH	2,958.56	2,188.65
3M Gulf Limited	70.63	-
3M Health Care Ltd, Japan	1,468.42	-
3M Hong Kong Limited	75.01	2.96
3M Innovation Singapore Pte Limited	4,105.76	7,193.40
3M Singapore Pte. Ltd.	122.75	27.58
3M International Trading (Shanghai) Co. Ltd.	1.96	16.97
3M Korea	-	598.00
3M Korea High Tech Ltd, Korea	-	331.10
3M Material Tech(Guangzhou) Co., Limited	374.50	89.55
3M Panama Pacifico S Der L.	90.68	49.03
3M Speciality Materials (Shanghai) Co. Ltd.	380.71	275.52
3M Taiwan Limited	36.09	19.38
3M Thailand Limited	53.90	47.63
3M United Kingdom Plc	2.69	-
3M Unitek Corporation	38.05	20.51
Dyneon GmbH	14.22	-
Dyneon B.V.	-	16.27

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(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Emfi S.A	152.32	314.10
3M Poland Sp. Z O.O	19.80	-
3M South Africa Limited	-	0.31
Sumitomo 3M Limited	39.22	1,980.60
3M Matl Tech Suzhou Co Ltd	249.02	-
3M Korea High Tech, Korea	81.81	-
Winterthur Tech Taican Co Ltd	39.77	-
Cuno Pacific Pty Ltd Australia	3.43	32.32
3M Korea Limited	168.35	-
3M Material Tech Hefei Co Ltd	204.51	-
	24,091.88	25,633.85
Other financial liabilities		
3M Company, USA	1,332.58	1,457.52
3M Singapore Pte. Ltd.	162.10	86.13
	1,494.68	1,543.65
Trade receivables		
3M Company, USA	10.91	14.62
3M Australia Pty Limited	-	1.00
3M EMEA, GmbH	0.73	96.78
3M Gulf Limited	3.21	20.07
3M Hong Kong Limited	10.27	15.52
3M Lanka Private Limited	-	44.06
3M Malaysia Sdn. Bhn.	0.85	1.35
3M Philippines, Inc.	-	0.04
3M Singapore PTE Ltd	27.26	6.04
3M Speciality Materials (Shanghai) Co. Ltd.	8.67	7.73
3M Taiwan Limited	-	6.14
3M Costa Rica, S.A.	0.51	-
3M Nederland B.V.	0.66	-
3M Thailand Limited	54.82	106.70
3M Vietnam Limited	71.92	37.64
3M Saudi Arabia	119.53	365.20
3M Telecommunications, France	-	0.29
3M Chile S.A.	-	19.91
3M United Kingdom Plc	-	1.75
P.T. 3M Indonesia	143.63	52.16
3M Peru S.A	-	0.50
Sumitomo 3M Limited	0.28	4.42
	453.25	801.92

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(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Other financial assets		
3M Company, USA	-	203.85
3M China Limited	73.22	553.41
3M Korea Limited	250.40	462.19
3M Thailand Limited	39.19	35.98
P.T. 3M Indonesia	215.20	213.67
3M International Trading (Shanghai) Co. Ltd.	534.75	345.25
3M Malaysia Sdn. Bhn.	27.80	27.37
3M South Asia Manufacturing Private Limited	87.41	17.48
3M Philippines, Inc.	114.01	-
Trimodal Softech Solutions Private Limited	70.35	-
Lala Das Chandrashekar	-	10.00
	1,412.33	1,869.20

Details of the related party transactions entered into by the Company are as follows:

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Remuneration paid to Key management personnel #		
Debarati Sen	362.39	567.70
Ramesh Ramadurai	383.96	-
B V Shankaranarayana Rao	560.30	224.44
Mamta Gore	405.21	364.62
V. Srinivasan	50.73	46.17
	1,762.59	1,202.93

Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

Sitting fees and commission paid to Key management personnel

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Bharat D. Shah	21.60	18.60
Biren Gabhawala	21.40	18.20
Radhika Rajan	21.00	17.60
	64.00	54.40

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Sales of Products (net of returns)		
3M Company, USA	117.80	220.49
3M Gulf Limited	28.00	120.59
3M Thailand Limited	434.28	448.02
3M Malaysia Sdn Bhd	-	4.59
3M Korea Limited	122.75	39.92
P.T. 3M Indonesia	423.56	144.46
3M Hellas Limited	-	90.74

