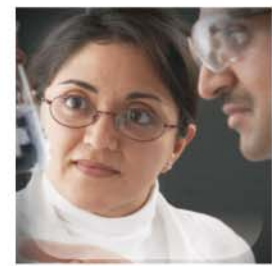




3M India Limited
Annual Report 2010-11

Partnering Innovating

Growing in India



Our Values

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



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Registered Office:

Plot No. 48-51, Electronics City, Hosur Road, Bengaluru - 560 100
• Tel: +91 80 2852 0203 • Fax: +91 80 2852 0576

Corporate Office:

Concorde Block, UB City, 24, Vittal Mallya Road, Bengaluru - 560 001
• Tel: +91 80 2223 1414 • Fax: +91 80 2223 1450

Message from the Chairman



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

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

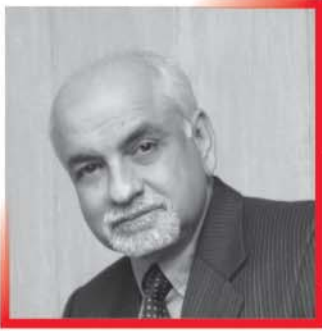
3M India is ready for a transformation and it is working with full vigour to take its "In India for India" strategy to reach the US \$ 1 billion goal. Your Company has taken its innovation to where its customers are by increasing its geographic coverage, investing in new R&D centers and introducing new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

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

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

D. J. Balaji Rao
Chairman





Message from the Managing Director

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

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

Geographic Expansion

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

Localization Acceleration

- Our "In India for India" theme gained further momentum with the commissioning of our new tape production line at our Pune (Ranjangaon) plant. Expansion of our corrosion protection line at our Ahmedabad plant is underway and commercial production on our new line for OH&ES products has begun. Construction has also commenced on a new abrasives line.
- Our state-of-the-art R&D facility at Electronics City, Bengaluru is tracking on-time and on budget and we will commence operations later this year. This infrastructure will accelerate our ability to drive 3M's renowned innovation engine. As an example, in 2010 your Company filed 14 patents and nearly 1/3rd of our sales came from new products that have included innovations in the health care, infrastructure, safety and consumer markets.
- We have received tremendous support from our parent organization at St. Paul towards these projects.

Leadership Development

- Developing leaders to drive our future, rapid growth is a key corporate imperative. This is particularly challenging in the fast growing Indian market. Your Company has been investing in building our human capital pipeline and we are now more than 1600 employees' strong.
- We invested about 24,760 man-hours of mandatory training for our people and also had the first ever Accelerated Leadership Development Programme (ALDP) for our high-potential employees.
- In addition, many of our employees have been provided developmental opportunities in other global roles within 3M.

Brand Building

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

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

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

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

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

Ajay Nanavati
Managing Director

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

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

We are 3M

Auto



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

Health Care

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



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

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

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

Retail



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

Construction



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

Infrastructure



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

Building bonds for faster growth and progress

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

Expanding Our Reach to Customers

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



Chennai



Kolkata



Pune



Mumbai



Gurgaon

Boosting Local Development

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



Bangalore Distribution Center



R&D Facility, Gurgaon



R&D Facility, Bengaluru (Under Construction)



Manufacturing Facility at Ranjangaon, Pune



Developing Future Leaders

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



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



Leaders Teach Leaders initiative to hone leadership skills.



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

Building the 3M Brand

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



Connecting to our customers with 3M Car Care Centers.



Increasing visibility of the 3M brand.



Touching lives with our CSR initiatives.

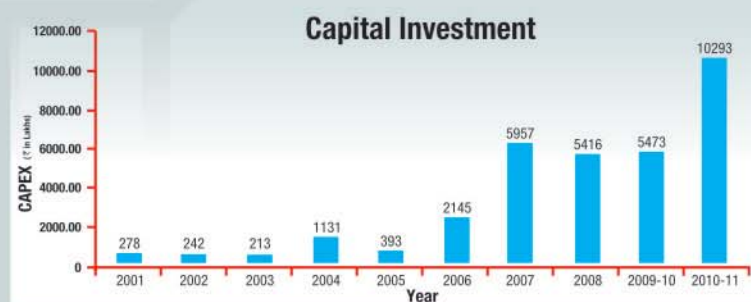
Ten Year Financial Highlights

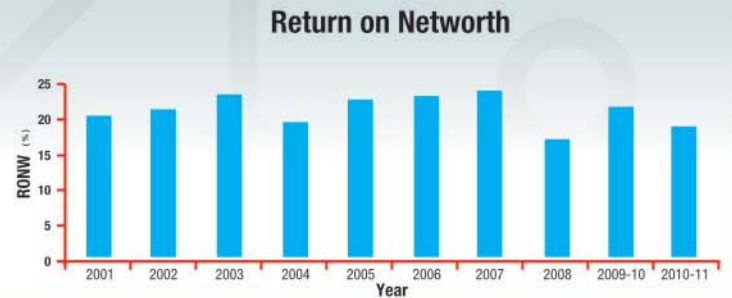
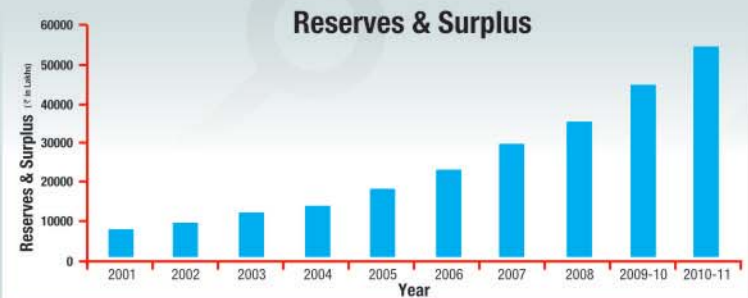
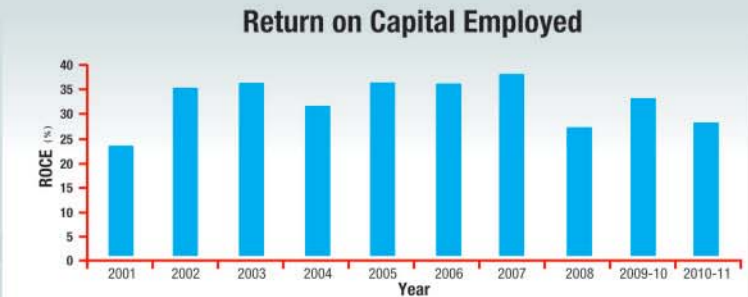
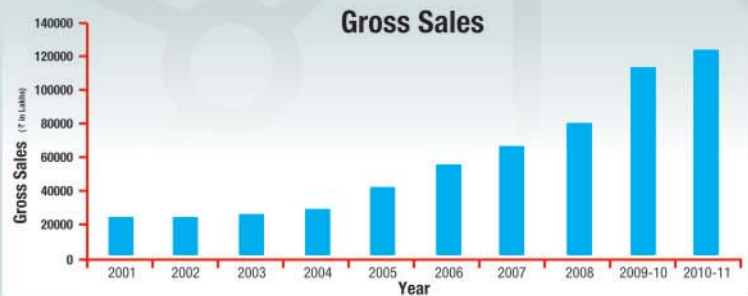
(₹ in Lakhs)

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

* Sales before Excise duty charged.

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





Board of Directors



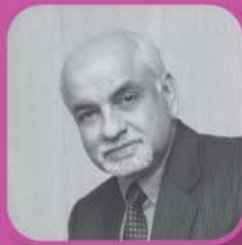
Mr. D. J. Balaji Rao
Chairman, Non-Executive and
Independent Director



Mr. B. S. Iyer
Non-Executive and
Independent Director



Mr. B. C. Prabhakar
Non-Executive and
Independent Director



Mr. Ajay Nanavati
Managing Director



Mr. Jose R Varela
(From April 01, 2011)
Non-Executive Director



Mr. B. V. Shankaranarayana Rao
Whole-time Director



Mrs. Sadhana Kaul
Whole-time Director

Company Secretary

Mr. V. Srinivasan (from October 27, 2010)
Mr. K. Ramesh Chandra (up to October 27, 2010)

Audit Committee

Mr. B. S. Iyer
Mr. D.J. Balaji Rao
Mr. B.C. Prabhakar
Mr. Richard Lee Becker (up to April 01, 2011)
Mr. Jose R Varela (from April 01, 2011)

Chairman
Member
Member
Member

Shareholders'/Investors' Grievance Committee

Mr. D.J. Balaji Rao
Mr. B. S. Iyer
Mr. B.C. Prabhakar
Mr. Ajay Nanavati

Chairman
Member
Member
Member

Bankers

BNP Paribas
Canara Bank
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

M/s. Lovelock & Lewes
Chartered Accountants
5th Floor, Tower "D", The Millenia,
1 & 2 Murphy Road, Ulsoor,
Bangalore- 560 008

Registrar & Transfer Agent

Karvy Computershare Private Limited
Plot No.17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 034
Tel: 040-44655000 • Fax: 040-23440814

3MINDIA LIMITED

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

NOTICE TO THE MEMBERS

NOTICE is hereby given that the TWENTY FOURTH Annual General Meeting of the Company will be held at 10.30 A.M. on Thursday, the 28th July 2011 at Sigma Hall, Hotel Chancery Pavilion, 135, Residency Road, Bangalore – 560 025, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B.C. Prabhakar, who retires by rotation and, being eligible, seeks re-appointment.
3. To appoint a Director in place of Mr. Jose R Varela, who retires by rotation and, being eligible, seeks re-appointment.
4. *To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:*
“RESOLVED THAT the retiring Auditors, Messrs. Lovelock & Lewes, Chartered Accountants, (Registration No.301056E) being eligible for reappointment, be and are hereby appointed as Auditors of the Company for the financial year ending March 31, 2012, to hold office until the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors.”

SPECIAL BUSINESS:

5. *To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:*
“RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on April 27, 2007 and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, approval of the Company be and is hereby accorded to the revision in the salary of Mr. B.V. Shankaranarayana Rao, Whole-time Director, to take effect from April 01, 2011, for the unexpired period of his term, upon the terms and conditions set out in the explanatory statement annexed to the notice convening this Annual General Meeting.”
6. *To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:*
“RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on July 26, 2010 and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, approval of the Company be and is hereby accorded to the revision in the salary of Mrs. Sadhana Kaul, Whole-time Director, to take effect from April 01, 2011, for the unexpired period of her term, upon the terms and conditions set out in the explanatory statement annexed to the notice convening this Annual General Meeting.”

By Order of the Board

Place : Bangalore
Date : May 28, 2011

V.Srinivasan
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business is annexed hereto.
3. The Register of Members and the share transfer books of the Company will remain closed from July 22, 2011 (Friday) to July 28, 2011 (Thursday), both days inclusive.
4. The shares of the Company are mandated by the 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.
5. The Registrar and Transfer Agent M/s. Karvy Computer Share Private Limited, Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 034, is handling registry work in respect of shares held both in physical form and in electronic/demat form.
6. **Members are requested to bring their copy of the Annual Report to the Annual General Meeting.**

NOTICE TO THE MEMBERS

7. In respect of items 2 and 3 of the Notice, members may refer Additional Information on Directors recommended for re-appointment under clause 49 of the Listing Agreement.
8. The Securities and Exchange Board of India (SEBI) vide circular ref. no. MRD/DoP/Cir-05/ 2009 dated May 20, 2009, has clarified that for securities market transactions and off-market / private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company / RTAs for registration of such transfer of shares.

Further, SEBI vide circular Ref.no. MRD/DoP/SE/ RTA / Cir-03/2010 dated January 07, 2010, has clarified that for deletion of name of the deceased shareholder(s), transmission of shares to the legal heir(s) and for transposition of shares, it shall be mandatory to furnish a copy of PAN card to the Company /RTAs.

9. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 stating that the companies can now despatch their documents to the shareholders through electronic mode. As a result, the Companies are now permitted to send various notices/ documents to the shareholders on their registered e-mail address and will be deemed for serving notices/documents including those covered under Section 219 of the Companies Act, 1956(the Act) read with Section 53 of the Act.

In view of the above circular, we propose to send in future all documents including the Annual Report, which inter alia, includes notice convening Annual General Meeting, Auditors' Report, Directors' Report and Financial Statements, in electronic form to the email address registered by you and made available to us by the Depositories.

The members of the Company holding shares in physical form are requested to send their e-mail ids to the Company's Registrar & Transfer Agent (e-mail address mentioned in the Annual report under Corporate Governance), for future correspondences by the Company to the members through this mode. Further, in case of members holding shares in electronic form who wish to change their registered e-mail address, they are requested to inform the respective Depository Participants accordingly.

The company is sure that the members would welcome the "Green Initiative" taken by MCA and the Company's desire to participate in the same going forward, as it will ensure prompt receipt of communication and avoid loss in postal transit.

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR RE-APPOINTMENT UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

Item No. 2

Mr. B.C. Prabhakar, 68, has been on our Board since December 11, 2006. He has been a Practicing Lawyer since April 1970 and Management Consultant on Labour Laws and Service matters. He is working President of Karnataka Employers' Association, which is the leading and oldest Employers' Association in the State of Karnataka. He is serving the Employers community by representing the problems of the managements to the State Governments, Central Government. He has represented the Employers at various International Forums including International Labour Organisation both in India and abroad. He is an Employers Nominee of Employees State Insurance Corporation, New Delhi, He has attended Indian Labour Conference for the past ten years which is the highest Tripartite Forum consisting of Representatives of Employers, Workers and Government.

He holds a B.A Degree in Political Science & Sociology and a B.L Degree from Mysore University. He serves as a Non-Executive Director of Wipro Limited and Automotive Axles Limited.

He is a member of the Audit, Risk and Compliance Committees and Chairman of the Administrative and Shareholders'/Investor Grievances Committee in Wipro Limited and is also a member of the Audit Committee and Shareholders' / Investor Grievances Committee of Automotive Axles Limited. He is a member of the Company's Audit Committee and Shareholder' Grievance Committee.

Other Directorships:

Wipro Limited
Automotive Axles Limited

He does not hold any shares in the Company.

Item No. 3

Mr. Jose R Varela, 44, was appointed as a Director at the Board Meeting held on January 28, 2011 pursuant to Section 262 of the Companies Act, 1956, in the vacancy arising from the resignation of Mr. Richard Lee Becker with effect from April 01, 2011. Mr. Jose R Varela is a Non-Executive Director on the Board of the Company and holds office up to the date of this Annual General Meeting.

Mr. Jose R Varela joined 3M, El Salvador in September 1989 as a Treasurer and Financial Supervisor. He has held various positions in 3M in Costa Rica, Panama, Chile and US.

He has been appointed as Director - Finance, Asia Pacific effective April 01, 2011. Mr. Jose R Varela has held a number of positions that

NOTICE TO THE MEMBERS

prepared him well for his new role including Finance Director for Supply Chain and Latin America; Director for Global Business Process; Managing Director 3M Chile; General Manager 3M Panama; Finance Manager Central America and prior work experience with CORFINSA Bank and KPMG in San Salvador.

Mr. Jose R Varela studied Business Administration at Universidad Catolica, U.C.A., San Salvador.

He was the Founder and President of the Board of Chilean-Central American Chamber of Commerce during 2001-2004. He was also a Member of the Board and President of the Commerce Committee for AMCHAM Chile during the FTA negotiations with USA during 2003-04.

He is a member of the Company's Audit Committee of the Board of Directors effective April 01, 2011.

He does not hold any shares in the Company.

Other Directorships:

3M Taiwan, Acting Supervisor

Sumitomo 3M, Outside Statutory Auditor

Korea Sun Abrasives Co. Limited, Outside Statutory Auditor

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 5

The appointment of and remuneration payable to Mr. B.V. Shankaranarayana Rao was approved by the shareholders at the Annual General Meeting held on April 27, 2007 for the period from April 01, 2007 to March 31, 2012. In partial modification of the resolution passed at the Annual General Meeting as aforesaid, it is proposed to revise the salary of Mr. Shankaranarayana Rao as under, taking into account the Company's growth, increase in business complexities, competitive situation and increase in responsibilities:

Salary including allowances and Incentives (excluding Perquisites): Not exceeding Rs.15 Lakhs per month.

Perquisites	: He will be entitled to all the perquisites listed herein below in addition to the Salary including allowances and incentives mentioned above.
Personal Accident Insurance	: In accordance with the rules of the Company as applicable to the senior managers.
Club Fees	: In accordance with the rules of the Company as applicable to the senior managers.
Provident Fund/Pension	: Contribution to Provident Fund and Pension Fund in accordance with the rules of the Company as applicable to the senior managers, to the extent such contributions, either singly or put together are not taxable under the Income Tax Act, 1961.
Gratuity	: In accordance with the rules of the Company as applicable to the senior managers.
Company car and driver	: The Company shall provide a car with the driver for business and personal use in accordance with the rules of the Company as applicable to the senior managers.
Telephone Facility at Residence	: Telephone facility shall be provided as per Company policy applicable to the senior managers.
Other perquisites	: He will be entitled to all other perquisites in accordance with the rules of the Company as applicable to the senior managers.
	The perquisites stated above shall be valued as per Income Tax Act, 1961, wherever applicable, and in the absence of any provisions in the said Act, the perquisites shall be valued at actuals.
Minimum Remuneration	: Notwithstanding anything herein above stated where in any accounting year closing after March 31, 2011, the Company incurs a loss or its profits are inadequate, the Company subject to the approval of Central Government shall continue to pay the same remuneration as stated above but subject to being within the overall limits on managerial remuneration as provided under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act. The Board of Directors shall communicate the Central Government approval including any revision in the terms of remuneration to Mr. B.V. Shankaranarayana Rao for his acceptance.

All other terms and conditions as approved at the Annual General Meeting held on April 27, 2007 remain unchanged.

NOTICE TO THE MEMBERS

Mr. Shankaranarayana Rao may be deemed to be concerned or interested in the above, since it relates to the terms and conditions of his appointment.

This statement read along with the resolution may be deemed as an abstract of the variation of the terms of appointment required to be sent to the shareholders of the Company in terms of Section 302 of the Companies Act, 1956.

