



**3M India Limited**

WeWork Prestige Central  
3<sup>rd</sup> Floor, 36 Infantry Road  
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Tel: +91 80 22231414  
www.3M.com/in

July 28, 2022

The Corporate Relationship Department  
Bombay Stock Exchange Limited,  
1<sup>st</sup> Floor, New Trading Ring, Rotunda Building  
P.J. Towers, Dalal Street, Fort  
Mumbai - 400 001

Scrip Code - 523395

The Secretary  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra – Kurla Complex  
Bandra (E), Mumbai – 400 051

Scrip Code – 3MINDIA

Dear Sir,

**Sub: 35<sup>th</sup> Annual General Meeting - Notice cum Annual Report 2021-22.**

**Ref: Reg. 30(2) read with Para A of Part A of Schedule III of SEBI (LODR) Regulations, 2015.**

This is in continuation of our letter dated May 27, 2022, please find attached Notice cum complete set of Annual Report 2021-22 of the Company. The 35<sup>th</sup> Annual General Meeting (AGM) of the Company scheduled to be held at **10:30 A.M. IST on Thursday, the August 25, 2022** through Video Conferencing / Other Audio-Visual Means.

The electronic copies of the Notice of the AGM and Annual Report 2021-22 has been sent through electronic mode to those Members whose email addresses are registered with the Company/Depositories. The dispatch of electronic copies of the Annual Report 2021-22 have been completed on July 28, 2022.

The Annual Report 2021-22 is available on the website of the Company at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/).

Kindly bring this to the notice of the Members of the Stock Exchange.

Thanking you,  
**For 3M India Limited,**

**Ramesh Ramadurai**  
**Managing Director**  
(DIN: 07109252)

*Encl: as above*



Powered by purpose.  
**Building our shared future.**

Envision. Empower. Sustain.




A man with a beard, wearing a blue cap and a high-visibility green safety vest, is looking towards the camera with a slight smile. He is positioned in front of a complex piece of machinery, possibly a robotic arm or a specialized manufacturing tool, which is out of focus. The background shows a clean, industrial or laboratory environment with various cables and components.

# Science with **purpose**

Unlock the power of people, ideas and science  
**to reimagine what is possible.**





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In a post pandemic world, our purpose drives our innovation model to empower a safe, sustainable and healthy world for everyone. It integrates the best of 3M – our technologies, scientific expertise, capabilities and solutions – to meet the challenges and demands of people at the grassroots. It drives us to join hands, stand for actions and commit to creating a sustainable world for future generations.

It is how we create shared value that solves problems, drives meaningful change and improves lives.

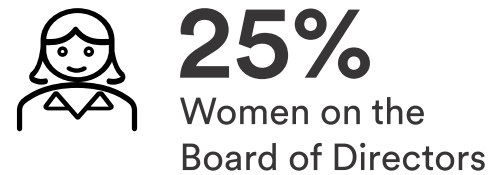
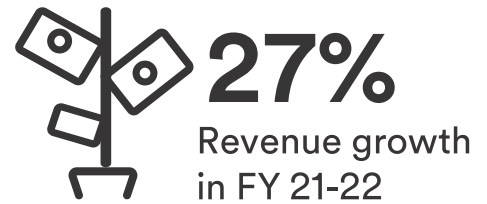
**Powered by Purpose.  
Delivering Performance.**



# FY 2021-22 at a glance

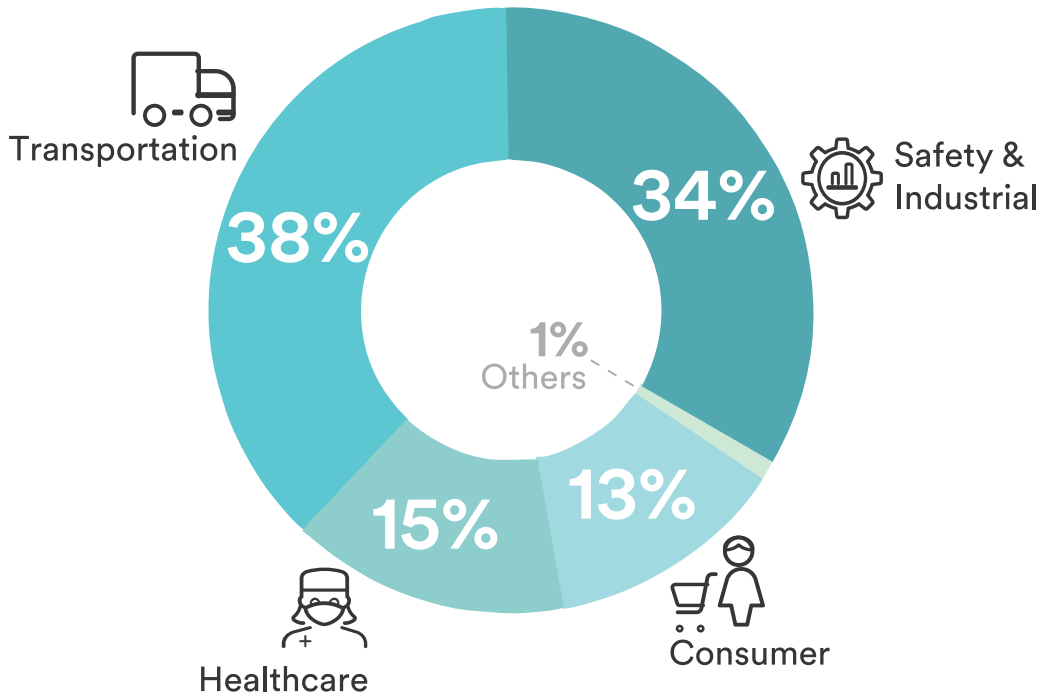
(standalone)