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(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
3M EMEA, GmbH	193.53	416.92
3M Pakistan Private Limited	23.82	35.55
3M Lanka Private Limited	(2.24)	63.04
3M China Limited	-	18.79
3M Hong kong Limited	32.45	54.26
3M Taiwan Limited	14.24	6.18
3M Philippines, Inc	-	0.04
3M Australia Pty. Limited	-	2.02
3M Vietnam Limited	340.60	164.93
3M Singapore Pte. Ltd.	0.06	7.82
Sumitomo 3M Limited	102.64	75.07
3M Saudi Arabia	363.39	1,020.79
3M Chile S.A	37.31	71.75
3M Peru S.A	2.53	0.50
3M Asia Pacific Pte. Ltd.	92.29	0.38
3M Do Brasil Limitada	20.93	61.33
3M Malaysia Sdn Bhn	50.50	-
3M Australia Pty Limited	0.87	-
3M Costa Rica, S.A.	0.47	-
3M South Africa Limited	10.83	-
3M Nederland B.V.	0.61	-
3M APAC RDC Pte Limited	0.12	-
	2,411.34	3,068.18
Contributions during the year		
3M India Ltd Employees Gratuity Fund Trust	850.00	0.06
3M India Ltd Employees Superannuation Fund Trust	115.34	129.63
3M E&C Employees Gratuity Fund Trust	85.00	-
3M E&C Employees Superannuation Fund Trust	12.38	14.73
	1,062.72	144.42
Investment in subsidiary company		
3M International Group B.V.	-	28,650.30
3M Company, USA	-	29,819.70
	-	58,470.00
Income from contract research		
3M Company, USA	2,081.75	2,794.01
	2,081.75	2,794.01

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(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Income from management support services		
3M Company, USA	1,547.53	1,584.91
3M South Asia Manufacturing Private Limited	69.92	87.41
Capital Safety Products India Private Limited	1.20	-
Trimodal Softech Solutions Private Limited	159.75	-
	1,778.40	1,672.32
Reimbursement of expenses received		
3M Company, USA	922.17	2,060.64
P.T. 3M Indonesia	505.46	419.37
3M Korea Limited	482.18	444.97
3M Singapore PTE Ltd	295.99	145.82
3M Thailand Limited	153.03	37.04
3M Philippines, Inc	172.27	-
3M Malaysia SDN. BHD	88.26	66.42
3M China Limited	132.24	329.32
	2,751.60	3,503.58
Purchase of materials (net of returns)		
3M Company, USA	37,172.02	35,093.06
3M APAC RDC Pte Limited	7,859.84	6,964.22
3M Australia Pty. Limited	0.56	-
3M Belgium S.A./N.V.	14.43	7.71
3M Canada Company	2,522.81	993.51
3M China Limited	2,232.36	1,976.66
3M Do Brasil Limitada	792.06	704.08
3M EMEA, GmbH	4,733.69	2,663.06
3M Espana, S.A.	-	777.60
3M ESPE Dental AG	798.58	173.33
3M France S.A	504.59	909.31
3M Germany Hilden GmbH	2,765.18	2,562.77
3M Hong Kong Limited	182.60	13.20
3M Innovation (Thailand) Co. Ltd.	3.15	2.68
3M Innovation Singapore Pte Limited	23,177.85	23,884.24
3M Italia S.P.A.	381.87	520.08
3M Korea Health & Safety Ltd	-	0.91
3M Korea Limited	1,203.50	1,483.72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
3M Malaysia Sdn. Bhn.	9.70	6.40
3M Material Tech(Guangzhou) Co., Limited	989.77	170.47
3M Panama S.A	474.78	123.32
3M Philippines, Inc.	8.66	-
3M Speciality Materials (Shanghai) Co. Ltd.	821.62	526.14
3M Taiwan Limited	167.67	92.87
3M Thailand Limited	258.47	162.43
3M UK Holdings Limited	321.39	896.03
3M United Kingdom PLC	17.56	132.66
3M Unitek Corporation	201.42	68.88
3M Wendt GmbH	9.19	47.03
3M Winterthur Technologies AG	228.29	1,014.90
3M Wroclaw SP. Z O.O.	592.43	484.59
Dyneon B.V.	16.40	-
Dyneon GmbH	1,768.68	1,349.36
3M International Trading (Shanghai) Co., Ltd	29.30	33.30
3M Korea High Tech, Korea	370.91	437.93
3M Singapore Pte. Ltd.	330.58	296.60
3M Technologies (S) Pte Ltd	1.41	-
3M Touch System Singapore PTE	-	1.96
3M Svenska AB	300.17	42.54
Cuno 3M Germany	114.65	197.25
Cuno 3M Poland	2.77	106.28
Cuno Europe (France)	25.01	10.39
Cuno Inc (USA)	1,158.94	1,746.10
Cuno K.K (Japan)	9.74	11.83
3M Peru S.A	-	63.41
3M Panama Pacifico S Der L.	68.51	-
3M South Africa (Pty.) Ltd.	-	0.13
3M Telecommunications, France	-	2.42
Sumitomo 3M Limited	6,031.23	7,764.72
Cuno Pacific Pty Ltd Australia	145.46	115.35
3M Vietnam Limited	7.13	-
3M Material Technology (Hefei) Co Limited	546.32	-
	99,373.25	94,635.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Corporate management fees (excluding ineligible portion of Goods and Service Tax)		
3M Company, USA	-	13,180.95
3M Global Service Management Company	12,582.66	-
	<u>12,582.66</u>	<u>13,180.95</u>
Royalty (excluding ineligible portion of Goods and Service Tax)		
3M Company, USA	4,156.04	5,472.36
	<u>4,156.04</u>	<u>5,472.36</u>
Recharges of expenses paid		
3M Company, USA	209.82	684.79
3M Lanka Private Limited	-	30.74
3M Gulf Limited	224.96	235.02
	<u>434.78</u>	<u>950.55</u>