Item No. 6

The appointment of and remuneration payable to Mrs. Sadhana Kaul was approved by the shareholders at the Annual General Meeting held on July 26, 2010 for the period from October 09, 2009 to October 08, 2014. In partial modification of the resolution passed at the Annual General Meeting as aforesaid, it is proposed to revise the salary of Mrs. Sadhana Kaul as under, taking into account the Company's growth, increase in business complexities, competitive situation and increase in responsibilities:

Salary including allowances and Incentives (excluding Perquisites): Not exceeding Rs.15 Lakhs per month.

Perquisites	: She will be entitled to all the perquisites listed herein below in addition to the Salary including allowances and incentives mentioned above.
Company Leased Accommodation	: Furnished Company leased accommodation in accordance with the rules of the Company as applicable to the senior managers.
Personal Accident Insurance	: In accordance with the rules of the Company as applicable to the senior managers.
Club Fees	: In accordance with the rules of the Company as applicable to the senior managers.
Provident Fund/Pension	: Contribution to Provident Fund and Pension Fund in accordance with the rules of the Company as applicable to the senior managers, to the extent such contributions, either singly or put together are not taxable under the Income Tax Act, 1961.
Gratuity	: In accordance with the rules of the Company as applicable to the senior managers.
Company car and driver	: The Company shall provide a car with the driver for business and personal use in accordance with the rules of the Company as applicable to the senior managers.
Telephone Facility at Residence	: Telephone facility shall be provided as per Company policy applicable to the senior managers.
Other perquisites	: She will be entitled to all other perquisites in accordance with the rules of the Company as applicable to the senior managers. The perquisites stated above shall be valued as per Income Tax Act, 1961, wherever applicable, and in the absence of any provisions in the said Act, the perquisites shall be valued at actuals.
Minimum Remuneration	: Notwithstanding anything herein above stated where in any accounting year closing after March 31, 2011, the Company incurs a loss or its profits are inadequate, the Company subject to the approval of Central Government shall continue to pay the same remuneration as stated above but subject to being within the overall limits on managerial remuneration as provided under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act. The Board of Directors shall communicate the Central Government approval including any revision in the terms of remuneration to Mrs. Sadhana Kaul for her acceptance.

All other terms and conditions as approved at the Annual General Meeting held on July 26, 2010 remain unchanged.

Mrs. Sadhana Kaul may be deemed to be concerned or interested in the above, since it relates to the terms and conditions of her appointment.

This statement read along with the resolution may be deemed as an abstract of the variation of the terms of appointment required to be sent to the shareholders of the Company in terms of Section 302 of the Companies Act, 1956.

By Order of the Board

Place : Bangalore
Date : May 28, 2011

V.Srinivasan
Company Secretary

REPORT OF THE DIRECTORS

To the Members of 3M India Limited

Your Directors have pleasure in presenting to you their 24th Annual Report of the Company with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

The following are the working results:

Particulars	<i>(Rs. in Lakhs)</i>		
	For the year ended March 31, 2011 (12 Months) (Audited)	For the year ended March 31, 2010 (12 Months) (Un-audited)	For the year ended March 31, 2010 (15 Months) (Audited)
Total Income (excluding Excise Duty)	1202,40.89	917,81.98	1106,78.85
Of which export of goods & services	42,33.88	26,65.03	27,36.07
Less: Total Expenditure	1054,34.43	796,88.95	965,91.83
Profit before Taxation	148,06.47	120,93.02	140,87.02
Less: Provision for Taxation	49,25.75	40,77.49	48,03.35
Profit after Taxation	98,80.72	80,15.53	92,83.67

COMPANY PERFORMANCE

On a like to like basis i.e. comparing the results for the financial year ended March 31, 2011 with the un-audited results for the 12 months ended March 31, 2010, your Company registered an overall turnover growth of 31% and improved the operating margins by 22%. Net profit after taxation grew by 23%. The Industrial and Transportation business grew by 36%; Health Care business grew by 15%; Display and Graphics business grew by 52%; Consumer and Office business grew by 22% and Safety, Security and Protection Services business grew by 14%. Exports grew by 97%. Earnings per share for the period 2010-11 were Rs.87.71, a growth of 23%.

CAPITAL INVESTMENTS

Capital Investments during the year 2010-11 was at Rs. 102,92.85 Lakhs (2009-10: Rs. 54,72.80 Lakhs).

DIVIDEND

In view of the ongoing investment plans as well as future investments plans which will be executed towards expansion of Manufacturing facilities and setting up of Research and Development facilities, it has been decided to conserve and retain our earnings.

DIRECTORS

Mr. Richard Lee Becker ceased to be Director of the Company from April 01, 2011 consequent upon his appointment as Director - Finance, Industrial and Transportation Business in US effective April 1, 2011.

The Board places on record their sincere appreciation for the valuable contributions made by Mr. Richard Lee Becker to the deliberations of the Board and Sub-Committees of the Board during his tenure as Director.

Mr. Jose R Varela was appointed a Director of the Company from April 01, 2011 in accordance with Section 262 of the Companies Act 1956, in the vacancy arising from the resignation of Mr. Richard Lee Becker. The Board of Directors welcomes Mr. Jose R Varela to the Board.

Mr. B.C. Prabhakar and Mr. Jose R Varela are liable to retire by rotation and offer themselves for re-election.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report accompany this report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with a Certificate from a Practising Company Secretary regarding compliance to the Conditions stipulated under Clause 49 of the Listing Agreement is set out in the Annexure to the Directors' Report.

REPORT OF THE DIRECTORS

PARTICULARS OF EMPLOYEES

The Company had 1597 employees as of March 31, 2011. During the year, 20 employees employed throughout the year and 1 employee employed for part of the year were in receipt of remuneration of Rs. 60 Lakhs or more per annum / Rs. 5 Lakhs or more per month.

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees), Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all members of the Company excluding the aforesaid information about the employees. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered / Corporate Office of the Company and the same shall be provided by the Company.

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

Information required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is set out in the Annexure to the Directors' Report.

SAFETY, HEALTH AND ENVIRONMENT

The Company accords high priority to health, safety and environment. The Company has three Manufacturing Plants in operation in India. All these plants are certified ISO 14001: 2004 for their Environmental Management Systems. The initiative of obtaining this certification is in strict adherence to 3M's Environmental Policy. The Company emphasises maintaining a healthy and safe environment in and around its facilities as well as contract sites where ongoing projects are under execution. Safety awareness is inculcated through regular Safety awareness programs; basic fire safety training, mock drills etc. There has been no incidence of any accidents reported during the year under review.

AWARDS AND RECOGNITION

The Company received following awards and recognitions for its achievements:

- 3M Car Care, a division of the Company, was recognised for Best Performance at the Hyundai Customer Care Service Vendors Convention in Delhi.
- Honda Seil Car India, one of our top customers ranked the Company as No.1 out of 103 suppliers.
- Honda Motorcycle & Scooter India (HMSI) recognised the Company as their top supplier for 2010-11 for QCDDM which covers parameters like quality, cost, delivery, development and management.
- The Electronic City plant won the 3rd prize for 5S Excellence organised by the Confederation of Indian Industry (CII) for the Manufacturing Sector (Medium Scale).

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments that occurred affecting the financial position of the Company between March 31, 2011 and the date on which this report has been signed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, the Whole-time Management state that:

- i) in the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of its profits for the year ended March 31,2011;
- iii) they have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv) they have prepared the financial statements for the year ended March 31,2011 on a going concern basis.

FIXED DEPOSITS

During the year under review, the Company has neither accepted nor renewed any deposits from public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

REPORT OF THE DIRECTORS

AUDITORS

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

ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation to all employees in the Company, for their sustained efforts and immense contributions to the good levels of performance and growth that your Company has achieved during the year.

The Directors express their gratitude to the Central Government and the State Governments of Karnataka, Maharashtra and Gujarat for the support given to the Company. The Directors also thank all customers, dealers, suppliers, banks, members and others connected with the business of the Company for their co-operation.

On behalf of the Board of Directors

Place : Bangalore
Date : May 28, 2011

Ajay Nanavati
Managing Director

B.V. Shankaranarayana Rao
Whole-time Director

ANNEXURE TO THE DIRECTORS' REPORT

[Particulars required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988].

1. CONSERVATION OF ENERGY

The Company's Plant Engineering team periodically reviews and monitors energy consumption and significant savings have been made during the previous year under review through small team activities and improved productivity. No specific additional investments were made or implemented, for reduction of energy consumption during the previous year.

2. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

A. RESEARCH & DEVELOPMENT

1. Specific areas in which Research & Development were carried out by the Company	<p><u>Industrial and Transportation Business:</u></p> <ul style="list-style-type: none"> - Pressure sensitive adhesives development for tape and label products. - Polymer based additive development for films. - Products developed for acoustic insulation and Car Detailing treatments for interiors. - Automation equipment design and development for automotive applications. <p><u>Health Care Business:</u></p> <ul style="list-style-type: none"> - Infection prevention range of products. - Advanced wound care products. <p><u>Safety, Security and Protection Services Business:</u></p> <ul style="list-style-type: none"> - Coatings for external corrosion protection and internal coating of pipelines. - Radio Frequency Identification (RFID) based solutions for library systems. <p><u>Consumer and Office Business:</u></p> <p>Floor, kitchen & bathroom cleaning solutions - wipes, scrubbers, mops, and cleaning tools.</p> <p><u>Display and Graphics Business:</u></p> <ul style="list-style-type: none"> - Design and development capabilities for moulded plastic products for road furniture. - Processing and development of polymer products and weatherable materials for Traffic safety products.
2. Benefits derived as a result of the above Research & Development	<ul style="list-style-type: none"> - New products and applications developed to serve specific needs of the Indian market. - Improved system cost solutions for our customers and end users. - Business Growth.
3. Future plan of action	<ul style="list-style-type: none"> - Further localization of manufacturing of products to meet Indian market needs. - Development of products specific for Indian market, especially in the areas of Corrosion Protection, Automotive, Adhesives and Tapes, Abrasive products for industrial and consumer markets, Medical products.
<p>4. Expenditure on Research & Development</p> <p>a) Capital</p> <p>b) Recurring</p> <p>c) Total</p> <p>d) Total Research & Development expenditure as a percentage of total turnover</p>	<p>(Rs.in Lakhs)</p> <p>22,25.66</p> <p>18,06.23</p> <p>40,31.89</p> <p>3.35%</p>

ANNEXURE TO THE DIRECTORS' REPORT

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made :

Company is focused 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. Technology absorption from the parent company continues. Internal practices and procedures are in place for adoption of new technologies.

2. Benefits derived:

New products have been introduced in several market segments such as: Industrial and Transportation business, Health Care business, Safety, Security and Protection Services business and Consumer business.

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 aftermarket products, healthcare products, especially in the area of infection prevention, and non-wovens for consumer and industrial 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.8,97.84 Lakhs for the financial year April 1, 2010 to March 31, 2011.

3. 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 resulted in increase of 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.7,38.86 Lakhs for contract research and Rs. 6,36.48 Lakhs for support Services/Corporate Management Fees.

2. Total Foreign Exchange earned and used:

During the period under review, Foreign Exchange earnings were Rs. 42,84.14 Lakhs and Foreign Exchange outgo was Rs. 520,04.45 Lakhs.

On behalf of the Board of Directors

Place : Bangalore
Date : May 28, 2011

Ajay Nanavati
Managing Director

B.V. Shankaranarayana Rao
Whole-time Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Cautionary Statement:

Investors are cautioned that this discussion in this section of the Annual report may contain statements that involve risks and uncertainties. Words such as anticipate, believe, estimate, intend, will and expect and other similar expressions are intended to identify such forward looking statements. Company cannot guarantee that these assumptions and expectations are accurate or will be realised. Consequently, actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The information contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other person(s) without prior written permission of the company.

ABOUT 3M INDIA LIMITED

3M is a diversified technology Company with a global presence. Our product range has applications for diverse markets in India, viz. Construction, Transportation, Hospitals, General Industry, Aerospace, Railways, Highways, Defence, Security, Mining, Oil & Gas, Marine, Homes to name a few.

3M India manages its operations in five operating business segments: Industrial and Transportation Business; Health Care Business; Display and Graphics Business; Consumer and Office Business and Safety, Security and Protection Services Business. 3M India's five business segments bring together common or related 3M technologies that enhance the development of innovative products and services.

During the period under review, your Company made certain business segment realignments that included product moves between its business segments and reporting changes.

3M products are sold through numerous distribution channels, including directly to users and through numerous wholesalers, retailers, jobbers, distributors and dealers in a wide variety of trades in many countries around the world. The Management of your Company believes that the confidence of wholesalers, retailers, jobbers, distributors and dealers in 3M and its products has contributed significantly to 3M India's growth and its position in the marketplace.

Forward-looking statements relate to future events and typically address the Company's expected future business and financial performance. In particular, these include, among others, statements relating to the Company's:

- strategy for growth, future revenues, earnings, cash flow, uses of cash and other measures of financial performance, and market position,
- worldwide economic and capital markets conditions, such as interest rates, foreign currency exchange rates, and financial conditions of our suppliers and customers,
- new business opportunities, product development, and future performance or results of current or anticipated products,
- the scope, nature or impact of acquisition, strategic alliance and divestiture activities,
- the outcome of contingencies, such as legal and regulatory proceedings
- future levels of indebtedness and capital spending,
- future availability of and access to credit markets, and
- the effects of changes in tax, and other laws and regulations

ECONOMIC OVERVIEW

The world economy is moving from a post crisis recovery to slower but solid growth this year and next year, with developing countries contributing almost half of global growth.

The global economy is forecasted to grow by around 4.4% in 2011. The output of emerging and developing economies is projected to grow at 6.4% for the year 2011. However in case of advanced economies, it is projected to be only 2.2% for the year 2011.

The Indian Economy has emerged with remarkable rapidity from the slowdown caused by the global financial crisis of 2007-09 with a growth of 8.6% (advance estimate) in 2010-11 and an expected 9% next year (2011-12). Last year (2010-2011), the Indian economy was characterised by robust economic growth and steady fiscal consolidation. This growth is visible in all sectors of the economy: the agricultural sector is seeing renewed growth, the manufacturing sector continues its momentum, and private services are showing growth as well. Inflation continues to be high even though it has come down markedly from where it was at the start of the fiscal year. There are structural challenges that we face, concerning economic governance, efficiency in delivery of subsidies and building up of infrastructure. Policies formulated to take care of these can help moderate inflation, accelerate economic inclusion, boost investment and infrastructure, and enable agriculture productivity, which has revived remarkably well this year, to be on a sustained high growth path.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

On the demand side, a rise in savings, investment and private consumption have resulted in strong GDP growth at constant market prices of 9.7% in 2010-11. A sequential and gradual withdrawal of monetary accommodation is helping contain inflationary pressures. Services have been India's engine of growth and employment. Policies to promote further opportunities may be essential, especially given the vast opportunities in new areas sparked by global demand. Infrastructure services are expanding rapidly, as are service delivery standards, thanks to rising and accelerated investment (with rates roughly doubling over the Eleventh Plan period)-from aviation, roads and telecommunications to ports, railways and power.

On the downside, risks of global events, particularly movement in prices of commodities like crude oil (exacerbated by the political turmoil in the Middle East), remain. However, the Indian economy is poised for further improvement and is expected to consolidate in terms of key macroeconomic indicators. High commodity prices, hardening of interest rates and inflation will remain key challenges and will need focused attention.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company was able to maintain the growth momentum during this year ended March 31, 2011 through operational excellence, localisation and the wide range of market segments in which the Company operates.

On a like to like basis i.e. comparing the results for the financial year ended March 31, 2011 with the un-audited results for the 12 months ended March 31, 2010, your Company registered an overall turnover growth of 31% and improved the operating margins by 22%. Net profit after taxation grew by 23%. The Industrial and Transportation business grew by 36%; Health Care business grew by 15%; Display and Graphics business grew by 52%; Consumer and Office business grew by 22% and Safety, Security and Protection Services business grew by 14%.

OPERATIONAL HIGHLIGHTS

The following are some of the highlights of the Company for the year ended March 31, 2011.

- New R&D facility at Gurgaon, New Delhi.
- Construction of the new R&D at Electronics City.
- New Branch offices at Kolkata, Chennai and Pune.
- Increase in localisation efforts.
- Filed 14 patents and launched over 23 local new product innovations that included innovations in the consumer range of utensil and floor cleaning products, infection prevention and tape products for hospitals, double coated tapes and labels for converter markets, traffic and road safety products, automotive fillers and putties for car body repair, etc.,
- PR efforts to increase the visibility of the 3M brand through coverage in major newspapers, magazines etc.,
- India's First Car Care Center was launched at Bangalore on a franchisee model.
- New programmes to develop leadership talent and groom employees for high growth ahead.
- The Corrosion Protection Products (CPP) Plant in Ahmedabad set up a new lab to promote the development of new products and applications.
- The Electronics City plant, Bangalore launched the Power of P initiative, an all in one initiative to eliminate all forms of waste, increase productivity and cost effectiveness.
- New tape production line inaugurated at the Ranjangaon plant which will manufacture double coated tissue tapes, double coated polyester tapes and performance labels.

OPPORTUNITIES AND THREATS

As is usual, your Company faces normal competition in all its businesses, from Indian as well as international companies.

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

SEGMENT-WISE PERFORMANCE

The Analysis of the business segments of the Company are summarised below:

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) INDUSTRIAL AND TRANSPORTATION BUSINESS:

The Industrial and Transportation Business Segment serves a broad range of markets, such as general industry, appliances, paper and packaging, food and beverage, electronics, automotive Original Equipment Manufacturer (OEM), automotive aftermarket (auto body shops and retail) to name a few. Our Industrial and Transportation business has products that include tapes, a wide variety of coated and non-woven abrasives, adhesives, specialty materials, components and products that are used in the manufacture, repair and maintenance of automotive, marine, aircraft and specialty vehicles. 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.