## Highlights





## Revenue from operations (%) by segment



## Awards & Recognition

### Inclusion



Working Mother & AVTAR Best Companies for Women in India study recognised 3M India as one of the **100 Best Companies for Women in India**

### Employee well-being



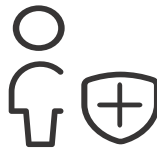
One of the **Top 10 companies for COVID support** by Great Place To Work® in recognition for COVID-19 employee wellness initiatives

### Safety



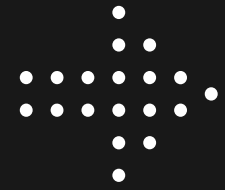
Electronics City Plant received the **State Level Safety Award** under Large Category Industries by Department of Factories, Boilers, Industrial Safety and Health, Government of Karnataka

### CSR



Appreciation from local municipal corporations in Pune (Pune Chinchwad Municipal Corporation) and Bengaluru (Bruhat Bengaluru Mahanagara Palike) for **supporting the Government's fight against COVID**

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### Corporate Office:

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36 Infantry Road,  
Bangalore - 560001.  
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## Message from the Chairman

Dear Shareholders,

It is my privilege to write to you as the Chairman of 3M India Limited and present to you the Annual Report for the financial year 2021-22.

FY 21-22 was another year that tested us in many ways. When I look back at how the year began with the challenges of the COVID second wave, it is truly remarkable to see the resilience of our country and the world, and how we are adapting. It has also been a year of great learning as we find ourselves in a unique situation of adapting to hybrid ways of working while living with continued uncertainty.

### Recovery Amidst Uncertainty

The impact of the second COVID wave during the early part of FY 21-22 does not need repetition. As we concluded the financial year, the uncertainty was exacerbated by geo-political tensions. The Indian economy showed resilience through these challenges and posted a GDP growth of 8.7%. Global agencies like the World Bank and IMF have estimated India's GDP projections for FY 22-23 to be in the range of 7.5%, with global growth also expected to slow down. As I write my message, it is possible that some parts of the world may even experience a recession. While the jury is out on likely scenarios, one thing is certain, volatility is the new norm.

The Government of India took several measures to put the country on the recovery path. Mass vaccination campaigns; increased Government budget allocation and expenditure on infrastructure projects; privatisation of selected state-owned assets and initiatives to modernise the logistics sector, are all positive drivers that will create more employment, boost domestic consumption and improve business sentiment. However, this recovery faces additional headwinds triggered by geo-political tensions, inflation, interest rate revisions and ongoing supply chain imbalances. While the Government ensures additional measures to mitigate these headwinds, your Company continues to take actions to stay agile and resilient.

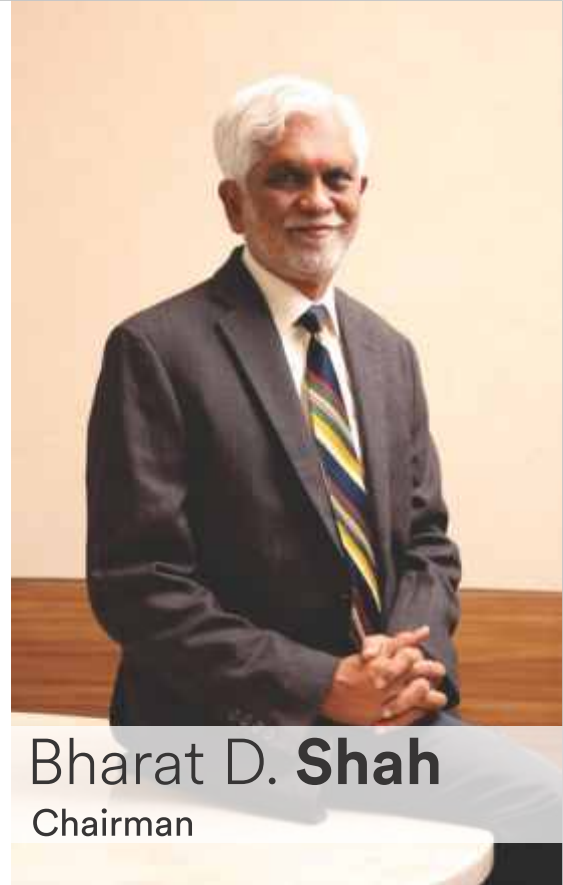
### Science and Sustainability to Create Shared Value