33 Segment Reporting

A. Basis for segmentation

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the “management approach” as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group’s performance and allocates resources based on an analysis of various performance indicators by segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

The Group operates mainly to the needs of domestic market and export turnover is not significant in context of total turnover. Accordingly, there are no reportable geographical segments. The Group has four reportable segments, as described below.

For each of the segments, the Company’s Managing Director, who is the CODM, reviews internal management reports on at least a quarterly basis.

Segment revenue, results, assets and liabilities figures include the respective amounts identifiable to each of the segments. Other unallocable income net off unallocable expenditure are towards common services to the segments which are not directly identifiable to the individual segments as well as those at a corporate level which relate to the Group as a whole.

Effective 1 April 2019, The Group realigned its former five business segments Industrial, Health care, Safety and Graphics, Consumer and Electronics and Energy into four, the new business segments are Safety and Industrial, Transportation and Electronics, Health Care, and Consumer. Existing divisions were largely realigned to this new structure.

The following summary describes the products included in each of the Group’s reportable segment:

Reportable segments	Products
Safety & Industrial	Major products under this segment include vinyl, polyester, foil and specialty industrial tapes and adhesives: Scotch Masking Tape, Scotch Filament Tape and Scotch Packaging Tape, Functional and Decorative Graphics, Abrasion-Resistant Films, Masking Tapes and Other Specialty Materials.
Health care	Major products include medical and surgical supplies, medical devices, skin & wound care and infection prevention products & solutions, drug delivery systems, dental and orthodontic products and food safety products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reportable segments	Products
Transportation & Electronics	Major product under this segment include personal protection products, brand & asset protection solutions, border control products, passive fire protection products for industries and commercial establishments, track and trace products, cleaning and hygiene products for the hospitality industry. Graphics business consists of four divisional subsets- the Traffic Safety Systems Division (TSSD), the Commercial Graphics Division (CGD), the Architectural Markets Division (AMD) and the Mobile Interactive Solutions Division (MISD). TSSD products include retro reflective traffic signs for highways and cities, pavement marking and vehicle registration products and services. CGD portfolio includes products like films, inks and digital signage products. AMD products includes wall and glass cladding products coupled with architectural interior services and environmental graphics for home and office spaces. MISD products include projection systems, computer and ATM-screen privacy filters and brightness enhancement films for television, avionics and automotive displays.
Consumer	Consumer and Office business includes products such as Scotch brand, addressing the Home & Office tapes, Adhesives, Packaging protection platforms, Post-it brand with a product range of Note Pads, Dispensers, Flagging solution, Labels and Scotchguard brand addressing the stain protection market.