		Rs. in Lakhs	
		12 Months Ended 31.03.11	15 Months Ended 31.03.10
Financial Highlights	Segment Revenue Profit before Interest & Tax Capital Employed	547,51.83 71,10.71 206,94.07	482,22.44 47,69.07 153,75.56
Highlights	<ul style="list-style-type: none"> - Entry in high volume retail segments with specific product lines. - Growth in sales which is attributed to market share gains, account penetration, organic growth and new product introductions. - Continuous development and implementation of specific programs focused on markets like Automotive OEMs and Tier 1 Auto component manufacturers, Auto-aftermarket. - Focus on both the OEM and the aftermarket segments of the automotive industry to leverage the high growth that this industry is currently experiencing. - Entry into independent Car Detailing through franchised Car Care Stores. - Entry into Micro, Small and Medium Enterprises segment with specific product lines. 		

(B) HEALTH CARE BUSINESS

Our Health Care business segment serves markets that include large multi-specialty hospitals and small clinics, dental and orthodontic practitioners, processed food manufacturers and pharmaceutical companies. Our offerings 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.

		Rs. in Lakhs	
		12 Months Ended 31.03.11	15Months Ended 31.03.10
Financial Highlights	Segment Revenue Profit before Interest & Tax Capital Employed	158,78.92 10,41.12 33,27.95	164,54.85 15,99.27 26,28.30
Highlights	<ul style="list-style-type: none"> - ISO 9001 & ISO 13485 certified Medical Focus Factory commissioned. - In India, Procedure Drape packs were introduced and in-house manufacturing of Rapid Multi Enzyme Cleaner and Tapes was started. - Improved distribution & coverage, strong momentum seen in Prescription Pharmacy Tapes. - New product Introductions ahead of the plan. - Lab & Digital dental business saw high growth with scanners being installed across the country. - The Company is actively contributing to improve the standards of Healthcare Industry though participation in BIS committees, Technical Committees and various other Government Committees. - Expansion of Food Safety business through successful entry into Dairy, Beverage and other Food processing Industry. - Orthodontic business increased coverage to all customer segments. 		

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(C) SAFETY, SECURITY AND PROTECTION SERVICES BUSINESS :

Safety, Security and Protection Services business segment serves a broad range of markets that increase the safety, security & protection of workers, facilities and systems. Major product offerings 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.

		Rs. in Lakhs	
		12 Months Ended 31.03.11	15 Months Ended 31.03.10
Financial Highlights	Segment Revenue Profit before Interest & Tax Capital Employed	170,93.73 18,78.75 92,62.19	191,21.78 36,87.32 75,77.67
Highlights	<ul style="list-style-type: none"> - Significant improvement seen in Industrial production helped increase safety awareness and this helped boost the demand for safety products. Project delays and increased material cost impacted the execution of pipeline projects thus decreasing demand. - The opening up of the economy helped IT , ITES, Hospitality and the continued investment in infrastructure created demand for Track and trace, security and protection products. 		

(D) CONSUMER AND OFFICE BUSINESS:

The consumer and Office Business portfolio from 3M, has some very well established brands such as- Scotch-Brite® brand, that include Scour Pads, Scotch-Brite® Scrub Sponges, Scotch-Brite™ Floor Cleaning range; Scotch® brand products, such as Scotch® Magic™ Tape, Scotch® Glue Stick, Scotch® Packaging Tapes, Scotch® Utility Tapes; Post-it® Brand products, such as Post-it® Flags, Post-it® Note Pads, and Post-it® Pop-up Notes and Dispensers. These brands have become household names & categories by themselves in the Indian market.

		Rs. in Lakhs	
		12 Months Ended 31.03.11	15 Months Ended 31.03.10
Financial Highlights	Segment Revenue Profit before Interest & Tax Capital Employed	96,92.49 (2,21.12) 20,13.01	95,09.63 (38.77) 12,40.32
Highlights	<ul style="list-style-type: none"> - Expansion of the Scotch-Brite® brand beyond utensil care, into newer categories through the 'HELPING HAND' positioning. - The Home Care range extended its portfolio into the Floor Category & gained foothold. - The stationary range expanded the tapes category with the Scotch® Magic Tapes, targeting the students market & increased penetration. - Strong communication support to the brands on Mass media (TV) to establish the brands with target consumers. - With resurgence of Modern trade, partnership with key retail chains increased. - With the overall buoyancy in the economy, the Office channel also bounced back with higher topline sales. 		

(E) DISPLAY AND GRAPHICS BUSINESS

Display & Graphics Business is an amalgamation 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 offers a host of road safety services and motor vehicle safety solutions. The offerings 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 which help create static and dynamic graphics for retail signs, buildings, vehicles, commercial-space exteriors and interiors as also a multi-segment brand-owner focus

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

service offering. AMD offers wall and glass cladding products coupled with architectural interior services and environmental graphics for home and office spaces. MISD caters to the electronic displays market addressing the needs for projection systems, computer and ATM-screen privacy filters and brightness enhancement films for television, avionics and automotive displays.

Rs. in Lakhs

		12 Months Ended 31.03.11	15 Months Ended 31.03.10
Financial Highlights	Segment Revenue	172,81.01	138,73.48
	Profit before Interest & Tax	20,84.70	20,43.90
	Capital Employed	64,19.06	44,56.10
Highlights	<ul style="list-style-type: none"> - The Company was chosen as the preferred supplier for traffic signs for the city roads, printable graphics for the stadia and wall-glass cladding solutions for the new T3 International Terminal at the Indira Gandhi International Airport during the 2010 Common Wealth Games at Delhi. - Successfully launched the Roadway Maintenance Services (RMS) as a turn-key offering for supply & installation of street furniture. - The Company was chosen by Bharti Airtel to roll out their new brand identity through in-store graphics and signage across all its exclusive outlets across India as an end-to-end project service. - Entered the promotional graphics market with the launch of a range of low-cost vinyl and banner products. The range was launched along with a loyalty program - Voyage - targeted at large-format printing organizations. - 3M Digital-Out-of-Home was chosen by Union Bank of India and IndusInd Bank amongst others to roll out their digital signage network across its branches in India. - Architectural Markets Division (AMD) was created and formalized as a separate division globally, with a view to focus completely on the Architect/ Interior Designer market. - Made in-roads into Architectural Interior Services (AIS), by bagging first orders from leading banks such as Bank of America & ICICI Bank Ltd. - Expanded portfolio with increased focus on both DI-NOC and Fasara for wall cladding and glass cladding respectively. Market penetration of these products has increased. - Strengthened position as the leading supplier of Frosted Glass Etching films. - With the inception of Mobile Interactive Solutions Division (MISD), the globally-successful range of 'Gold privacy filters' was launched in India. - Increased penetration in key accounts within privacy filter markets. - Strengthened share in the projector systems market with improved focus in education segment. 		

OUTLOOK

For the year 2011-12, your Company expects sales growth and overall outlook to be positive and will be able to maintain a similar level of growth achieved last year. This expected sales growth and related incremental operating income is considered after taking into account factors such as; stable rupee against all major currencies, sustained investments in infrastructure by the State and Central Governments and focus on health care etc.. Your Company will continue to focus on its localisation efforts, innovative R&D, development of new customer segments and expansion of current market segments to secure competitive growth. Forward-looking statements as mentioned above may involve risks and uncertainties that could cause results to differ materially from those projected.

RISKS AND CONCERNS

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

- Results are impacted by the effects of, and changes in, worldwide economic and capital markets conditions.
- The Company's results are affected by competitive conditions and customer preferences.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- Foreign currency exchange rates and fluctuations in those rates may affect the Company's ability to realise 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.
- 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 etc., due to shortages, increased demand, supply interruptions, currency exchange risks, natural disasters and other factors.
- Acquisitions, strategic alliances, divestitures, and other unusual events resulting from portfolio management actions and other evolving business strategies, and possible organizational restructuring could affect future results.
- The Company's future results may be affected if 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 within their respective areas of operations such as production, supply chain, marketing and others areas like health, safety and environment. Foreign Exchange fluctuations may have an impact on the business. Your Company has identified various risks and procedures to mitigate the same.

Your Company's internal control systems have been well designed given the nature of its business and the size and complexity of its operations. These internal control systems provide for well documented policies/guidelines, authorisations and approval procedures. 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 plans approved by the Audit Committee, consequently bringing out any deviation to internal control procedures. The observations arising out of audit are periodically reviewed and compliance is ensured. The summary of the Internal Audit observations and status of 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

Your Company continues to believe that competent and engaged employees are critical for the growth of the organisation. In keeping with this philosophy, to build competent employees, your Company has continued to invest in training and development. Your Company has started focusing on long term Human Resource planning aimed at managing change more efficiently, grooming internal talent for future roles and also driving efficiency within the organisation. As large numbers of new employees join and supervisors get added, your Company has continued to focus on assimilating new employees/ supervisors into the Company through the induction and orientation program. Your Company identifies employees who could grow faster (high potential) and supports them through training to contribute to their learning and growth. The newly launched "Faster Higher Stronger" training program was designed to build competencies to manage scale and speed of growth. Your Company has been continuously focusing on people and processes to encourage and realise their full potential. Throughout the year under review, many training programs in the areas of leadership, sales and technical skills were conducted for employees.

Employee engagement continued to be the thread to bring together all employees in the organisation. Regular internal communications, meetings and events have enhanced the engagement of the employees. Cordial and harmonious relations with employees continued to prevail throughout the year under review.

On behalf of the Board of Directors

Place : Bangalore
Date : May 28, 2011

Ajay Nanavati
Managing Director

B.V. Shankaranarayana Rao
Whole-time Director

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S GOVERNANCE PHILOSOPHY

3M India Limited believes that transparent accounting policies, appropriate disclosure norms, best in class board practices and consistently high standards of corporate conduct towards its stakeholders are essential for sustained corporate growth. The Corporate Governance comprises of a unique combination of factors like regulations, compliance, policies and economic environments, voluntary practices and disclosures. The Management Team and all other employees of the Company maintain a high level of ethical values for achieving business success.

BOARD OF DIRECTORS

Composition:

3M India Board is a balanced Board comprising Executive and Non-Executive Directors, who are persons of eminence having vast and varied experience and with professional background and experience in Business, Industry, Finance and Law. The Board of Directors of the Company is headed by a Non-Executive and Independent Director. The Present strength of the Board is seven, of which three are Whole-time Directors, three are Independent Directors and one is a Non-Executive Director. The composition of the Board is in conformity with Clause 49 (I) (A) (ii) of the Listing Agreement. None of the Directors of the Company are related to each other.

Brief Profile of the Directors of the Company:

Mr. D.J. Balaji Rao (DIN-00025254): Mr. D.J. Balaji Rao, 72, holds a B.E Degree in Mechanical Engineering from the University of Madras and a Post Graduate Diploma in Industrial Engineering from Bombay University. He attended the Advanced Management Program at European Institute of Business Administration (INSEAD) at Fontainebleu, France, in 1990. He pursued his career as an Industrial Engineer for about 8 years before joining erstwhile ICICI Ltd. (since merged with ICICI Bank Ltd) in 1970. After wide ranging responsibilities in different locations, he reached the position of Deputy Managing Director. He subsequently took over as the Vice Chairman and Managing Director of SCICI Ltd. in August 1996. With the merger of SCICI Ltd. with ICICI Ltd. he moved to Infrastructure Development Finance Co. Ltd. (IDFC), as its first Managing Director, which he served till his superannuation in January 2000. He has served on the Boards of many leading companies including Bosch Ltd (formerly MICO Ltd), Wipro Ltd. and Bharat Forge Ltd., etc. He was appointed as a Director of the Company from December 26, 2001 and as Chairman of the Company from September 10, 2008.

Mr. B.S. Iyer (DIN-00138425): Mr. B.S. Iyer, 61, is a Post Graduate in Commerce and in Law from the University of Bombay, and holds a Diploma in Management Accounting and is a Fellow Member of the Institute of Company Secretaries of India. He has held senior positions responsible for Corporate Legal affairs for over 30 years. He retired as Vice President –Legal and Company Secretary of Bosch Limited. He is a Corporate Legal Consultant for many MNCs and Indian Companies. He was appointed as a Director of the Company from December 12, 2001.

Mr. B. C. Prabhakar (DIN- 00040052): Mr. B.C. Prabhakar, 68, has been on our Board since December 11, 2006. He has been a Practicing Lawyer since April 1970 and Management Consultant on Labour Laws and Service matters. He is the working President of Karnataka Employers' Association, which is the leading and oldest Employers' Association in the State of Karnataka. He is an Employers Nominee of Employees State Insurance Corporation, New Delhi. He has attended Indian Labour Conference for the past ten years which is the highest Tripartite Forum consisting of Representatives of Employers, Workers and Government. He holds a B.A Degree in Political Science & Sociology and a B.L Degree from Mysore University.

Mr. Jose R Varela (DIN-03419097): Mr. Jose R Varela, 44, was appointed as a Director from April 01, 2011. Mr. Jose R Varela joined 3M, El Salvador in September 1989 as a Treasurer and Financial Supervisor. Mr. Jose R Varela has held a number of positions that prepared him well for his new role including Finance Director for Supply Chain and Latin America; Director for Global Business Process; Managing Director 3M Chile; General Manager 3M Panama; Finance Manager Central America and prior work experience with CORFINSA Bank and KPMG in San Salvador. Mr. Jose R Varela studied Business Administration at Universidad Catolica, U.C.A., San Salvador.

Mr. Ajay Nanavati (DIN-02370729): Mr. Ajay Nanavati, 55, holds a Bachelor Degree in Chemical Engineering from USA and has a rich experience in various Industries, spanning over 30 years. He started his professional career in 1977 with Tata Consulting Engineers before joining 3M India Ltd in 1988 as General Manager. He held various senior positions in 3M Company, USA and in other subsidiaries over the last 23 years of his career in 3M Group. He was appointed as Managing Director of the Company from October 01, 2008.

Mr. B.V. Shankaranarayana Rao (DIN-00044840): Mr. B.V. Shankaranarayana Rao, 51, holds a Bachelor Degree in Commerce and a Master's Degree in Business Administration from Bangalore University. He has also completed Intermediate Examination of the Institute of Cost & Works Accountants of India (ICWAI). He has been with the Company since 1990. He has over 30 years of experience in Finance

REPORT ON CORPORATE GOVERNANCE

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. He was appointed as a Whole-time Director of the Company from February 23, 2003.

Mrs. Sadhana Kaul (DIN- 02589934): Mrs. Sadhana Kaul, 47, joined the Company in 2005 and has over 21 years of experience in the legal field, having worked in different capacities in law firms in the US and in India. She leads the planning, development and execution of strategic legal initiatives whilst managing the legal risks of the Company in India and parts of South East Asia. Prior to joining the Company, she was with GE Medical Systems as Senior Legal Counsel based in Bangalore. She holds a Bachelor's Degree in Law from Trinity College Cambridge, UK and a Masters Degree in International and Comparative Law from Georgetown University Law Center, Washington D.C. She was appointed as a Whole-time Director of the Company from October 09, 2009.

Names of other companies/firms in which Directors of the Company hold/held office as Director/Partner are given below:

Mr. D.J. Balaji Rao

- Bajaj Auto Limited, Director
- Ashok Leyland Limited, Director
- Graphite India Limited, Director
- Hinduja Foundries Limited, Director
- JSW Energy Limited, Director
- Bajaj Finserve Limited, Director
- Bajaj Holdings and Investments Limited, Director
- Bajaj Finance Limited, Director
- CMI-FPE Limited, Director

Mr. B. S. Iyer

- ZF Steering Gear (India) Limited, Alternate Director
- Harman India Private Limited, Alternate Director

Mr. B.C. Prabhakar

- Wipro Limited, Director
- Automotive Axles Limited, Director

Mr. Jose R Varela (from April 01,2011)

- 3M Taiwan, Acting Supervisor
- Sumitomo 3M, Outside Statutory Auditor
- Korea Sun Abrasives Co. Limited, Outside Statutory Auditor

Mr. Ajay Nanavati

- 3M Lanka (Private) Limited, Sri Lanka, Managing Director

Mr. B.V. Shankaranarayana Rao

- 3M Lanka (Private)Limited, Sri Lanka, Director

Mrs. Sadhana Kaul

- 3M Lanka (Private) Limited, Sri Lanka, Director

Meetings:

The meetings of the Board of Directors are normally held at the Company's Corporate Office in Bangalore. Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. 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 Clause 49 of the Listing Agreement. The Meetings are governed by a structured agenda. The Board papers, agenda and other explanatory notes are circulated to the Directors well in advance.

Details of Board Meetings during the financial year:

During the financial year April 01, 2010 to March 31, 2011, four Meetings of the Board were held; on May 28, 2010, July 26, 2010, October 27, 2010 and January 28, 2011. The last Annual General Meeting (AGM) was held on July 26, 2010.

REPORT ON CORPORATE GOVERNANCE

Particulars of the directorship of Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2011 and attendance at the Board Meetings of the Company are given below:

Name & Designation of the Director	Category	No. of Meetings		No. of Directorships and Committee Memberships/Chairmanships			Whether Attended Last AGM
		Held	Attended	Directorships held @	Committee Memberships#	Committee Chairmanships#	
Mr. D. J. Balaji Rao (Chairman)	Non-Executive & Independent Director	4	4	10	5	4	Yes
Mr. B.S. Iyer (Director)	Non-Executive & Independent Director	4	4	2@@	1	1	Yes
Mr. B. C. Prabhakar (Director)	Non-Executive & Independent Director	4	4	3	5	1	Yes
Mr. Richard Lee Becker* (Director)	Non-Executive Director (Promoter Group)	4	2	Nil	1	Nil	Yes
Mr. Jose R Varela** (Director)	Non-Executive Director (Promoter Group)	NA	NA	Nil	1	Nil	NA
Mr. Ajay Nanavati (Managing Director)	Executive Director (Promoter Group)	4	3	2@@@	1	Nil	Yes
Mr. B. V. Shankaranarayana Rao (Whole-time Director)	Executive Director (Promoter Group)	4	4	2@@@	Nil	Nil	Yes
Mrs. Sadhana Kaul (Whole-time Director)	Executive Director (Promoter Group)	4	4	2@@@	Nil	Nil	Yes

@ excludes directorship in private companies,

@@ includes one alternate directorship

@@@ includes directorship in one foreign body corporate

excludes committees other than Audit Committee and Shareholders'/Investors Grievance Committee

* Resigned as a Director w.e.f April 01, 2011

** Appointed as a Director w.e.f April 01, 2011

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: www.3m.com/in. 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, 2010 to March 31, 2011.