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(Rs. in lakhs)

	31 March 2020	31 March 2019
Segment revenue (revenue from operations)		
a) Safety & Industrial	112,621.35	117,684.16
b) Transportation & Electronics	103,091.80	103,055.36
c) Health Care	48,574.73	47,526.92
d) Consumer	31,966.12	30,348.57
e) Others	2,401.09	3,067.23
Revenue from continuing operations	298,655.09	301,682.24
Revenue from discontinued Operations	-	782.93
Total revenue	298,655.09	302,465.17
Segment results		
a) Safety & Industrial	17,673.15	24,313.40
b) Transportation & Electronics	6,785.35	10,697.62
c) Health Care	7,416.38	7,942.74
d) Consumer	6,642.82	5,488.48
e) Others	515.53	740.79
Segment results from continuing operations	39,033.23	49,183.03
Segment results from discontinuing operations	-	112.26
Total segment results	39,033.23	3,683.12
Less : Interest expense	366.21	52,753.89
Add: Other un-allocable income net off un-allocable expenditure	4,589.56	3,262.73
Profit before tax	43,256.58	56,016.62
Tax expense	11,039.66	19,398.63
Profit after tax	32,216.92	36,617.99

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	31 March 2020	31 March 2019
Segment assets		
a) Safety & Industrial	44,675.35	51,232.20
b) Transportation & Electronics	48,948.44	44,779.21
c) Health Care	18,464.04	20,008.90
d) Consumer	11,377.15	11,445.99
e) Unallocated corporate assets	113,670.62	84,365.96
Total assets	237,135.60	211,832.26
Segment liability		
a) Safety & Industrial	11,651.65	15,829.13
b) Transportation & Electronics	12,698.37	15,366.37
c) Health Care	4,750.92	5,445.68
d) Consumer	2,186.09	2,513.76
e) Unallocated corporate liabilities	30,761.30	29,393.75
Total liabilities	62,048.33	68,548.69
Capital expenditure		
a) Safety & Industrial	942.70	1,116.00
b) Transportation & Electronics	843.03	1,289.45
c) Health Care	153.53	141.61
d) Consumer	183.72	418.91
e) Unallocated capital expenditure	-	1,226.75
Total capital expenditure	2,122.98	4,192.72
Depreciation and amortisation expenses		
a) Safety & Industrial	1,382.19	1,627.04
b) Transportation & Electronics	959.12	929.69
c) Health Care	710.16	752.72
d) Consumer	555.85	577.81
e) Unallocated depreciation / amortisation expenses	2,325.93	488.37
Depreciation / amortisation expenses continued operations	5,933.25	4,375.63
Non cash expenses other than depreciation and amortisation expense		
a) Safety & Industrial	584.81	433.78
b) Transportation & Electronics	555.22	421.10
c) Health Care	260.64	149.23
d) Consumer	174.84	68.89
Total non cash expenses	1,575.51	1,073.01

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 976.57 lakhs (31 March 2019: Rs. 820.49 lakhs) in accordance with Section 135 of the Companies Act, 2013. The following amounts were spent during the current and previous year:

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
(i) Amount spent other than for construction / acquisition of any asset	976.75	807.05
(ii) Amount not spent	-	13.49
Total	976.75	820.54

35 Contingent liabilities and commitments:

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
a) Guarantees:		
- Issued by Groups bankers	6,247.12	5,518.16
b) Claims against the Group not acknowledged as debts:		
- Trade claims/ demands	74.23	74.23
- Income tax demand (including interest) (refer note (i) below)	19,090.79	13,436.22
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	3,954.50	6,339.92
- Service tax matters (refer note (v) below)	917.01	917.01
- Central excise duty matters (refer note (vi) below)	4,292.06	4,203.23
c) Bills discounted	200.79	118.33

Notes:

- (i) Income tax matters mainly relates to intercompany charges.
- (ii) The Group during the year 2012-13 had received an order from The Commissioner of Customs demanding differential duty, interest and penalty of Rs.1,961.50 lakhs, contending the availment of concessional import duty in respect of some of its products for which a demand notice was served on the Group for payment of the above amount. The Group has filed an appeal against the order including for obtaining a stay against any recovery proceedings that may be initiated and accordingly no liability has been recognised in the books.
- (iii) The Group was issued a Show Cause Notice dated 8 December 2016 by the Directorate of Revenue Intelligence (DRI) in relation to levy of customs duty on inter-company transactions for import of goods and services and hence proposing to demand differential duty of customs covering the transactions during the period 8 December 2011 to 7 February 2014. The Group has received an order in original on 1 October 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to Rs.7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of Rs.1,000 lakhs. The Group has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of Rs.577 lakhs.
- (iv) Sales tax cases primarily pertains to Maharashtra Value Added Tax Act, 2002 and Karnataka Value Added Tax Act, 2003. These are pertaining to the years from 2003-04 to 2013-14. These cases are with respect to the applicable rate of tax for various products and matters pertaining to declaration forms.
- (v) Service tax matters relates to cases with respect to manner of apportionment of credit availed by the Group without registering as an Input service distributor.
- (vi) Excise matters relates to penalty for allegedly dealing in goods liable to confiscation under Rule 26 of the Central Excise Act and Valuation/ allowability of CENVAT credit under the Central Excise Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (vii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Group has made a provision for provident fund contribution pursuant to the judgement only for the current year. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

Capital commitments	31 March 2020	31 March 2019
Estimated value of contracts in capital account remaining to be executed	1,171.05	1,016.19

During the year ended 31 March 2020 no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

36 Tax expenses

(a) Amount recognised in Statement of profit and loss (Rs. in lakhs)

	31 March 2020	31 March 2019
Current tax	10,065.21	19,620.63
Current period (for continuing operations)	-	959.24
Current period (for discontinuing operations)		
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	974.45	(1,181.24)
Tax expense for the year	11,039.66	19,398.63

Note: The Group elected to exercise the option permitted under section 115BBA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

(b) Reconciliation of effective tax rate (Rs. in lakhs)

	31 March 2020		31 March 2019	
Profit before tax	-	43,256.58	-	56,016.62
Tax at statutory income tax rate 25.167% (31 March 2019 - 34.61%)	25.168%	10,886.82	34.944%	19,574.45
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>				
Non-deductible expenses	0.33%	140.86	0.27%	153.15
Effect of differential tax rates	0.00%	-	(0.65%)	(365.21)
Impact due to change in tax rate	6.40%	697.15	0.00%	-
Others	(1.58%)	(685.17)	0.06%	36.24
Income tax expense	30.32%	11,039.66	34.62%	19,398.63

(c) Deferred tax assets and liabilities are attributable to the following: (Rs. in lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets)/ liabilities, net	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment	208.78	-	1,102.26	1,835.12	893.48	1,835.12
Employee benefits expense	855.28	1,109.81	-	-	(855.28)	(1,109.81)
Provisions	2,274.52	3,797.10	-	-	(2,274.52)	(3,797.10)
	3,338.58	4,906.91	1,102.26	1,835.12	(2,236.32)	(3,071.79)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(d) Movement in temporary differences

31 March 2020

(Rs. in lakhs)

Particulars	Balance as at 1 April 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2020
Property, plant and equipment	1,835.13	(941.65)	-	-	-	893.48
Employee benefits expense	(1,103.07)	386.77	(138.98)	-	-	(855.28)
Provisions	(3,803.85)	1,529.33	-	-	-	(2,274.52)
	(3,071.79)	974.45	(138.98)	-	-	(2,236.32)

31 March 2019

(Rs. in lakhs)

Particulars	Balance as at 1 April 2018	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2019
Property, plant and equipment	1,944.66	(109.53)	-	-	-	1,835.13
Employee benefits expense	(998.73)	(100.86)	(3.48)	-	-	(1,103.07)
Provisions	(2,833.00)	(970.85)	-	-	-	(3,803.85)
	(1,887.07)	(1,181.24)	(3.48)	-	-	(3,071.79)

(e) Details of income tax assets and income tax liabilities

(Rs. in lakhs)

	31 March 2020	31 March 2019
Income tax assets (net)	10,135.26	6,460.97
Current tax liabilities (net)	(2,279.50)	(1,835.67)
Net current income tax asset/ (liability) at the end of the year	7,855.76	4,625.30

(f) The gross movement in the current income tax asset / (liability)

(Rs. in lakhs)

	31 March 2020	31 March 2019
Net current income tax asset / (liability) at the beginning of the year	4,625.30	3,318.63
Income tax paid	13,295.67	21,886.54
Current income tax expense	(10,065.21)	(20,579.87)
Net current income tax asset/ (liability) at the end of the year	7,855.76	4,625.30

37 Provision movement

(Rs. in lakhs)

Particulars	1 April 2019	Addition	Utilisation/ reversals	31 March 2020
a) Asset retirement obligation	90.55	0.02	-	90.57
b) Sales tax, service tax and other issues	3,516.85	858.55	1,934.46	2,440.94
c) Credit notes and sales return	3,601.77	3,787.47	3,601.78	3,787.46
	7,209.17	4,646.04	5,536.24	6,318.97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	1 April 2018	Addition	Utilisation/ reversals	31 March 2019
a) Warranty	81.63	-	81.63	-
b) Asset retirement obligation	90.50	0.05	-	90.55
c) Sales tax, service tax and other issues	2,483.31	1,262.67	229.13	3,516.85
d) Credit notes and sales return	4,303.91	3,601.77	4,303.91	3,601.77
	6,959.35	4,864.49	4,614.67	7,209.17