The Certificate by the 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

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, 2011.

Place: Bangalore

Date : May 06, 2011

(Ajay Nanavati)

Managing Director

REPORT ON CORPORATE GOVERNANCE

AUDIT COMMITTEE

The Audit Committee of the Company functions in accordance with the requirements of Section 292A of the Companies Act, 1956 and the Listing Agreement.

Terms of Reference of Audit Committee:

The terms of reference of the Audit Committee as per guidelines set out under Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956, is set out below:

- Chairman of the Audit Committee shall be an Independent Director.
- 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 Finance Director, Head of Internal Audit and a representative of the statutory auditor may be present as invitees for the meetings of the Audit Committee.
- The Company Secretary shall act as Secretary of the Audit Committee.
- The Audit Committee shall meet at least four times in a year and not more than four months shall elapse between two meetings.
- The quorum shall be either two members or one-third of the members of the Audit Committee, whichever is higher but there shall be a minimum of two independent members present.

Role of Audit Committee:

The role of the Audit Committee shall include the following:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Boards' Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications, if any, in the draft limited review audit report and audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- 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.
- Discussion with Internal Auditors any significant findings and follow-up there on.
- 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.
- 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.
- 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.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

REPORT ON CORPORATE GOVERNANCE

Powers of the Audit Committee:

The Audit Committee has the following powers:

- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure the attendance of outsiders with relevant expertise, if it considers necessary.

Review of information by Audit Committee:

The Audit Committee reviews the following information:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee) submitted by Management.
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment and removal of the Internal Auditor.

Constitution of Audit Committee:

The Audit Committee of the Company consists of four Non-Executive Directors, three of which are Independent Directors and all of them have financial and accounting knowledge. The members of the Committee are Mr. B. S. Iyer, Mr. D.J. Balaji Rao, Mr. B. C. Prabhakar, Mr. Richard Lee Becker (up to April 01, 2011) and Mr. Jose R Varela (from April 01, 2011).

Mr. B. S. Iyer is the Chairman of the Audit Committee. The Company Secretary is the Secretary to the Committee. At the invitation of the Committee, the Internal Auditor, the Managing Director, the Head of Finance, Head of Legal Department and the Statutory Auditors attend the Audit Committee meetings.

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

During the financial year April 01, 2010 to March 31, 2011, four Meetings of the Audit Committee were held; on May 28, 2010, July 26, 2010, October 27, 2010 and January 28, 2011. The composition of the Audit Committee and the number of meetings attended during the year under review are as under:

Name of the Committee Member	No. of Meetings held during the year under review	No. of Meetings attended
Mr. B.S. Iyer (Chairman)	4	4
Mr. D.J. Balaji Rao	4	4
Mr. B.C. Prabhakar	4	4
Mr. Richard Lee Becker (up to April 01, 2011)	4	2
Mr. Jose R Varela (from April 01, 2011)	NA	NA

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

During the financial year April 01, 2010 to March 31, 2011, four Meetings of the Shareholders' Grievance Committee were held; on May 28, 2010, July 26, 2010, October 27, 2010 and January 28, 2011. The attendance of the members at the Shareholders' Grievance Committee Meeting held during the year are as under :

Name of the Committee Member	No. of Meetings held during the year under review	No. of Meetings attended
Mr. D.J. Balaji Rao (Chairman)	4	4
Mr. B.S. Iyer	4	4
Mr. B. C. Prabhakar	4	4
Mr. Ajay Nanavati	4	3

REPORT ON CORPORATE GOVERNANCE

Mr. D. J. Balaji Rao, Non-Executive and Independent Director, is the Chairman of the Committee and Mr. K. Ramesh Chandra (up to October 27, 2010) and Mr. V. Srinivasan, Company Secretary (from October 27, 2010) is the Compliance Officer of the Company.

The Shareholders' Grievance Committee is authorised to:

1. Monitor the system of share transfer, transmission, sub-division, consolidation of share certificates and issue of duplicate certificates.
2. Deal with all investor related issues including redressal of complaints from shareholders relating to transfer of shares, non-receipt of annual report, etc.
3. Delegate such powers to Company's officers, as may be necessary including powers to approve transfers, transmissions, authenticate share certificates and to take other actions in relation to Shareholders' related matters.

The Company through its Registrar and Share Transfer Agents has 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 Shareholders complaints received / redressed, during the year under review is appended below:

No. of Shareholders complaints pending as at April 01, 2010.	Nil
No. of Complaints relating to Non-receipt of dividend warrants, Redemption / Interest warrants, Annual Reports, Share certificates, endorsement stickers, change of address, deletion of name and others received during the year April 01, 2010 to March 31, 2011.	36
No. of Shareholders complaints resolved during the year April 01, 2010 to March 31, 2011.	36
No. of Shareholders complaints pending as on March 31, 2011.	Nil

Secretarial Audit for Reconciliation of Capital

A Secretarial Audit was carried out by a qualified Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS) 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 CDS. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors.

SUBSIDIARY COMPANIES

The Company does not have any subsidiaries.

DISCLOSURES

Related party transactions

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.

Accounting Treatment

The guidelines/accounting standards notified under Section 211(3C) of the Companies Act, 1956 and relevant provisions of the Companies Act, 1956 have been followed in preparation of the financial statements of the Company.

Risk Management

The Company has identified various risks and procedures to mitigate the same. The Audit Committee and the Board have reviewed the same. When new risks are identified, the same would be then assessed, controls designed, put in place and enforced within a fixed time frame, as set.

Capital Issues

The Company has not made any capital issues during the year April 01, 2010 to March 31, 2011.

REPORT ON CORPORATE GOVERNANCE

Remuneration to Directors:

The Company has three Executive Directors, Mr. Ajay Nanavati, Managing Director, Mr. B. V. Shankaranarayana Rao, Whole-time Director and Mrs. Sadhana Kaul, Whole-time Director. The Executive Directors of the Company have been appointed on a contractual basis and their terms of appointment were fixed by the Board and approved by the Shareholders at the Annual General Meetings, for varying tenures of up to five years.

The elements of the remuneration package of Executive Directors comprise Salaries & 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 observing a period of notice of ninety days.

Details of remuneration for the year ended March 31, 2011:

(a) Executive Directors.

(in Rs.)

Name and Designation	No. of Shares Held	Salaries & Allowances	Contribution to Provident Fund & Other Funds	Estimated Value of Benefits	Total	Present term expires on
Mr. Ajay Nanavati (Managing Director)	795*	2,47,42,577	10,62,277	34,07,145	2,92,11,999	September 30, 2013
Mr. B.V. Shankaranarayana Rao (Whole-time Director)	500	95,67,062	8,13,839	Nil	1,03,80,901	March 31, 2012
Mrs. Sadhana Kaul (Whole-time Director)	Nil	95,98,906	8,77,644	39,600	1,05,16,150	October 08, 2014

* includes joint share holding

(b) Non-Executive Directors.

The Non-Executive Directors do not draw from the Company any remuneration other than Sitting Fees.

(in Rs.)

Name of the Director	No. of Share held	Sitting Fees for Board Meeting	Sitting Fees for Committee Meetings	Total
Mr. D.J. Balaji Rao	Nil	80,000	160,000	240,000
Mr. B.S. Iyer	Nil	80,000	160,000	240,000
Mr. B.C. Prabhakar	Nil	80,000	160,000	240,000

Mr. Richard Lee Becker has waived receipt of Sitting Fees. None of the Non-Executive Directors have any pecuniary relationship with the Company.

The Company does not have a scheme for grant of stock options either to the Executive / Non-Executive Directors or to the employees.

GENERAL BODY MEETING:

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

Date	Meeting	Location	Time
April 28, 2008	AGM	The Chancery Pavilion, 135, Residency Road, Bangalore – 560 025	10.00 a.m.
April 29, 2009	AGM	The Chancery Pavilion, 135, Residency Road, Bangalore – 560 025	10.30 a.m.
July 26, 2010	AGM	The Chancery Pavilion, 135, Residency Road, Bangalore – 560 025	10.30 a.m.

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

April 28, 2008	-	Alteration to the Articles of Association of the Company. The resolution was passed with requisite majority.
April 29, 2009	-	Nil.
July 26, 2010	-	The special resolutions passed through Postal Ballot, mentioned below were taken on record.

REPORT ON CORPORATE GOVERNANCE

Special Resolutions passed last year through Postal Ballot:

Particulars of Special Resolutions passed through Postal Ballot with requisite majority:

Notice dated	Particulars of Special Resolution
May 28, 2010	<ol style="list-style-type: none"> Alteration to the Objects Clause of the Memorandum of Association pursuant to Section 31 of the Companies Act, 1956. Alteration to the Articles of Association of the Company pursuant to Section 31 of the Companies Act, 1956.

Details of voting pattern:

Particulars	No. of Ballot Forms	Representing No. of Equity Shares of Rs. 10 each
Total No. of postal ballots received from the shareholders/authorised representatives	139	90,27,729
Number of Ballots found to be invalid	11	4,31,991
Total No. of valid ballots	128	85,95,738
Total No. of votes FOR the resolutions	121	85,95,530
Total No. of votes AGAINST resolutions	7	208
% of votes in FAVOUR of the resolutions	121	99.9976%

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 was followed for conduct of the Postal Ballot. The results of the Postal Ballot were announced at the Annual General Meeting of the Company held on July 26, 2010 and published in The Financial Express (All editions) and in Samyuktha Karnataka (Bangalore).

Mr. Rajiv Khaitan, Advocate, Khaitan & Co, Advocates was appointed as the Scrutinizer for the conduct of Postal Ballot process.

There are no items requiring the passing of special resolution or resolution by postal ballot at the ensuing AGM to be held on July 28, 2011.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by 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 clause 49 of the Listing Agreement. 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 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 the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices.

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 Financial Express (All India Edition) and Samyuktha Karnataka (Bangalore Edition). The Company's financial results and shareholding pattern are also displayed in the Company's website: www.3m.com/in and

REPORT ON CORPORATE GOVERNANCE

are also notified to the Stock Exchanges as required under the Listing Agreement. The Company does not make 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.

NON-MANDATORY REQUIREMENTS

The Company has a Non-Executive Chairman and his official expenses are reimbursed. However, no separate Chairman's office is maintained at the Company's expense.

Remuneration Committee

Presently, the Company does not have a Remuneration Committee.

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 Bangalore). Significant events of the Company are being disclosed to the Stock Exchanges from time to time. The Company's financial results and shareholding pattern are also displayed in the Company's website: www.3m.com/in and are also notified to the Stock Exchanges as required under the Listing Agreement. With effect from April 01, 2011, the Company also displays the quarterly report sent to the Stock Exchanges on the Compliance on Corporate Governance under Clause 49 of the Listing Agreement.

Audit qualifications

There were no qualifications by the Auditors in their report forming part of this financials for the year ended March 31, 2011.

Training of Board Members

Presently, the Company does not have any training program for the Board members.

Mechanism for evaluating non-executive Board Members

Presently, the Company does not have such a mechanism as contemplated for evaluating the performance of non-executive Board members.

Whistle-Blower policy

Presently, the Company does not have a Whistle Blower policy. However, 3M has a Global Policy on Business Conduct and guidelines on Ethical Behavior. No personnel of the Company have been denied access to any of the Directors of the Company.

GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting	July 28, 2011 The Chancery Pavilion 135, Residency Road, Bangalore - 560 025 Time 10.30 a.m.
Date of Book Closure	July 22, 2011, Friday - July 28, 2011, Thursday (both days inclusive)
Dividend payment date	N. A.
Financial Results Calendar	Fourth week of July, 2011 - Unaudited Results for the quarter and three months ended June 30, 2011. Fourth week of October, 2011 - Unaudited Results for the quarter and six months ended September 30, 2011. Fourth week of January, 2012 - Unaudited Results for the quarter and nine months ended December 31, 2011. Fourth week of May, 2012 - Audited Results for the year ended March 31, 2012
Listing on Stock Exchanges	National Stock Exchange Limited, Mumbai (Code - 3M INDIA) Bombay Stock Exchange Limited, Mumbai (Code - 523395) The Calcutta Stock Exchange Limited, Kolkata (Code - 12027) *
International Securities Identification Number (ISIN)	INE470A01017
Corporate Identification Number (CIN)	L31300KA1987PLC013543

* applied for voluntary delisting. Final Certificate of delisting is yet to be received.

REPORT ON CORPORATE GOVERNANCE

The Company has paid annual listing fees, as prescribed, to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai for the financial year 2011-12.

Custodial Fee

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No.MRD/DoP/SE/DEP/CIR-4/2005 dated 28th January, 2005 and MRD/DoP/SE/DEP/CIR-2/2009 dated February 10, 2009, Issuer Companies are required to pay custodial fees to the depositories. Accordingly, the Company has paid custodial fee for the year 2011-12 to NSDL and CDS on the basis of the number of beneficial accounts maintained by them as on 31st March 2011.

Registrar & Share Transfer Agents:

Share registration and other investor related activities are carried out by our Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited for both Physical and Demat securities. Their address is given below:

Karvy Computershare Private Limited

Plot No.17-24, Vithal Rao Nagar, Madhapur;

Hyderabad - 500 034

Tel: 040-44655000/44655178 - 828 Fax: 040-23440814

E-mail: mailmanager@karvy.com .Contact person: Mr. P. A. Varghese / Mr. Shyam Singh Rautela

Share Transfer System:

Shares sent for transfer in physical form are registered and dispatched within 15 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 15 days.

Monitoring of Share Transfers and other investor related matters are dealt with by the Shareholders' Grievance Committee. The Company's Registrars, M/s. Karvy Computershare Private Limited process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the authorised Executives of the Company also on a fortnightly basis.

All requests for dematerialization of shares, which are in order, are processed within 15 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS).

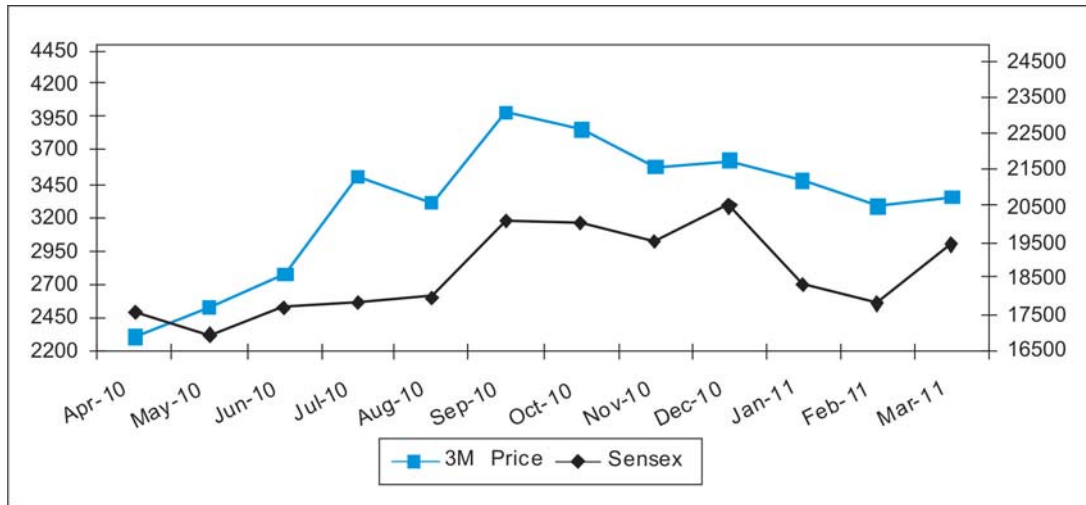
Stock Price Data :

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
April 2010	2,460.00	2,227.00	17,035	2,400.00	2,221.10	15,738
May 2010	2,768.85	2,232.00	22,557	2,760.00	2,227.40	44,255
June 2010	2,835.00	2,400.00	18,339	2,925.00	2,440.00	44,062
July 2010	3,549.00	2,715.15	26,012	3,600.00	2,725.05	30,164
August 2010	3,572.00	3,250.00	10,314	3,575.00	3,180.05	15,293
September 2010	4,000.00	3,321.00	23,428	4,044.85	3,300.00	47,529
October 2010	4,250.95	3,750.00	13,554	4,577.25	3,750.00	38,334
November 2010	4,020.00	3,526.05	9,503	4,198.00	3,528.00	41,300
December 2010	3,759.95	3,380.00	37,484	4,000.00	3,300.00	6,195
January 2011	3,770.00	3,339.05	7,514	3,780.10	3,320.05	4,815
February 2011	3,570.00	3,100.00	48,203	3,600.00	3,100.00	1,05,852
March 2011	3,370.00	3,066.05	8,444	3,396.90	3,134.00	5,395

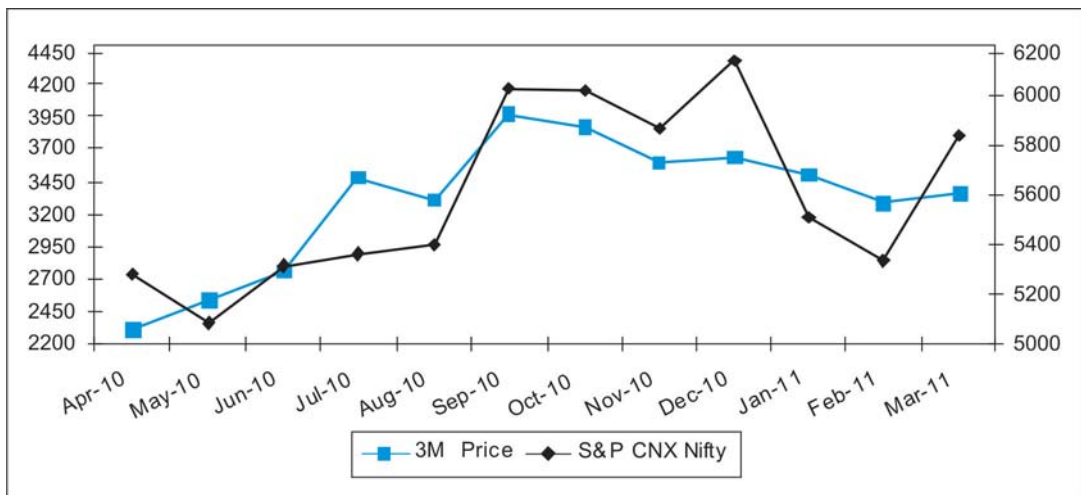
REPORT ON CORPORATE GOVERNANCE

Stock Performance:

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



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



Shareholding Pattern as on March 31, 2011:

Category	No. of shareholders	Shares held in Physical form	Shares held in dematerialized Form	Total No. of shares held	% to capital
Foreign Promoter*	1	85,62,000	Nil	85,62,000	76.005%
Mutual Funds	15	440	6,10,653	6,11,093	5.425%
Financial Institutions/Banks	3	20	1,310	1,330	0.012%
Insurance Companies	1	60	Nil	60	0.000%
Foreign Institutional Investors	14	Nil	6,35,624	6,35,624	5.642%
Bodies Corporate	273	5,020	3,37,617	3,42,637	3.042%
Individuals	8,714	1,18,984	9,76,824	10,95,808	9.728%
Clearing Members	12	Nil	297	297	0.002%
Non-Resident Indians	109	Nil	15,521	15,521	0.138%
Trust	3	Nil	700	700	0.006%
Total	9,145	86,86,524	25,78,546	1,12,65,070	100.000

* None of Foreign promoter shares been pledged as on March 31, 2011

REPORT ON CORPORATE GOVERNANCE

Summary of Shareholding as on March 31, 2011:

Category	No. of Holders	Total Shares	% To Equity
PHYSICAL	1,687	86,86,524	77.110%
N S D L	5,895	22,60,632	20.068%
C D S	1,563	3,17,914	2.822%
TOTAL	9,145	1,12,65,070	100.000

Top Ten Shareholders of the Company as on March 31, 2011:

Folio No./ Client id	Name of the Shareholder	No. of shares held	% to paid-up capital	Category
B3M037240	3M Company	85,62,000	76.005%	FPR
10013042	Acacia Partners, LP	2,90,696	2.581%	FII
10009134	HDFC Trustee Company Limited – HDFC Prudence Fund	2,26,225	2.008%	MUT
10015282	TATA Offshore India Opportunities Scheme	2,17,396	1.930%	MUT
1301240000121844	Bright Star Investments Private Limited	1,66,700	1.480%	LTD
10013034	Acacia Institutional Partners, LP	1,35,010	1.198%	FII
10022345	Acacia Conservation Fund, LP	1,00,000	0.888%	FII
11182552	HDFC Trustee Company Limited – HDFC MF Monthly Income Plan, Long Term Plan	56,714	0.503%	MUT
10029040	Blackrock India Equities Fund (Mauritius) Limited	51,917	0.461%	FII
40314385	Akash Bhanshali	50,000	0.461%	PUB

Distribution of Shareholding as on March 31, 2011:

Range of Shares	No. of Shareholders	% to total Shareholders	No of Shares held	% to Total Shares
Up to 50	5,130	56.096%	99,352	0.882%
51 to 100	2,902	31.733%	2,40,238	2.133%
101 to 200	460	5.030%	76,720	0.681%
201 to 500	346	3.783%	1,21,419	1.077%
501 to 1000	130	1.422%	1,00,446	0.892%
1001 to 2000	75	0.820%	1,09,674	0.974%
2001 to 5000	50	0.547%	1,49,427	1.326%
5001 to 10000	22	0.241%	1,61,416	1.433%
10001 and above	30	0.328%	1,02,06,378	90.602%
TOTAL	9,145	100.000	1,12,65,070	100.000

REPORT ON CORPORATE GOVERNANCE

Dematerialization of Shares and Liquidity

22.890% of the total equity capital was held in dematerialized form as on March 31, 2011.

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

Plant Locations :

Plot No. 48-51, Electronics City, Hosur Road, Bangalore – 560 100

Plot No.8, Moraiya Industrial Area; Tal Sanand,
Sarkhej Bavla Highway, Ahmedabad – 382 213

Plot No.B-20, MIDC; Ranjangaon Industrial Area
Tal: Shirur, Dist : Pune - 412 210

Address for correspondence

Registered Office :

Plot No. 48-51, Electronics City, Hosur Road,
Bangalore – 560 100

Corporate Office :

Concorde Block, UB City, 24, Vittal Mallya Road,
Bangalore – 560 001

Designated e-mail id for redressal of investor complaints in terms of Clause 47(f) of the Listing Agreement is: 3mindia.investorshelpdesk@mmm.com

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

CEO / CFO CERTIFICATION

The Managing Director and the Whole-time Director heading the Finance function of the Company has given annual certification to the Board in terms of Clause 49 of the Listing Agreement. They also give quarterly certification on the financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

CERTIFICATE OF COMPLIANCE

Certificate from Mr. G. Shanker Prasad, Practising Company Secretary, Bangalore confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the Directors' 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 : Bangalore
Date : May 28, 2011

Ajay Nanavati
Managing Director

B.V. Shankaranarayana Rao
Whole-time Director

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of 3M India Limited

I have reviewed the compliance of conditions of Corporate Governance by 3M India Limited (the Company), for the year ended on 31 March 2011, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

I further state that such compliance 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 : May 28, 2011

G. SHANKER PRASAD
Practising Company Secretary
CP No. : 6450

AUDITORS' REPORT

To the Members of 3M India Limited

1. We have audited the attached Balance Sheet of 3M India Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have 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 appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the Directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on [Balance Sheet date] from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Lovelock & Lewes
Firm Registration No.301056E
Chartered Accountants

Dibyendu Majumder
Partner
Membership No. : 057687

Place : Bangalore
Date : May 28, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of 3M India Limited on the financial statements for the year ended March 31, 2011.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act and accordingly, paragraphs iii(b), iii(c) and iii(d) of the Order, are not applicable.
(b) The Company has not taken any loans secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act and accordingly, paragraphs iii(f) and iii(g) of the Order, are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the period to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except dues in respect of service tax, the Company is regular in depositing undisputed statutory dues including investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars

ANNEXURE TO AUDITORS' REPORT

of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2011 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of Dues	Amount Claimed Rs.	Amount Paid Rs.	Balance Payable Rs.	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax and interest	2,31,24,330	-	2,31,24,330	Assessment Year 2005-06	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax and interest	2,42,42,054	83,71,027	1,58,71,027	Assessment Year 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax and interest	3,86,59,222	-	3,86,59,222	Assessment Year 2007-08	Commissioner of Income Tax (Appeal)

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Lovelock & Lewes
Firm Registration No.301056E
Chartered Accountants

Dibyendu Majumder
Partner
Membership No. : 057687

Place : Bangalore
Date : May 28, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule Number	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SOURCES OF FUNDS			
<i>Shareholder's Funds</i>			
Capital	1	11,26,50,700	11,26,50,700
Reserves and Surplus	2	528,13,43,205	429,32,71,331
<i>Loan Funds</i>			
Unsecured Loans	3	12,13,25,386	-
		<u>551,53,19,291</u>	<u>440,59,22,031</u>
APPLICATION OF FUNDS			
<i>Fixed Assets</i>			
Gross Block	4	244,54,21,753	203,71,55,754
Less: Depreciation		<u>79,22,18,193</u>	<u>62,41,90,236</u>
Net Block		165,32,03,560	141,29,65,518
Capital Work in Progress		<u>101,14,07,025</u>	<u>39,72,32,925</u>
		266,46,10,585	181,01,98,443
<i>Net Deferred Tax Asset [Schedule 15, Note 17]</i>		6,39,93,013	8,26,50,826
<i>Current Assets, Loans and Advances</i>			
Inventories	5	158,92,61,029	123,10,51,599
Sundry Debtors	6	197,69,05,965	144,54,70,052
Cash and Bank Balances	7	50,73,81,123	105,57,68,479
Other Current Assets	8	1,66,781	37,36,576
Loans and Advances	9	<u>70,81,55,633</u>	<u>47,13,20,939</u>
		478,18,70,531	420,73,47,645
<i>Less: Current Liabilities and Provisions</i>			
Liabilities	10	188,72,06,161	156,13,66,707
Provisions	11	<u>10,79,48,677</u>	<u>13,29,08,176</u>
		199,51,54,838	169,42,74,883
Net Current Assets		<u>278,67,15,693</u>	<u>251,30,72,762</u>
		<u>551,53,19,291</u>	<u>440,59,22,031</u>
<i>Notes on Accounts</i>	15		

The schedules referred to above and Notes thereon form an integral part of the Accounts

This is the Balance Sheet referred to in our report of even date

For Lovelock & Lewes
Firm Registration No.301056E
Chartered Accountants

Dibyendu Majumder
Partner
Membership No: 057687

Place : Bangalore
Date : May 28, 2011

Ajay Nanavati
Managing Director

Place : Bangalore
Date : May 28, 2011

For and on behalf of the Board

B. V. Shankaranarayana Rao
Whole-time Director

V.Srinivasan
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule Number	12 Months ended March 31, 2011 Rs.	15 Months ended March 31, 2010 Rs.
INCOME			
Sales		1219,04,27,975	1117,40,47,210
Less: Excise Duty		43,47,76,463	30,54,56,141
		<u>1175,56,51,512</u>	<u>1086,85,91,069</u>
Other income	12	26,84,37,642	19,92,93,686
		<u>1202,40,89,154</u>	<u>1106,78,84,755</u>
EXPENDITURE			
Cost of Materials	13	675,45,00,396	624,94,37,596
Manufacturing and Other Expenses	14	361,52,85,311	324,02,83,980
Depreciation	4	17,36,57,029	16,94,60,723
		<u>1054,34,42,736</u>	<u>965,91,82,299</u>
Profit for the period before taxation		<u>148,06,46,418</u>	<u>140,87,02,456</u>
Provision for Income Tax (Schedule 15, Note 17)			
- Current Tax		47,39,16,731	50,68,56,732
- Deferred Tax		1,86,57,813	(3,14,02,069)
- Fringe Benefits Tax		-	48,80,170
Profit for the period after taxation		<u>98,80,71,874</u>	<u>92,83,67,623</u>
Profit brought forward from previous period		419,50,56,331	326,66,88,708
Profit carried to Balance Sheet		<u>518,31,28,205</u>	<u>419,50,56,331</u>
Earnings Per Share - Basic and Diluted			
Face value of Rs. 10 each (Schedule 15, Note 19)		87.71	82.41
Notes on Accounts	15		

The schedules referred to above and Notes thereon form an integral part of the Accounts

This is the Profit and Loss Account referred to in our report of even date

For Lovelock & Lewes
Firm Registration No.301056E
Chartered Accountants

Dibyendu Majumder
Partner
Membership No: 057687

Place : Bangalore
Date : May 28, 2011

Ajay Nanavati
Managing Director

Place : Bangalore
Date : May 28, 2011

For and on behalf of the Board

B. V. Shankaranarayana Rao
Whole-time Director

V.Srinivasan
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH 31, 2011

	12 Months ended March 31, 2011 Rs.	15 Months ended March 31, 2010 Rs.
A. Cashflow from Operating Activities		
Profit before Taxation	148,06,46,418	140,87,02,456
Adjustment for		
Depreciation	17,36,57,029	16,94,60,723
Provision for doubtful advances	-	4,72,62,447
Advances written off	63,73,563	-
Provision for doubtful debts (Net)	1,18,83,407	77,94,658
Balances / Provisions no longer required	(5,19,05,305)	(15,71,954)
Unrealised Foreign Exchange Loss/(Gain)	15,46,932	(20,02,463)
Loss/ (Profit) on sale of Fixed Assets (Net)	12,16,298	2,82,008
Interest income	(2,28,81,703)	(2,58,08,033)
Interest expenses	1,20,29,982	56,31,388
Operating Profit Before Working Capital changes	<u>161,25,66,621</u>	<u>160,97,51,230</u>
Adjustment for		
(Increase)/ Decrease in Inventories	(35,82,09,432)	(17,13,52,487)
(Increase)/ Decrease in Debtors	(54,35,94,320)	(34,39,48,990)
(Increase)/ Decrease in Loans and Advances	(10,73,32,640)	(5,28,95,650)
Increase/ (Decrease) in Current Liabilities and Provisions	29,37,95,419	41,55,65,123
Cash Generated from Operations	<u>89,72,25,648</u>	<u>145,71,19,226</u>
Direct Taxes paid (net of refund)	(55,40,16,958)	(39,73,83,509)
Net Cash flow from Operating Activities	<u>34,32,08,690</u>	<u>105,97,35,717</u>
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(102,92,85,469)	(54,72,79,669)
Sale of Fixed Assets	-	5,57,753
Interest Received	2,64,51,498	2,22,21,154
Net cash from / (used in) Investing Activities	<u>(100,28,33,971)</u>	<u>(52,45,00,762)</u>
C. Cash flow from Financing Activities		
Unsecured Loans - Finance Lease	12,13,25,386	-
Interest Paid	(1,00,87,461)	(43,02,137)
Net cash from / (used in) Financing Activities	<u>11,12,37,925</u>	<u>(43,02,137)</u>
Net Increase/(Decrease) in Cash in hand and Cash equivalents (A+B+C)	(54,83,87,356)	53,09,32,818
Cash and cash equivalents as at 1st April (Opening Balance)	105,57,68,479	52,48,35,661
Cash and cash equivalents as at 31st March (Closing Balance)	<u>50,73,81,123</u>	<u>105,57,68,479</u>

Notes:

- The above Cash Flow Statement has been prepared under indirect method in accordance with the Accounting Standard 3 as notified u/s 211(3C) of the Companies Act, 1956.
- The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2011 and the related Profit and Loss Account for the year ended 31st March, 2011.
- In view of Note 2 above and Note 23 to the accounts, the current year figures are not comparable with those of the previous period.
- Previous period's figures have been regrouped wherever necessary to conform to current year's presentation.

This is the Cash Flow Statement referred to in our report of even date

For Lovelock & Lewes
Firm Registration No.301056E
Chartered Accountants

Dibyendu Majumder
Partner
Membership No: 057687

Place : Bangalore
Date : May 28, 2011

For and on behalf of the Board

Ajay Nanavati
Managing Director

Place : Bangalore
Date : May 28, 2011

B. V. Shankaranarayana Rao
Whole-time Director

V.Srinivasan
Company Secretary

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
1,12,65,070 (2010 : 1,12,65,070) Equity Shares of Rs. 10 each	11,26,50,700	11,26,50,700
ISSUED, SUBSCRIBED AND PAID UP		
1,12,65,070 (2010 : 1,12,65,070) Equity Shares of Rs. 10 each	11,26,50,700	11,26,50,700
Note: Of the above 85,62,000 Equity Shares (2010: 85,62,000 Equity Shares) are held by 3M Company, USA, the Holding Company	<u>11,26,50,700</u>	<u>11,26,50,700</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
General Reserves	32,25,000	32,25,000
Profit and Loss Account		
Opening Balance	419,50,56,331	326,66,88,708
Additions during the period	<u>98,80,71,874</u>	<u>92,83,67,623</u>
Securities Premium account	<u>9,49,90,000</u>	9,49,90,000
	<u>528,13,43,205</u>	<u>429,32,71,331</u>
SCHEDULE 3		
LOAN FUNDS - UNSECURED		
Finance Lease Obligations (Schedule 15, Note 16)	12,13,25,386	-
(secured by hypothecation of assets taken on finance lease)		
(Repayable with in one year Rs. 2,17,73,731 (2010 : Nil))	<u>12,13,25,386</u>	<u>-</u>

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SCHEDULE 5		
INVENTORIES		
[Schedule 15, Note 1(d)]		
Raw Materials	47,99,99,317	40,50,43,085
[including in-transit Rs. 20,58,62,084 (2010: Rs.15,39,75,275)]		
Packing Materials	3,59,50,880	2,31,27,220
Semi Finished Goods	5,21,87,380	5,30,34,342
Finished Goods	31,83,68,469	22,28,72,809
Traded Goods	69,85,52,902	52,47,21,571
[including in-transit Rs.29,80,90,160 (2010 : Rs.22,45,02,421)]		
Stores and Spares	<u>42,02,081</u>	<u>22,52,572</u>
	<u>158,92,61,029</u>	<u>123,10,51,599</u>
SCHEDULE 6		
SUNDRY DEBTORS		
(Secured) considered good		
Over six months	51,06,927	40,62,185
Others	3,59,90,540	3,69,49,713
(Unsecured)		
Over six months		
- considered good	5,64,11,812	2,64,01,790
- considered doubtful	3,72,52,474	5,08,38,107
Others		
- considered good	187,93,96,686	137,80,56,364
- considered doubtful	-	5,51,404
	<u>201,41,58,439</u>	<u>149,68,59,563</u>
Less: Provision for doubtful debts	<u>3,72,52,474</u>	<u>5,13,89,511</u>
	<u>197,69,05,965</u>	<u>144,54,70,052</u>
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash on hand (including cheques on hand)	1,43,32,108	9,10,80,828
With Scheduled Banks:		
- Current Accounts	29,25,02,529	21,41,12,654
- Deposit Accounts	20,00,00,000	75,00,00,000
- Margin Money Accounts	5,46,486	5,74,997
	<u>50,73,81,123</u>	<u>105,57,68,479</u>