38 Capital management

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt is debt as considered under long-term and short-term borrowings which is on account of finance lease on office equipment and vehicles. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Debt	4,212.84	1,379.50
Total equity	175,087.27	143,283.57
Debt to total equity ratio	2.41%	0.96%

39 Financial Instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2020 (Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	53,424.91	53,424.91
Loans to employees	7	-	-	-	70.55	70.55
Security deposits	7	-	-	-	1,368.27	1,368.27
Other financial assets	8	-	-	-	2,766.22	2,766.22
Cash and cash equivalents	11	-	-	-	78,057.16	78,057.16
		-	-	-	135,687.11	135,687.11
Financial liabilities not measured at fair value						
Finance lease obligation	14, 17	-	-	-	4,212.84	4,212.84
Trade payables	16	-	-	-	31,287.03	31,287.03
Other financial liabilities	17	-	-	-	11,348.26	11,348.26
		-	-	-	46,848.13	46,848.13

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2019 (Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	58,655.97	58,655.97
Loans to employees	7	-	-	-	75.43	75.43
Security deposits	7	-	-	-	1,372.48	1,372.48
Other financial assets	8	-	-	-	3,247.46	3,247.46
Cash and cash equivalents	11	-	-	-	55,746.66	55,746.66
		-	-	-	119,098.00	119,098.00
Financial liabilities not measured at fair value						
Finance lease obligation	14, 17	-	-	-	1,379.50	1,379.50
Trade payables	16	-	-	-	35,581.54	35,581.54
Other financial liabilities	17	-	-	-	15,411.30	15,411.30
		-	-	-	52,372.34	52,372.34

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

B. Financial Risk Management

The Group has exposure to the following risk arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk

i. Risk management framework

The Group's principal financial liabilities comprise finance lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and cash equivalents that are derived directly from its operations.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(a) Financial assets that are not credit impaired

The Group has financial assets which are in the nature of cash and cash equivalents, loans to employees, unbilled revenue from related party, interest accrued on fixed deposits and receivables from related parties which are not credit impaired. These are contractually agreed with either banks, related parties or employees where the probability of default is negligible.

(b) Financial assets that are credit impaired

Trade receivables

The Credit services team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available. Sale limits are established for each customer and reviewed yearly.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

The maximum exposure to credit risk for trade receivables by geographic region is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2020	31 March 2019
India	58,513.02	62,593.81
Other regions	453.26	801.92
	58,966.28	63,395.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2020	31 March 2019
Distributors	33,953.96	32,668.90
Other	25,012.32	30,726.84
	58,966.28	63,395.73
Less: receivables from related party, secured receivables and other receivables not considered for credit risk	3,290.93	4,023.15
Net trade receivables	55,675.35	59,372.58

Expected credit loss assessment for the Group as at 31 March 2019 and 2020:

The Group has divided all the debtors outstanding for the last twelve quarters into age brackets of not due, 0-90 days, 91-180 days, 181-270 days, 271-365 days and amounts outstanding for more than one year.

The Group has calculated the impairment loss arising on account of past trends in the default rate for time bucket.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Out of the total trade receivables of Rs. 58,976.17 lakhs (31 March 2019: 63,395.73 lakhs), the exposure considered for expected credit loss is Rs. 55,675.35 lakhs (31 March 2019 :Rs. 59,372.58). The balance which is not considered for impairment primarily pertains to intercompany receivables and secured debtors.