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SCHEDULE 8		
OTHER CURRENT ASSETS		
Interest Accrued but not due	1,66,781	37,36,576
	1,66,781	37,36,576
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- considered good	13,25,49,160	11,49,95,760
- considered doubtful	-	63,73,563
Deposits with Government departments and others		
- considered good (Note 1)	23,47,13,738	21,15,34,271
- considered doubtful	94,97,331	94,97,331
Balances with Excise and Customs Authorities		
- considered good (Note 2)	29,67,79,567	14,47,90,908
- considered doubtful (Note 3)	-	4,55,31,742
Taxation (Net) (including Fringe benefits tax of Rs.(2,20,519) (2010:Nil))	4,41,13,168	-
	71,76,52,964	53,27,23,575
Less: Provision for doubtful advances	94,97,331	6,14,02,636
	70,81,55,633	47,13,20,939
Notes:		
1. Including amount due from Directors Rs. 4,00,000 [Maximum amount due at any time during the period is Rs. 4,00,000 (2010 : Rs. 4,00,000)].		
2. Including amount of Rs. 3,76,52,717 (2010 : Rs. 3,76,52,717) relating to Service Tax paid under protest.		
3. Including amount of Rs. Nil (2010: Rs. 4,55,31,742) provided towards doubtful balances.		
SCHEDULE 10		
LIABILITIES		
Sundry Creditors for goods, expenses and services		
- Dues to Micro, Small and Medium Enterprises (Schedule 15, Note 12)	58,21,762	42,29,580
- Others	169,23,39,747	133,54,36,779
Advance from customers/distributors	10,52,25,757	13,15,76,690
Other Liabilities	8,38,18,895	9,01,23,658
	188,72,06,161	156,13,66,707
There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
SCHEDULE 11		
PROVISIONS		
Employee Benefits		
- Gratuity (Schedule 15, Note 13)	2,43,53,830	35,77,650
- Leave Encashment / Compensated Absences	2,56,16,670	4,32,30,050
Taxation (Net) (Including Fringe benefits tax of Rs. Nil (2010: Rs. 2,20,519))	-	3,59,89,630
Other Provisions (Schedule 15, Note 18)	5,79,78,177	5,01,10,846
	10,79,48,677	13,29,08,176

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	12 Months ended March 31, 2011 Rs.	15 Months ended March 31, 2010 Rs.
SCHEDULE 12		
OTHER INCOME		
Interest Income - Bank - Gross [tax deducted at source Rs. 26,24,342 (2009-10: Rs. 26,54,548)]	2,28,81,703	2,58,08,033
Exchange Gain (Net)	-	2,25,65,409
Provision for doubtful debts written back (Net)	1,41,37,037	-
Debts Written off now recovered	80,59,472	-
Income from Sub-lease [tax deducted at source Rs. 12,31,442 (2009-10: Rs. 13,06,247)]	1,30,12,036	1,44,52,200
Income from Contract Research [Schedule 15, Note 22(c)]	7,38,86,089	12,32,33,781
Income from Management Support Services [Schedule 15, Note 22(b)(ii)]	6,36,48,451	-
Balances / Provisions no longer required	5,19,05,305	15,71,954
Income from Duty Draw Back	1,72,84,350	90,84,270
Sale of Scrap	36,23,199	25,78,039
	<u>26,84,37,642</u>	<u>19,92,93,686</u>
SCHEDULE 13		
COST OF MATERIALS		
Raw Materials Consumed	371,61,14,210	312,31,04,162
Traded Goods - Purchased	311,01,99,203	313,85,08,134
Sub Contracting Charges	20,25,42,951	15,89,97,507
Movement in Inventory :		
Opening Stock		
- Semi Finished Goods	5,30,34,342	3,02,25,132
- Finished Goods	22,28,72,809	19,96,49,644
- Traded Goods	52,47,21,571	39,82,23,143
	<u>80,06,28,722</u>	<u>62,80,97,919</u>
Less : Closing Stock		
- Semi Finished Goods	5,21,87,380	5,30,34,342
- Finished Goods	31,83,68,469	22,28,72,809
- Traded Goods	69,85,52,902	52,47,21,571
	<u>106,91,08,751</u>	<u>80,06,28,722</u>
	(26,84,80,029)	(17,25,30,803)
(Increase)/ Decrease in Inventory	(26,84,80,029)	(17,25,30,803)
Excise Duty on Opening Stock	1,31,62,997	1,45,21,593
Excise Duty on Closing Stock	1,90,38,936	1,31,62,997
(Increase)/ Decrease in Excise Duty	(58,75,939)	13,58,596
	<u>675,45,00,396</u>	<u>624,94,37,596</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	12Months ended March 31, 2011 Rs.	15 Months ended March 31, 2010 Rs.
SCHEDULE 14		
MANUFACTURING AND OTHER EXPENSES		
Employee Cost:		
Salaries, wages and bonus [including provision for Leave encashment/ (writeback) Rs.(47,43,929)(2009-10: Rs. (2,68,34,233)] *	123,68,91,181	109,23,27,393
Contribution to Provident and other funds [including provision/ (writeback) for gratuity Rs. (3,57,76,181) (2009-10: Rs. (50,98,343)]	15,02,62,179	9,67,80,612
Staff welfare expenses *	<u>10,35,64,922</u>	<u>8,77,92,130</u>
	149,07,18,282	127,69,00,135
Stores and spares consumed	3,85,93,212	3,79,56,773
Packing materials consumed	18,98,30,983	14,11,79,065
Power, fuel and water *	7,95,19,915	7,67,22,336
Lease rentals (Schedule 15, Note 16) *	19,07,63,520	25,06,98,178
Repairs and Maintenance		
- Building *	3,04,87,192	3,62,17,497
- Plant and Machinery	4,93,47,159	4,67,73,824
- Others *	<u>1,29,84,654</u>	<u>1,71,18,885</u>
	9,28,19,005	10,01,10,206
Insurance	3,35,98,503	3,57,45,758
Rates and taxes	2,87,90,425	2,85,03,530
Communication *	1,96,88,923	3,37,65,489
Travel and conveyance	26,20,43,526	17,88,07,834
Legal and professional charges (Schedule 15, Note 5)	4,32,53,520	3,54,49,699
Selling, Distribution and Advertisement Expenses	49,80,91,745	51,80,72,233
Warranty (Schedule 15, Note 18)	25,31,899	1,91,17,336
Commission on sales	66,98,978	5,33,57,605
Freight outward (Net)	3,09,45,707	1,65,38,008
Royalty [Schedule 15, Note 22(a)]	8,97,84,479	5,41,41,934
Corporate Management Fees (Net) [Schedule 15, Note 22(b)(i)]	34,77,26,133	24,93,21,937
Interest to others	1,20,29,982	56,31,388
Directors' sitting fees	7,20,000	9,00,000
Bad debts written off	2,60,20,444	98,75,706
Provision for doubtful debts (net of write back)	-	77,94,658
Advances written off	63,73,563	-
Provision for doubtful advances and deposits	-	4,72,62,447
Loss on Sale of Fixed Assets (Net)	12,16,298	2,82,008
Exchange loss (Net)	2,30,07,474	-
Miscellaneous expenses *	<u>10,05,18,795</u>	<u>6,21,49,717</u>
	<u>361,52,85,311</u>	<u>324,02,83,980</u>

* Net of recoveries amounting to Rs. 1,61,02,163 (2009-10 : Rs. 2,03,86,890) recovered from 3M Electro & Communication India Private Limited, a subsidiary of 3M Company, USA.

NOTES ON ACCOUNTS

SCHEDULE 15

1 Statement on Significant Accounting Policies

a Method of Accounting

The Company adopts the historical cost concept and accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) in India for the preparation of its accounts. The Financial Statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

b Fixed Assets

Tangible Assets

Fixed Assets are stated at original cost less accumulated depreciation. Cost includes invoice price and wherever applicable freight, duties and taxes, related interest on specific borrowings up to the date of acquisition / installation and expenses incidental to acquisition and installation.

Intangible Assets

Operating Software is capitalized along with Fixed Assets. Application software are amortised based on Management estimation of useful life.

c Depreciation and Amortisation

Depreciation on fixed assets other than leasehold improvements is provided on straight line method at the following rates specified which are equal to or higher than the principal rates specified in Schedule XIV to the Companies Act, 1956:

	Per Annum
Building	3.34%
Plant and Machinery	10.34%
Data Processing Equipments and Software	20.00% to 33.33%
Office Equipment	20.00%
Furniture and Fixtures	6.67%
Vehicles	20.00%

Assets costing less than Rs.5,000 are fully depreciated in the year of addition.

Leasehold improvements are amortised over the period of lease as estimated by the Management.

Cost of Leasehold land (including stamp duty) is amortised over the period of lease.

Assets taken on finance leases are depreciated over the estimated useful life or the lease term, whichever is lower.

d Inventories

Inventories are valued at the lower of cost and estimated net realisable 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 FIFO 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. Stores and spares are valued at Cost.

e Foreign Currency Transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. At the period end all monetary foreign assets and liabilities are restated at the rates ruling at the period end and all exchange gains / losses arising there from are adjusted to the Profit and Loss Account.

f Employee Benefits

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.

Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by Fund Manager, based on a specified percentage of eligible employee's salary. The Company's obligation to the scheme is restricted to the contributions to the scheme.

NOTES ON ACCOUNTS

SCHEDULE 15

Leave Encashment/Compensated Absences

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availability. The liability is provided based on the number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation.

Provident Fund

Contributions payable in respect of Provident Fund, which is a defined contribution scheme, is charged to the Profit and Loss account. [Refer Note 13 (i) below]

g Revenue Recognition

Sales are recognised when goods are despatched in accordance with the terms of sale and significant risks and rewards are transferred and are recorded net of sales returns, trade discount, rebates and sales tax collected but includes excise duty, where applicable.

Income from services rendered is booked based on agreements/arrangements with concerned parties.

Income from interest is booked on a time proportion basis.

h Expenditure

Expenses are accounted for, on accrual basis and provision is made for all known losses and liabilities.

Excise duty and customs duty are accrued on the goods lying at the factory premises and at the bonded warehouse as at the period end, respectively.

Revenue expenditure on Research and Development is charged against the profit for the period in which it is incurred.

Capital expenditure on research and development is shown as an addition to fixed assets.

i Leases

Finance Leases

Assets acquired under lease where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Such leases are capitalised at the inception of lease at lower of the fair value and present value of minimum lease payments. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Operating Leases

Assets acquired as leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease charges are recognised in the Profit and Loss account on a straight line basis over the lease term.

j Taxation

Taxes on income for the current year are determined on the basis of provisions of Income Tax Act, 1961.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

k Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain.

l Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates; a revision to accounting estimates is recognised prospectively in the current and future periods.

m Impairment

At the Balance Sheet date the Company assesses whether there is any indication that an asset may be materially impaired. If such an indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Profit and Loss Account to the extent carrying amount exceeds the recoverable amount.

n. Earnings per share

Basic earning per equity share is arrived at based on net profit / (loss) after taxation to the basic/weighted average number of equity shares.

NOTES ON ACCOUNTS

SCHEDULE 15

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
2 Contingent Liabilities not provided for :		
a) Guarantees:		
- issued by Company's Bankers	7,50,54,953	6,68,41,922
b) Claims against the Company not acknowledged as debts:		
- Pending Sales Tax matters	-	4,17,59,219
- Income Tax matter	8,60,25,606	4,69,17,100
c) Certain Industrial / customer disputes are pending before various judicial authorities – amounts not ascertainable.		
Note: Future cash outflow in respect of (b) above are determinable only on receipt of judgments / decisions pending with various forums/authorities		
3 Capital expenditure commitments (net of advances)	46,84,84,176	18,18,30,079

4 Quantitative Information in respect of goods manufactured and traded by the Company**A. Particulars of Capacity and Production:**

Class of Goods	Unit [Note (iii)]	Licensed Capacity	Installed Capacity [Note (i&ii)]	Production
Self Adhesive Labels	Nos	NA	18,75,00,000 (18,75,00,000)	9,22,03,692 (9,16,45,314)
Fusion Bonded Epoxy Coating	Kgs	NA	1,80,00,000 (1,80,00,000)	38,72,212 (48,65,933)
Paper and Paper Tapes	Nos	NA	NA (NA)	3,10,36,291 (3,74,51,594)
Paint Polishes	Nos	NA	NA (NA)	64,82,550 (67,53,800)
Abrasives	Nos	NA	NA (NA)	12,54,58,278 (11,30,60,845)

Notes:

- i) Installed capacity is as certified by the Management and relied upon by the auditors without verification as this is a technical matter.
- ii) Represents installed capacities on three shifts basis.
- iii) Includes products which are non standard having various sizes and measurement.
- iv) The installed capacity represents annual capacity based on the maximum utilisation of Plant and Machinery.
- v) Installed capacity includes capacity at third party processing/contract manufacturing locations.
- vi) Figures in brackets relate to the previous period.

NOTES ON ACCOUNTS

SCHEDULE 15

B. Particulars of Opening and Closing Stock of Stock in Trade (net of captive consumption)

Class of Goods	Unit	Opening Stock		Closing Stock	
		Quantity	Value Rs.	Quantity	Value Rs.
Manufactured					
Self Adhesive Labels	Nos	47,05,098 (45,26,782)	6,23,04,456 (5,86,34,963)	73,85,605 (47,05,098)	9,41,62,224 (6,23,04,456)
Fusion Bonded Epoxy Coating	Kgs	39,109 (7,726)	42,71,132 (10,79,238)	92,740 (39,109)	1,16,56,854 (42,71,132)
Paper and Paper Tapes	Nos	19,30,296 (14,10,932)	3,49,03,861 (3,01,01,319)	19,10,057 (19,30,296)	3,53,30,477 (3,49,03,861)
Paint Polishes	Nos	5,24,895 (1,99,099)	2,18,56,072 (1,23,29,690)	2,86,577 (5,24,895)	1,94,19,410 (2,18,56,072)
Abrasives	Nos	32,71,940 (47,54,611)	2,33,08,512 (3,42,11,763)	53,18,615 (32,71,940)	3,83,73,715 (2,33,08,512)
Others (individually less than 10% of the total stock)			7,62,28,776 (6,32,92,671)		11,94,25,789 (7,62,28,776)
			22,28,72,809 (19,96,49,644)		31,83,68,469 (22,28,72,809)
Traded					
Self Adhesive Labels	Nos	1,56,813 (1,02,247)	13,23,73,306 (9,25,08,104)	2,59,363 (1,56,813)	16,44,78,955 (13,23,73,306)
Surgical and Dental Products	Nos	4,64,280 (3,41,526)	9,71,37,898 (9,15,88,476)	3,69,809 (4,64,280)	10,02,93,417 (9,71,37,898)
Paint Polishes	Nos	1,64,527 (1,50,992)	2,13,26,715 (2,03,56,802)	6,82,011 (1,64,527)	3,52,28,591 (2,13,26,715)
Abrasives	Nos	54,37,818 (74,19,731)	5,86,99,891 (8,86,09,244)	97,81,074 (54,37,818)	9,16,34,135 (5,86,99,891)
Others (individually less than 10% of the total stock)			21,51,83,761 (10,51,60,517)		30,69,17,804 (21,51,83,761)
			52,47,21,571 (39,82,23,143)		69,85,52,902 (52,47,21,571)

Notes:

- i) The quantitative information above includes products which are non standard having various sizes and measurement.
- ii) Net of shortage/excess/adjustment etc.
- iii) Figures in brackets relate to the previous period.

NOTES ON ACCOUNTS

SCHEDULE 15

C. Particulars of Turnover

Class of Goods	Unit	Turnover	
		Quantity	Value Rs.
Self Adhesive Labels	Nos	9,06,23,492 (9,19,06,566)	328,83,42,765 (285,49,83,881)
Surgical and Dental Products	Nos	32,92,888 (37,26,429)	169,88,52,860 (158,87,77,044)
Fusion Bonded Epoxy Coating	Kgs	38,18,581 (48,34,550)	80,65,42,792 (92,98,80,112)
Paper and Paper Tapes	Nos	3,10,56,530 (3,69,32,230)	133,52,39,416 (116,70,24,549)
Paint Polishes	Nos	73,17,300 (74,57,838)	109,99,16,257 (87,89,64,175)
Abrasives	Nos	15,48,19,322 (14,59,79,694)	219,20,03,132 (179,10,80,563)
Others (individually less than 10% of the total turnover)			133,47,54,290 (165,78,80,745)
			<u>1175,56,51,512</u> (1086,85,91,069)

Notes : (i) The above quantity is after adjusting for free issues etc.

(ii) The quantitative information above includes products which are non standard having various sizes and measurement.

(iii) The turnover value is net of excise duty.

(iv) Figures in brackets relate to the previous period.

D. Particulars of Purchase of Traded Goods

Class of Goods	Unit	Quantity	Value Rs.
Self Adhesive Labels	Nos	12,02,857 (4,94,134)	93,72,71,116 (84,86,57,619)
Surgical and Dental Products	Nos	31,98,417 (1,16,56,323)	80,49,50,779 (87,19,44,411)
Paint Polishes	Nos	11,13,916 (10,43,369)	16,46,43,871 (11,04,19,955)
Abrasives	Nos	3,57,50,975 (2,94,54,265)	57,26,57,461 (42,89,18,815)
Others (individually less than 10% of the total turnover)			63,06,75,976 (87,85,67,334)
			<u>311,01,99,203</u> (313,85,08,134)

Notes: (i) The quantitative information above includes products which are non standard having various sizes and measurement.

(ii) Purchase of Traded Goods is after adjustments towards shortage/excess on physical verification and stock adjustments.

(iii) Figures in brackets relate to the previous period.

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
5 Auditors Remuneration* (included under legal and professional charges in schedule 14)		
- Audit Fees	25,00,000	20,50,000
- Tax Audit Fees	5,00,000	6,00,000
- Certification and other services	9,60,000	16,95,000
- Reimbursement of expenses	98,751	99,197
	<u>40,58,751</u>	<u>44,44,197</u>

* excluding service tax

NOTES ON ACCOUNTS

SCHEDULE 15

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
6 Value of Imports on C.I.F basis (excluding Goods in Transit)		
- Raw Materials	180,43,81,977	163,77,52,941
- Traded Goods	266,79,10,793	252,53,44,025
- Stores and Spares	52,70,221	73,35,889
- Capital Goods	24,46,23,340	15,73,69,812
7 Expenditure in Foreign Currency (cash basis)		
- Travelling Expenses	3,24,59,230	1,16,76,863
- Corporate Management Fee [refer 22 (b)(i) below]	31,46,37,609	18,63,23,816
- Royalty [refer 22 (a) below]	10,25,32,843	-
- Others (Net of tax)	2,86,29,151	1,12,85,634
8 Raw Materials Consumed		

Class of Goods	Unit	2010-11 (12 Months)		2009-10 (15 Months)	
		Quantity	Value Rs.	Quantity	Value Rs.
Abrasives	Linear Yard	1,78,386	10,46,16,134	1,84,939	9,57,24,779
Films	Linear Yard	14,76,621	49,77,82,567	14,59,659	37,85,11,120
Films	Rolls	78,258	57,81,40,123	89,299	44,28,24,625
Inks	Gallons	45,309	9,78,32,827	44,822	10,74,24,162
Tapes	Numbers	51,76,409	54,38,52,528	61,92,518	54,98,28,172
Epoxy Resin	Kilograms	42,93,587	58,67,16,071	61,15,006	71,18,37,767
Paint Polishes	Gallons	13,94,015	32,97,22,785	12,26,536	13,18,67,889
Dyneon	Kilograms	2,56,724	7,52,25,645	2,12,323	4,19,30,714
Others (individually less than 10% of the total material consumed)			90,22,25,530		66,31,54,934
			<u>371,61,14,210</u>		<u>312,31,04,162</u>

Notes : (i) The quantitative information on consumption of components and others have not been given as these comprise of numerous items.

(ii) Raw Materials consumed is after adjustments towards shortage/excess on physical verification and stock adjustments.

	2010-11 (12 Months)		2009-10 (15 Months)	
	%	Value Rs.	%	Value Rs.
9 Value of Imported and Indigenous Raw Materials, Stores & Spares and Packing Materials consumed (As certified by the Management)				
Raw Materials				
- Imported	59%	219,25,07,384	62%	192,59,28,011
- Indigenous	41%	152,36,06,826	38%	119,71,76,151
	<u>100%</u>	<u>371,61,14,210</u>	<u>100%</u>	<u>312,31,04,162</u>
Stores and Spares				
- Imported	24%	1,00,34,235	25%	93,02,070
- Indigenous	76%	2,85,58,977	75%	2,86,54,703
	<u>100%</u>	<u>3,85,93,212</u>	<u>100%</u>	<u>3,79,56,773</u>
Packing Material				
- Imported	-	-	-	-
- Indigenous	100%	18,98,30,983	100%	14,11,79,065
	<u>100%</u>	<u>18,98,30,983</u>	<u>100%</u>	<u>14,11,79,065</u>

NOTES ON ACCOUNTS

SCHEDULE 15

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
10 Earnings in Foreign Exchange		
- Export of goods calculated on FOB basis	28,21,93,518	14,57,43,335
- Freight and Insurance on Exports	86,85,526	52,41,213
- Contract Research [refer 22 (c) below]	7,38,86,089	12,32,33,782
- Re-charge of other services [refer 22(b)(ii) below]	6,36,48,451	-
11 Research and Development Expenses		
Revenue Expenditure	18,06,22,576	16,25,13,982
Capital Expenditure	22,25,65,634	20,32,71,249
12 Disclosure of dues / payments to Micro, Small and Medium Enterprises to the extent such enterprises are identified by the Company.		
(a) (i) The principal amount remaining unpaid as at period end	47,57,826	32,84,687
(ii) Interest due thereon remaining unpaid as at period end	10,63,936	9,44,893
(b) The amount of interest paid by the buyer 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 day during each accounting period:		
(i) Delayed payment of principal amount paid beyond the appointed date during the entire accounting period.	-	-
(ii) Interest actually paid under Section 16 of the Act, during the entire accounting period.	-	-
(c) 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 period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid as at period end:		
(i) Total interest accrued during the period.	8,02,079	7,77,911
(ii) Total interest remaining unpaid out of the above as at period end.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	2,61,857	1,66,982
Note : The above information has been determined based on vendors identified by the Company and confirmed by the vendors, which have been relied upon by the auditors.		
13 Employee Benefits		
i) The Company has recognised, in the Profit and Loss account for the year ended March 31, 2011 an amount of Rs. 11,44,85,998 (2009-10: Rs. 10,18,78,955) expenses under defined contribution plans.		
Benefits (Contribution to)		
Provident Fund	5,30,65,493	4,92,10,608
Superannuation Fund	5,95,35,759	5,15,62,984
Employee State Insurance Corporation	18,84,746	11,05,363
Total	<u>11,44,85,998</u>	<u>10,18,78,955</u>

NOTES ON ACCOUNTS

SCHEDULE 15

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
ii) The Company operates post retirement defined benefit plan for retirement gratuity which is funded.		
iii) Details of the post retirement gratuity plan are as follows:		
I Reconciliation of opening and closing balances of obligation		
a. Obligation as at the beginning of the year	6,46,37,371	7,21,35,983
b. Current Service Cost	1,05,28,739	1,34,73,450
c. Interest Cost	47,33,860	57,45,829
d. Actuarial (Gain)/Loss	2,55,20,440	(1,76,84,864)
e. Benefits Paid	(71,10,660)	(90,33,027)
f. Obligation as at the end of the year	9,83,09,750	6,46,37,371
II Change in Plan Assets (Reconciliation of opening and closing balances)		
a. Fair Value of Plan Assets as at the beginning of the year	6,10,59,721	4,77,58,159
b. Expected return on Plan Assets	48,75,329	47,33,121
c. Actuarial Gain/(Loss)	1,31,530	18,99,637
d. Contributions	1,50,00,000	1,57,01,831
e. Benefits Paid	(71,10,660)	(90,33,027)
f. Fair Value of Plan Assets as at the end of the year	7,39,55,920	6,10,59,721
III Reconciliation of fair value of assets and Obligations		
a. Present Value of Obligation as at end of the year	9,83,09,750	6,46,37,371
b. Fair value of Plan Assets as at the end of the year	(7,39,55,920)	(6,10,59,721)
c. Unfunded amount recognised in the Balance Sheet	2,43,53,830	35,77,650
IV Expense recognised during the year		
a. Current Service Cost	1,05,28,740	1,34,73,450
b. Interest Cost	47,33,860	57,45,829
c. Expected return on Plan Assets	(48,75,330)	(47,33,121)
d. Actuarial (Gain)/Loss	2,53,88,910	(1,95,84,501)
e. Expense recognised during the year	3,57,76,180	(50,98,343)
V Investment Details of Plan Assets		
a. Equity	16.68%	16.46%
b. Corporate Securities	62.05%	83.54%
c. Government Securities	0.08%	-
d. Fixed Deposits	21.19%	-
e. Insurer Managed Fund	-	-
VI Assumptions		
a. Discount Rate (per annum)	8.20%	7.75%
b. Interest Rate (per annum)	7.50%	7.50%
c. Estimated Rate of return on Plan Assets (per annum)	7.50%	7.50%
d. Rate of Escalation in Salary (per annum)	6.00%	5.00%

NOTES ON ACCOUNTS

SCHEDULE 15

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.	2008 (12 Months) Rs.	2007 (12 Months) Rs.
VII Experience History				
a. Defined Benefit Obligation at the end of the period	(9,83,09,750)	(6,46,37,371)	(7,21,35,983)	(4,76,20,641)
b. Plan Assets at end of the period	7,39,55,920	6,10,59,721	4,77,58,159	3,90,11,426
c. Fund Status	(2,43,53,830)	(35,77,650)	(2,43,77,824)	(86,09,215)
d. Experience Gain / (Loss) adjustments on plan liabilities	(1,98,77,830)	(9,68,021)	37,68,952	41,09,264
e. Experience Gain / (Loss) adjustments on plan assets	1,31,530	18,99,637	(4,65,581)	1,46,031
f. Actuarial Gain / (Loss) due to change on assumptions	(56,42,610)	1,86,52,885	(2,48,56,428)	(77,42,041)

Notes: 1) The estimates of future salary increases, considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

2) As per Management estimate, contribution of Rs. 2,50,00,000 (2009-10: Rs. 1,30,00,000) is expected to be paid to the plan during the year ending March 31, 2012.

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
14. (a) Managerial Remuneration paid by the Company *		
Salary and Allowances (Note 2)	4,39,08,545	2,94,49,021
Contribution to Provident and other funds	27,53,760	26,00,931
Estimated value of benefits	34,46,745	41,10,677
Total	5,01,09,050	3,61,60,629

*Notes:

- 1) Excluding provision for contribution to gratuity fund and provision for leave encashment computed on overall basis.
- 2) The above includes a provision towards performance incentive of Rs. 6,79,956 for the period January 1, 2011 to March 31, 2011 (2009-10 : Rs. 4,20,126) computed on an estimated basis.
- 3) The Whole-time Directors are entitled to stock options of the Holding Company [Refer note 21 below].

b) Computation of profit in accordance with Section 198(1) read with Sec 309(5) of the Companies Act, 1956 for calculation of Managerial Remuneration

Profit before Taxation (as per books)	148,06,46,418	140,87,02,456
Add: 1. Managerial Remuneration	5,01,09,050	3,61,60,629
2. Depreciation charged in the accounts	17,36,57,029	16,94,60,723
3. Provision for doubtful debts/advances	-	5,50,57,105
4. Loss on sale of Fixed Assets (Net)	12,16,298	2,82,008
5. Directors sitting fees	7,20,000	9,00,000
	170,63,48,795	167,05,62,921
Less: 1. Depreciation as per Section 350 of the Companies Act, 1956	17,36,57,029	16,94,60,723
2. Provision for doubtful debts and advances written back	6,60,42,342	15,71,954
	23,96,99,371	17,10,32,677
Profit as per Section 198 of the Companies Act, 1956	146,66,49,424	149,95,30,244
10% of the above (2009-10 : 10%)	14,66,64,942	14,99,53,024
Remuneration paid during the period	5,01,09,050	3,61,60,629

NOTES ON ACCOUNTS

SCHEDULE 15

15. Related Party Transactions

(A) Summary of the monetary value of the transactions with the related parties is as follows:

	Holding Company [B(i)] Rs.	Fellow Subsidiaries [B(ii)] Rs.	Key Manage- ment Personnel [B(iii)] Rs.	Total Rs.
I. Expenses				
a. Purchase of Materials (net of returns)	167,18,23,156 (153,09,44,174)	196,07,39,404 (200,16,01,257)	- (-)	363,25,62,560 (353,25,45,431)
b. Sales promotion expenses	- (2,39,153)	- (6,882)	- (-)	- (2,46,035)
c. Remuneration to Directors	- -	- -	5,01,09,050 (3,61,60,629)	5,01,09,050 (3,61,60,629)
d. Corporate Management Fees	34,77,26,133 (23,02,49,709)	- (1,21,76,871)	- (-)	34,77,26,133 (24,24,26,580)
e. Royalty	8,55,09,027 (5,15,63,747)	- (-)	- (-)	8,55,09,027 (5,15,63,747)
f. Recharge of Expenses paid	2,21,78,575 (2,93,58,045)	51,591 (19,63,690)	- (-)	2,22,30,166 (3,13,21,735)
g. Lease Rental Expenses	- (-)	- (-)	6,60,000 (3,30,000)	6,60,000 (3,30,000)
II. Income				
a. Sale of Goods	18,40,312 (20,81,688)	28,40,13,415 (14,81,42,146)	- (-)	28,58,53,727 (15,02,23,834)
b. Income from Contract Research	7,38,86,089 (12,32,33,781)	- (-)	- (-)	7,38,86,089 (12,32,33,781)
III. Others				
Recharge/Reimbursement of Expenses Received	6,36,48,451 (-)	2,92,48,357 (3,12,31,939)	- (-)	9,28,96,808 (3,12,31,939)
IV. Purchase of Capital Goods				
	5,25,70,307 (18,77,874)	1,37,80,876 (17,22,204)	- (-)	6,63,51,183 (36,00,078)
V. Balances				
a. Outstanding receivables	8,60,95,394 (34,04,280)	7,87,89,862 (9,73,80,167)	- (4,00,000)	16,48,85,256 (10,11,84,447)
b. Outstanding payables	31,42,04,426 (25,80,43,662)	38,84,12,562 (30,25,15,294)	- (-)	70,26,16,988 (56,05,58,956)

Notes:

- The above does not include related party transactions with retiral funds, as the Key Management Personnel who are trustees of the funds cannot individually exercise significant influence on the retiral funds transactions.
- The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.
- Figures in brackets relates to the previous period.

NOTES ON ACCOUNTS

SCHEDULE 15

Disclosure of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

	Relationship	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
Sale of Goods			
3M Italy	Fellow Subsidiary	-	53,90,884
3M Gulf Ltd	Fellow Subsidiary	23,48,36,950	5,90,21,490
3M Lanka (Pvt) Ltd	Fellow Subsidiary	-	1,72,88,808
3M Indonesia Ltd	Fellow Subsidiary	-	1,82,40,764
3M United Kingdom Plc	Fellow Subsidiary	-	1,56,75,653
Reimbursement of Expenses Received			
3M Electro & Communication India Private Limited	Fellow Subsidiary	1,61,02,163	2,03,86,890
3M Indonesia	Fellow Subsidiary	1,31,46,194	1,08,45,049
Remuneration to Directors			
Ajay Nanavati	Key Management Personnel	2,92,11,999	2,37,17,578
B.V. Shankaranarayana Rao	Key Management Personnel	1,03,80,901	84,63,146
Sadhana Kaul	Key Management Personnel	1,05,16,150	39,79,905
Purchase of Capital Goods			
3M China	Fellow Subsidiary	1,15,36,050	-
3M Sweden	Fellow Subsidiary	-	12,61,383
Purchase of Material			
3M Asia Pacific Pte Ltd	Fellow Subsidiary	50,51,62,373	47,24,51,279
3M Health Care Ltd – Japan	Fellow Subsidiary	-	36,21,612
3M Korea	Fellow Subsidiary	-	20,09,48,766
Sumitomo 3M Ltd	Fellow Subsidiary	40,53,30,589	42,94,46,685

NOTES ON ACCOUNTS

SCHEDULE 15

(B) Names of related parties and description of the relationship:

(i) Parties where control exists	
Holding Company	3M Company, St. Paul, USA
(ii) Fellow Subsidiaries	
3M A/S	3M Philipines Inc
3M Ait Ltd	3M Poland Sp z.o.o.
3M Argentina S.A.C.I.F.I.A.	3M Precision Optics, Inc.
3M Asset Management S.a.r.l.	3M Puerto Rico, Inc.
3M Australia Pty. Limited	3M Pakistan (Pvt) Limited
3M Algeria	3M Pharmaceuticals Pty Ltd
3M Austin	3M Portugal
3M Aycliffe	3M Panama S.A
3M AUST BIOTRACE	3M Peru S.A
3M Alaska	3M Russia
3M Asia Pacific Pte Limited	3M Romania SRL
3M Belgium S.A./N.V.	3M Sanayi VE Ticaret AS
3M Bolivia	3M Sante
3M BRCKNELL	3M Sanvetec
3M Canada Company	3M Singapore Pte Limited
3M China Limited	3M Spain
3M Chile SA	3M Svenska AB
3M Corporate Services B.V.	3M Sweden
3M Columbia S.A	3M South Africa (Pty) Limited
3M Cesko	3M Seremban (M) SYD BHD
3M Cuno Ltd UK	3M (Schweiz) A.G.
3M Costa Rica S.A	3M Taiwan Limited
3M Deutschland GmbH	3M Taiwan Optronics Corp.
3M Dominicana S.A	3M Technologies Private Limited
3M do Brasil Ltda	3M Telecommunications, Pouyet
3M (East) A.G.	3M Thailand Limited
3M E Wood Manufacturer	3M Touch Systems, Inc.
3M Ecc Europa B.V.	3M Traffic Safety Material
3M Electro & Communication India Private Ltd	3M Traffic Mfg Shanghai Co Ltd
3M Espana, S.A.	3M Turkey
3M ESPE A.G.	3M United Kingdom Holdings PLC
3M Europe S.A.	3M United Kingdom PLC
3M Ecaudor A.V	3M Unitek Corporation
3M El Salvador	3M Unitek GmbH
3M Egypt Trading Ltd	3M Ukraine, Kiev
3M Financial Management Company	3M Uruguay S.A
3M France, S.A.	3M Vietnam Ltd
3M Filtrete B.V	3M Venezuela Final AV
3M Film Construction (Shanghai) Company Ltd.	3M Wroclaw Sp. Z.o.o
3M German Holdings GmbH	ABRASIVOS S.A, Peru
3M Global Capital S.a.r.l.	Aearo Holding Corp
3M Gulf Ltd.	Alltech Solutions, Canada
3M Guatemala S.A	Aplha Beta Enterprises Co. Ltd, Taiwan
3M Health Care Ltd.	Arizant Inc.,Minnesota
3M Health Information Systems, Inc.	Attenti Holdings S.A, Israel
3M Hellas Ltd	Cogent Inc, California
3M Hong Kong Limited	Cogent Systems India Private Limited
3M Hillington UK	CUNO Engineered Products, Inc
3M Hawaii	CUNO Filtration Asia Pte. Ltd.
3M Hungaria Kft	CUNO Filtration SAS
3M Indonesia PT	CUNO Incorporated
3M Innovative Properties Company	CUNO Pacific Pty Ltd.
3M International Group B.V	Dailys Ltd, UK
3M International Trading (Shanghai) Co., Ltd.	Dedication to Detail Inc
3M Investment Management Corporation	Dyneon GmbH & Co. KG
3M Italia S.p.A.	EMFI S.A, France
3M International Trading (Shenzhen) Company Limited	Grafoplast Burgienne, France
3M International Trading (Tianjin) Company Limited	Hangzhou ORJ Medical Instruements & Material Co. Ltd, China

NOTES ON ACCOUNTS

SCHEDULE 15

3M Israel Ltd	IMTEC Corp.
3M Ireland	Incavas Industria de Cabose Vassouras Ltd, Brazil
3M Interamerica Inc	Iwate 3M LTD
3M Korea Health and Safety Limited	J.R. Phoenix Ltd, Canada
3M Korea Limited	K&H Surface Technologies Pty Ltd, Australia
3M Korea Hightech Limited	Kolors Kevarkian S.A, Argentina
3M Kenya Ltd	Kyuno Kabushiki Kaisha Sumitomo
3M Limited	Laboratories 3M Sante SAS
3M Lietuva, Lithuania	Les Entreprises Solumed Inc.,
3M Lanka (Private) Limited	Ligacon AG, Switzerland
3M Latvija S.A	Meguiar's Inc
3M Malaysia SDN. BHD	Meguiar's International, UK
3M Manufacturera Venezuela, S.A.	MTI PolyFab Inc., Canada
3M Material Technology Co., Ltd.	Nadco Japan Limited
3M Mexico, S.A. de C.V.	Polyfoam Products Inc.,
3M MarocLa Coline	Quest Technologies Inc.,
3M Netherland B.V.	Riker Laboratories, Inc.
3M New Zealand Ltd	SAPO SAS, France
3M Neotechnic Ltd	Seaside Insurance Limited
3M Nevada	Security Printing and Systems Ltd.
3M Norge A/S	Sumitomo 3M Ltd
3M (New Zealand) Limited	Suomen 3M Oy
3M Oesterreich GmbH	Top-Service Fuer Lingualtechnik GmbH, Germany
3M Optical System Mfg. Co.	Yamagata 3M Limited

(iii)	Key Management Personnel	Mr. Ajay Nanavati, Managing Director Mr. B.V. Shankaranarayana Rao, Whole-time Director Mrs. Sadhana Kaul, Whole-time Director
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- Notes: i. None of the relatives of the Directors of the Company have any interest in any companies, firms, body corporate with which transactions have been entered into during the year.
- ii. The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.
- iii. The above does not include related party transactions with retiral funds, as Key Management Personnel who are trustees of the fund cannot individually exercise significant influence on the retiral fund transactions.