B. Financial Risk Management

The following table provides information about the exposure to credit risk and expected credit loss for trade and other receivables: (Rs. in lakhs)

	Gross carrying amount	Weighted average loss rate	Loss allowance
31 March 2020			
Current (not past due)	33,405.90	1.40%	467.47
0-90 days	16,553.61	4.32%	714.57
91-180 days	1,755.12	28.60%	502.03
181-270 days	324.50	68.13%	221.09
271-360 days	412.71	100.00%	412.71
> 360 days	3,223.51	100.00%	3,223.50
	55,675.35		5,541.37
31 March 2019			
Current (not past due)	43,666.18	1.70%	740.40
0-90 days	11,728.12	5.55%	651.26
91-180 days	595.01	34.47%	205.11
181-270 days	815.74	70.54%	575.45
271-360 days	811.83	100.00%	811.83
> 360 days	1,755.71	100.00%	1,755.71
	59,372.58		4,739.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements in the allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables is as follows: *(Rs. in lakhs)*

	31 March 2020	31 March 2019
Balance as at 1 April	4,739.76	3,828.03
Utilised during the year	(656.37)	(161.28)
Impairment loss recognised	1,457.98	1,073.01
Balance as at 31 March	5,541.37	4,739.76

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities: *(Rs. in lakhs)*

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
31 March 2020					
Non-derivative financial liabilities					
Finance lease obligations	2,449.21	1,017.73	745.90	-	4,212.84
Trade and other payables	42,651.15	-	-	-	42,651.15
	45,100.36	1,017.73	745.90	-	46,863.99
31 March 2019					
Non-derivative financial liabilities					
Finance lease obligations	618.96	488.51	272.03	-	1,379.50
Trade and other payables	50,992.84	-	-	-	50,992.84
	51,611.80	488.51	272.03	-	52,372.34

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Group is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Exposure to currency risk

The summary quantitative data about the Group's unhedged exposure to currency risk as reported to the management is as follows: *(Rs. in lakhs)*

	31 March 2020				31 March 2019			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	16,018.84	3,281.98	4,039.65	2,719.54	15,048.59	2,678.51	7,279.53	2,831.59
Trade and other receivables	1,865.59	-	-	-	2,643.64	-	-	-
Net exposure in respect of recognised assets and liabilities	14,153.25	3,281.98	4,039.65	2,719.54	12,404.95	2,678.51	7,279.53	2,831.59

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (for 1% movement)	141.53	(141.53)	105.91	(105.91)
EURO (for 1% movement)	32.82	(32.82)	24.56	(24.56)
SGD (for 1% movement)	40.40	(40.40)	30.23	(30.23)
Others (for 1% movement)	27.20	(27.20)	20.35	(20.35)
	<u>241.95</u>	<u>(241.95)</u>	<u>181.05</u>	<u>(181.05)</u>
31 March 2019				
USD (for 1% movement)	124.05	(124.05)	80.70	(80.70)
EURO (for 1% movement)	26.79	(26.79)	17.43	(17.43)
SGD (for 1% movement)	72.80	(72.80)	47.36	(47.36)
Others (for 1% movement)	28.32	(28.32)	18.42	(18.42)
	<u>251.96</u>	<u>(251.96)</u>	<u>163.91</u>	<u>(163.91)</u>

In March 2020, the World Health Organization declared COVID 19 to be a Pandemic. The Group adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Group has evaluated the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets and liabilities and its internal financial controls. In performing such assessment, the Group has applied assumptions, considered internal and external information upto the date of approval of these consolidated financial results. The Actual impact of the global pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and Globally. The Group will continue to closely monitor any material changes to future economic conditions. Based on such assessment, the Group does not expect material impact on its carrying value of assets and liabilities.

40 Ind As 116

- (a) Impact on transition to Ind AS 116 - The Group has adopted Ind AS 116 "Leases" on all the lease contracts existing on 01 April 2019 using modified retrospective method on the date of initial application. Accordingly, comparative for the year ended 31 March 2019 have not been retrospectively adjusted. The impact of transition to Ind AS is summarised below:

(Rs. in lakhs)

Particulars	Amount*
Right of Use	2,670.08
Lease Liability	(2,670.08)

* excluding reclassification from PPE and borrowings.

- (b) The Group has taken vehicles, leasehold improvements, data processing equipment, office premises, warehouse and residential premises. These leases typically run for a period of eleven months to ninety six months, with an option to renew the lease after that date. For certain leases, the Group is restricted from entering into any sub-lease arrangements. Information about leases for which the Group is a lessee is presented below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Right-of-use assets

(Rs. in lakhs)

Particulars	Buildings	Land	Data processing equipment	Vehicles	Total
Balance as at 1 April 2019 (On adoption of Ind AS 116)	2,670.08	-	-	-	2,670.08
Reclassification pursuant to adoption of Ind AS 116 (refer note 4)*	-	371.79	1,082.72	271.44	1,725.95
Additions during the year	1,457.51	-	748.56	97.87	2,303.94
Depreciation charge for the year	1,537.58	5.04	605.68	153.50	2,301.80
De-recognition during the year	-	-	-	9.03	9.03
Balance as at 31 March 2020	2,590.01	366.75	1,225.60	206.78	4,389.14

The Group incurred Rs 323.32 lakhs for the year ended 31 March 2020 towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases is Rs. 2,464.58 Lakhs (including interest of Rs. 307.05 lakhs) for the year ended March 31, 2020, including cash outflow of short-term leases and leases of low-value assets. The Group has lease term extension options that are not reflected in the measurement of lease liabilities

* The incremental borrowing rate on the previously considered operating leases is 9%.