16. Assets taken on Lease

Operating Lease

The Company has taken office premises, warehouse, residential premises, vehicles and office equipment 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. The minimum rental payments under the operating leases under non-cancellable lease term as at March 31, 2011 is as under:

Minimum Lease payments	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
Lease rental charged to profit and loss account	19,07,63,520	25,06,98,178
Minimum lease payments not later than one year	12,51,34,742	11,07,26,663
Minimum lease payments later than one year but not later than five years	44,38,38,332	42,21,40,655
Minimum lease payments later than five years	8,75,85,168	9,49,46,681

NOTES ON ACCOUNTS

SCHEDULE 15

Finance Lease

The Company has taken vehicles, office equipments and furniture under finance lease agreements. The minimum rental payments under the finance leases as at March 31, 2011 are as under:

Minimum Lease payments	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
Minimum lease payments not later than one year	2,17,73,731	-
Minimum lease payments later than one year but not later than five years	13,90,87,875	-
Minimum lease payments later than five years	-	-
Present Value of Minimum Lease payments		
Minimum lease payments not later than one year	2,00,32,360	-
Minimum lease payments later than one year but not later than five years	10,09,17,769	-
Minimum lease payments later than five years	-	-

The Company has entered into an agreement for sub-lease of office premises. The sub-lease is for a term of three year, expiring on August 31, 2012. The future minimum lease under this sub-lease agreement is as under:

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
Income from sub-lease	1,30,12,036	1,44,52,200
Minimum lease rentals up to one year	1,21,24,661	65,98,452
Minimum lease rentals later than one year but not later than five years	51,96,285	-
Minimum lease rentals later than five years	-	-

Note: There are no Assets attached to the office premises under sub-lease.

17. Taxation

Accounting for taxes on income disclosure as per Accounting Standard 22. Major components of Deferred tax assets and liabilities on account of timing differences as at March 31, 2011 are:

	Asset		Liability	
	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
Depreciation	-	-	6,88,71,331	4,40,60,274
Provision for doubtful debts	1,28,72,543	1,74,60,012	-	-
Provision allowed on payments, write off	11,99,91,801	10,92,51,088	-	-
	13,28,64,344	12,67,11,100	6,88,71,331	4,40,60,274
Net Deferred Tax Asset	6,39,93,013	8,26,50,826	-	-
Net Deferred Tax (Credit)/ Debit for the period	1,86,57,813	(3,14,02,069)	-	-

The tax impact for the above purpose has been arrived by applying a tax rate of 32.45% (2009-10: 33.22%) being the prevailing tax rate for Indian Companies under the Income Tax Act, 1961.

NOTES ON ACCOUNTS

SCHEDULE 15

18. In accordance with Accounting Standard -29 on Provisions, Contingent Liabilities and Contingent Assets, as notified u/s 211(3C) of the Companies Act, 1956, certain classes of liabilities have been identified as provisions and accordingly regrouped separately as under:

Particulars	2009-10 (15 Months) Rs.	Additions Rs.	Reversals Rs.	2010-11 (12 Months) Rs.
a) Warranty	1,91,17,336	42,56,899	17,25,000	2,16,49,235
b) Sales Tax	3,09,93,510	53,35,432	-	3,63,28,942
	5,01,10,846	95,92,331	17,25,000	5,79,78,177

The Company sets up and maintains provisions for other payables when a reasonable estimate can be made. These provisions are made based on estimates made by the management that are reviewed periodically and involve quick settlements not exceeding a period of two-three years in most cases.

Notes:

- Warranty provisions (net of reimbursements) relates to the estimated outflow in respect of products sold by the Company which are generally covered under a warranty of one to five years.
- Represents estimates made for probable liabilities arising out of pending disputes/ litigations with sales tax and other regulatory authorities. The timing of the outflow with these matters depends on the position of law and the settlement of which is not expected to exceed 2-3 years in most cases.

19. Earnings Per Share (EPS)

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
Net Profit attributable to Equity Shareholders	98,80,71,874	92,83,67,623
Weighted Average number of Equity Shares outstanding during the period	1,12,65,070	1,12,65,070
Face value of Equity Shares (Rs.)	10	10
Basic and Diluted Earnings Per Share	87.71	82.41

NOTES ON ACCOUNTS

SCHEDULE 15

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
20. Segment Report		
Segment Revenue (net sale / income)		
a Industrial and Transportation Business	547,51,82,527	482,22,42,678
b Health Care Business	158,78,92,132	164,54,85,294
c Safety, Security and Protection Services Business	170,93,72,764	191,21,78,100
d Consumer and Office Business	96,92,49,087	95,09,62,958
e Display and Graphics Business	172,81,01,275	138,73,47,860
f Others *	28,58,53,727	15,03,74,179
Total Segment Revenue	1175,56,51,512	1086,85,91,069
Less : Inter segment revenue	-	-
Net Sales / income from operations	<u>1175,56,51,512</u>	<u>1086,85,91,069</u>
Segment Results (Profit before interest and tax)		
a Industrial and Transportation Business	71,10,70,795	47,69,07,279
b Health Care Business	10,41,12,077	15,99,27,497
c Safety, Security and Protection Services Business	18,78,74,819	36,87,32,163
d Consumer and Office Business	(2,21,12,065)	(38,76,676)
e Display and Graphics Business	20,84,70,130	20,43,89,543
f Others	3,48,23,002	89,60,352
Total Segment Results	122,42,30,354	121,50,40,158
Less : Interest expense	1,20,29,982	56,31,388
Add: Other unallocable income net off unallocable expenditure	26,84,37,642	19,92,93,686
Total Profit Before Taxation	<u>148,06,46,418</u>	<u>140,87,02,456</u>
Segment Assets		
a Industrial and Transportation Business	290,01,08,496	204,92,32,708
b Health Care Business	62,76,21,496	46,75,83,511
c Safety, Security and Protection Services Business	120,93,20,256	98,89,87,412
d Consumer and Office Business	36,62,13,893	25,28,32,664
e Display and Graphics Business	89,46,96,855	59,13,23,151
f Others	-	-
Unallocated Corporate Assets	151,25,13,133	176,73,50,516
Total Segment Assets	<u>751,04,74,129</u>	<u>611,73,09,962</u>
Segment Liability		
a Industrial and Transportation Business	83,07,01,705	51,16,77,683
b Health Care Business	29,48,26,812	20,47,53,035
c Safety, Security and Protection Services Business	28,31,01,183	23,12,20,055
d Consumer and Office Business	16,49,12,928	12,88,00,621
e Display and Graphics Business	25,27,90,641	14,57,12,799
f Others	-	-
Unallocated Corporate Liability	29,01,46,955	48,92,23,738
Total Segment Liability	<u>211,64,80,224</u>	<u>171,13,87,931</u>

NOTES ON ACCOUNTS

SCHEDULE 15

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
Capital Expenditure		
a Industrial and Transportation Business	41,14,86,142	34,08,59,448
b Health Care Business	10,89,16,796	2,32,27,311
c Safety, Security and Protection Services Business	15,76,10,516	11,87,80,035
d Consumer and Office Business	7,10,83,819	3,07,02,992
e Display and Graphics Business	12,11,26,288	3,05,40,479
f Others	15,90,61,908	20,87,462
Unallocated Capital Expenditure	-	10,81,942
Total Capital Expenditure	102,92,85,469	54,72,79,669
Depreciation Expenses		
a Industrial and Transportation Business	8,79,75,635	7,74,81,930
b Health Care Business	2,28,20,878	2,63,65,315
c Safety, Security and Protection Services Business	2,54,75,506	2,08,84,596
d Consumer and Office Business	1,38,64,506	1,47,14,358
e Display and Graphics Business	2,35,20,504	3,00,14,524
f Others	-	-
Unallocated Depreciation	-	-
Total Depreciation	17,36,57,029	16,94,60,723
Non Cash Expenses Other than Depreciation		
a Industrial and Transportation Business	63,41,696	1,29,89,079
b Health Care Business	46,59,607	1,41,76,486
c Safety, Security and Protection Services Business	22,88,923	69,63,869
d Consumer and Office Business	4,23,994	63,05,032
e Display and Graphics Business	43,82,257	12,89,967
f Others	1,60,493	1,33,32,672
Unallocated Non Cash Expenses	-	-
Total Non Cash Expenditure	1,82,56,970	5,50,57,105
*includes		
Domestic Sales/ Income	36,60,209	46,30,843
Export Sales	28,21,93,518	14,57,43,335

NOTES ON ACCOUNTS

SCHEDULE 15

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisation structure as well as the differential risks and returns of these segments.

The Company during the period has reassessed its operations based on the nature of products / risk-return profile of individual market segments and revised the business segment into five market segments. Accordingly, the previous year/ period figures have been regrouped, wherever considered necessary, to conform with the current period disclosures.

Segment revenue, results and Capital employed 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 Company as a whole.

The Company 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.

21. The Company does not have a scheme for grant of its stock options either to the Directors or employees for the shares issued in India.

However, the Executive Directors and some senior employees of the Company are entitled to Restricted Stock Options plans of 3M Company, USA.

Further, 3M Company, USA the Holding Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Company. In accordance with the plan, the Company during the year has deducted for remittance a sum of Rs.35,40,487 (2009-10: Rs. 41,26,116) and cumulatively amounting to Rs. 2,16,70,898 (2009-10: Rs. 1,81,30,411) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 3,12,584 (2009-10: Rs. 3,39,193) is pending remittance to the Holding Company and the same is included under Other Liabilities (Schedule 10).

With respect to the above plans no cross charges/debits have been made by 3M Company, USA.

22. Inter-Company Agreements / Arrangements :

a. *Intellectual Property Agreement* – 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. 8,97,84,479 (2009-10: Rs. 5,41,41,934) for the year April 1, 2010 to March 31, 2011.

b (i). *Support Services/Corporate Management Fees* – The Company has entered into support services agreement with 3M 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 April 1, 2009. The Company would be charged a comprehensive support services charges by 3M Company USA 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. This agreement supersedes the agreement entered by the Company with 3M Asia Pacific Pte Limited dated January 1, 2003 which was terminated on March 31, 2009.

The Company has incurred the following expenditure:

	2010-11 (12 Months) Rs.	2009-10 (15 Months) Rs.
- Laboratory and Technical Assistance Manufacturing Services	13,91,44,663	9,79,02,432
- Selling and Marketing Services	13,71,28,512	8,08,32,924
- Information Technology Services	4,61,43,559	2,98,49,850
- Other Managerial Services	2,53,09,399	4,07,36,731
Total	<u>34,77,26,133</u>	<u>24,93,21,937</u>
- Foreign Services Employees Expense are included in Employee Costs amounting to	3,12,03,015	2,56,47,834

The Company has accrued an amount of Rs. 10,00,00,000(2009-10: Rs. 5,61,02,611) in respect of estimated liability for the above services during the period January 1, 2011 to March 31, 2011; the actual liability would be ascertained by December 2011.

NOTES ON ACCOUNTS

SCHEDULE 15

- (ii). The Support Service Agreement enables the Company to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its Affiliates consistent with 3M Company's Global Financial Standard on FSEs. Accordingly the Company has recognised a receivable of Rs. 6,36,48,451 (including an amount of Rs.2,10,45,388 for earlier years).
- c. *Contract Research Agreement* – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for carrying out contract research activities. During the year under review, Company has recognised a receivable of Rs.7,38,86,089 (2009-10: Rs. 12,32,33,781).
23. (i) The financial statements for the previous period are for 15 months from January 1, 2009 to March 31, 2010, while those for the current period are for 12 months period from April 1, 2010 to March 31, 2011. Accordingly, the figures in the Profit and Loss Account for the two periods are not comparable.
- (ii) The financial results for 15 months period ended March, 2010 comprises 12 months period ended March 31, 2010 and 3 months period ended March 31, 2009 as indicated below:

(in Rs.)

Particulars	March 31, 2011 (12 months)	March 31, 2010 (12 months)*	March 31, 2009 (3 months)*	March 31, 2010 (15 months)
Turnover	1175,56,51,512	898,63,04,825	188,22,86,244	1086,85,91,069
Other Income	26,84,37,642	19,18,92,840	74,00,846	19,92,93,686
Expenditure	1054,34,42,736	796,88,94,262	169,02,88,037	965,91,82,299
Profit/(Loss) before Tax	148,06,46,418	120,93,03,403	19,93,99,053	140,87,02,456
Profit/(Loss) after Tax	98,80,71,874	80,15,54,103	12,68,13,520	92,83,67,623
Earnings/(Loss) Per Share	87.71	71.15	11.26	82.41

* Unaudited results.

24. Previous period's figures have been regrouped / reclassified wherever necessary to conform to current year classification.

For Lovelock & Lewes
Firm Registration No.301056E
Chartered Accountants

For and on behalf of the Board

Dibyendu Majumder
Partner
Membership No: 057687

Ajay Nanavati
Managing Director

B. V. Shankaranarayana Rao
Whole-time Director

V. Srinivasan
Company Secretary

Place : Bangalore
Date : May 28, 2011

Place : Bangalore
Date : May 28, 2011

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	13543	State Code	08
Balance Sheet Date	31	03	2011
	Date	Month	Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	5515319	Total Assets	5515319
Sources of Funds			
Paid-up Capital	112651	Reserves & Surplus	5281343
Secured Loans	0	Unsecured Loans	121325
Application of Funds			
Net Fixed Assets*	2664611	Investments	0
Net Current Assets	2786716	Net Deffered Tax Asset	63993
Accumulated Losses	0		

* Net of current liabilities and provisions

** Includes capital work-in-progress

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Total income)	12024089	Total Expenditure	10543443
Profit / (Loss) Before Tax	1480646	Profit / (Loss) After Tax	988072
Earning Per Share (in Rs.)	87.71	Dividend Rate (%)	0

V. Generic Names of Three Principal Products / Services of Company(as per monetary terms)

Item Code. No. (ITC Code)	3 9 . 1 9
Product Description	SELF ADHESIVE LABELS
Item Code. No. (ITC Code)	6 8 . 0 5
Product Description	ABRASIVES
Item Code. No. (ITC Code)	3 0 . 0 5
Product Description	SURGICAL AND DENTAL PRODUCTS

For and on behalf of the Board

Place : Bangalore
Date : May 28, 2011

Ajay Nanavati
Managing Director

B. V. Shankaranarayana Rao
Whole-time Director

V.Srinivasan
Company Secretary



3M INDIA LIMITED

Regd Office: Plot Nos. 48-51, Electronics City, Hosur Road,
Bangalore - 560 100

ATTENDANCE SLIP

(To be presented at the entrance)

24TH ANNUAL GENERAL MEETING ON THURSDAY,
JULY 28, 2011 AT 10.30 A.M.

at Sigma Hall, Hotel Chancery Pavilion, 135, Residency
Road,
Bangalore – 560 025

Folio No.....DPID No.....

Client ID

Name of the Member:

Signature:.....

Name of the Proxy holder:

Signature:.....

NOTES:

1. Only Member/Proxy holder can attend the meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report together with this Attendance slip duly filled in at the meeting.
3. Bodies Corporate, whether a Company or not, who are members, may attend through their authorised representatives appointed under Section 187 of the Companies Act, 1956. A copy of authorisation should be deposited with the Company.



3M INDIA LIMITED

Regd Office: Plot Nos. 48-51, Electronics City, Hosur Road,
Bangalore - 560 100

PROXY FORM

I/We.....of
.....in the district of
..... being a member(s)
of the above named Company, hereby appoint
.....of
.....in the district
of.....or failing him/her of
.....in the district of
.....as my/our
proxy to attend and vote for me/us and on my/our behalf at
the 24TH Annual General Meeting of the Company to be
held on THURSDAY, JULY 28, 2011 AT 10.30 A.M. at Sigma Hall,
Hotel Chancery Pavilion, 135, Residency Road, Bangalore –
560 025 and at any adjournment thereof.

Folio No.....DPID No.....

Client ID

No. of shares held.....

Signed this day of2011.

Signature _____

Affix 15 paise Revenue Stamp

This form is to be used **** In favor** of the resolution.
**** against**

Unless otherwise instructed, the Proxy will act as he thinks fit.
**** Strike out whichever is not desired.**

NOTES:

1. This Proxy Form must be lodged with the Company at its Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bangalore – 560100 OR at the Corporate Office, at Concorde Block, UB City, 24, Vittal Mallya Road, Bangalore – 560 001, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.
2. Those Members who have multiple folios with different joint holders may use copies of this Attendance slip/Proxy. In case of joint shareholders, all must sign the proxy form.



3M India Limited

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Bengaluru - 560 001
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