41 Research and development expenses

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Capital expenditure	584.51	170.81
Revenue expenditure	5,913.41	5,676.77
	6,497.92	5,847.58

42 Discontinued Operations

During the previous year, the Group has sold the Communications markets division for a total consideration of Rs. 3,771.00 lakhs. As part of the transaction the Group transferred fixed assets having a book value of Rs. 599.34 lakhs. The transaction resulted in a total gain of Rs. 3,171.66 lakhs to the Group.

During the previous year the Group has sold Cogent Division (part of Others segment) to Gemalto Digital Securities Private Limited as part of a global sale initiated by the Ultimate Holding Company for a total consideration of Rs. 942 lakhs during the year. As part of the transaction, the Group transferred fixed assets having a book value of Rs. 37.00 lakhs. This transaction resulted in a total gain of Rs. 905.00 lakhs to the Group.

(Rs. in lakhs)

Results of discontinuing operation	31 March 2020	31 March 2019
Revenues	-	782.93
Expenses	-	691.86
Profit before tax	-	91.07
Gain on disposal	-	3,171.66
Profit from discontinuing operations before tax	-	3,262.73
Income tax	-	959.24
Profit after tax	-	2,303.49

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Cash flows from discontinuing operations	31 March 2020	31 March 2019
Cash flow from Operating activities	-	91.07
Cash flow from Investing activities	-	-
Cash flow from Financing activities	-	-
Total	-	91.07
Sales consideration received	-	3,771.00
Net Cash flows for the year	-	3,862.07

43. Business combination

A. During the previous year, the board of directors at their meeting held on 30 May 2018 and shareholders through postal ballot on 26 July 2018, approved the investment of 100% shareholding in 3M Electro & Communications India Private Limited. Accordingly, the Company has entered into Share purchase agreement dated 31 October 2018 to acquire 100% equity interest in 3M Electro & Communications India Private Limited for a total consideration of Rs. 58,470 lakhs.

The above business combination is a common control transaction and has been accounted for using the pooling of interest method with effect from 1 April 2017. The Company as part of the business combination has acquired net assets of Rs. 9,188 lakhs resulting in an adjustment of Rs. 49,282 lakhs in the consolidated retained earnings as at 1 April 2017.

B. The Board of Directors of the Holding Company and 3M E&C, at their Meetings held on November 13, 2019 had approved the Scheme of Amalgamation ('the Scheme') of 3M E&C ('Transferor Company') with the Company under Section 233 of the Companies Act, 2013. The Appointed Date fixed under the Scheme was April 1, 2019. The Company sought approvals from Members and Creditors under Section 233(1)(b) of the Company's Act, 2013 by Special Resolutions through Postal Ballot notice dated January 21, 2020. The results of the voting by Postal Ballot were announced on February 28, 2020. As the Company did not get the requisite approvals of 90% of the total number of Shares and 90% of the value (amount) of Creditors, the Scheme of Amalgamation did not go through under Section 233(1)(b) of the Companies Act, 2013. The Company will go ahead with an alternate plan for the merger.

44. Additional information pursuant to para 2 of general instructions for preparation of the consolidated financial statements

Name of the entity	Net assets, i.e., Total assets minus Total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
Parent				
3M India Limited	118%	207,476.05	68%	21,897.25
Subsidiary				
3M Electro & Communications India Private Limited	10%	18,091.22	7%	2,329.67
Adjustment arising out of consolidation	29%	50,480.00	25%	7,990.00
Total		175,087.27		32,216.92

45. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended March 2020.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Place: Bengaluru

Partner

Date: 29 May 2020

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Ramesh Ramadurai

Managing Director

[DIN: 07109252]

Mamta Gore

Chief Financial Officer

[PAN: AKIPG9089M]

For and on behalf of the Board of Directors

Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

NOTES

A series of horizontal dotted lines for writing notes.



3M

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