I am happy to report that your Company delivered a strong performance with positive growth across all its business segments. On a standalone basis, your Company grew at 27% with profit after tax growth at 78% over last financial year. This is a commendable performance taking your Company back on its pre-pandemic trajectory. Your Company has a very diverse product portfolio, several patents and a strong commitment to research and development, all of which will help us move forward and contribute to the country's progress. Opportunities from the e-commerce boom, favourable government policies and PLI schemes and emphasis on infrastructure projects were some of the tailwinds that could be mapped to your Company's solutions to create value for its customers.

During the year, your Company was steered by strong leadership which brought together its capabilities in overcoming challenges and growing its business, while continuing to make societal impact. From ensuring preparedness during the second wave, timely supply of medical supplies and ensuring all its employees and their families were fully vaccinated, your Company remained true to its purpose of protecting citizens and prioritising the health and wellness of its workforce. Rising to the occasion during the COVID crisis, your Company led collaborations with multiple partners to respond to urgent needs of communities and also proactively supported local municipal corporations with community vaccination drives to create wider impact. Your Company believes that creating shared value helps improve lives and impacts the broader environment.

This year, your Company also completes an important milestone – 35 years of operations in India. Many of you are long time shareholders and it is a matter of pride for me to be able to serve as the Chairman of your Company at this time.

I would like to extend my gratitude to the 3M India leadership and employees for reaffirming your Company's commitment to sustainable growth. We remain optimistic and look forward in anticipation of positive developments in the year ahead. On behalf of the Board of Directors of 3M India Limited I thank you, dear shareholders, for your trust and support.



**Bharat D. Shah**  
Chairman

**“It has also been a year of great learning as we find ourselves in a unique situation adapting to hybrid ways of working while living with continued uncertainty.”**

## Message from the Managing Director



Dear Shareholders,

I am honoured to share my message with you, provide insights into your Company's operations during the past year and present to you your Company's Annual Report for FY 21-22. At the outset, I would like to express my deepest gratitude to you, dear shareholders, for being a part of 3M's journey in India.

FY 21-22 continued to present us with formidable challenges, owing to the COVID second wave in the early part of the financial year and due to geo-political events towards the latter part of the year. Despite the headwinds due to the contraction in the economy in the previous financial year, the Indian economy registered a GDP growth of 8.7% in FY 21-22. The external environment continues to be uncertain and volatile, affected by raw material cost inflation, supply chain disruptions, and foreign exchange rate pressures. In this situation, your Company has been focused on what we can influence and control, leveraging its fundamental strengths to navigate through these uncertainties.

### **Powered by Purpose, Delivering Performance.**

Your Company is rooted in purpose – unlocking the value of people, science and ideas to reimagine what is possible and build what is next. We use science to provide value to our customers whether it is to strengthen healthcare, modernise industry or empower consumers to lead safer and healthier lives. In FY 21-22, your Company delivered robust performance across all business segments. Our broad product portfolio, strong focus on customers, gradually elevating digital engagement with customers, prudent cash and cost management, helped achieve both topline and bottom-line growth. On a standalone basis, your Company's revenue for the FY 21-22 was Rs. 3,078 crores, a 27% growth over prior financial year. Profit for the year grew by 78%, with operating margin of 13% compared to 11% for prior financial year.

Purpose was at the heart of our comprehensive response during COVID as we reached out to multiple stakeholders, prioritising the health and well-being of our people, partners and communities. Through both waves of COVID, your Company ensured the safety and health of our people. We facilitated COVID vaccinations for our employees and their families ensuring that 100% of our workforce was fully vaccinated. This support was extended to our communities, reaching underserved rural and urban populations in Maharashtra, Karnataka and Tamil Nadu. Our purpose driven approach led your Company to step in during the second wave with medical equipment support to ICUs in Government hospitals. In addition, your Company also launched sustainable initiatives in healthcare, like mobile health clinics in aspirational districts, and set up solar powered infrastructure at rural primary health care centers to better serve local communities.

Our teams worked hard to elevate customer connections and serve them with appropriate solutions. In addition, your Company also continued to focus on energising employee experience in these difficult circumstances. I would like to highlight a few examples:

1. We continued to introduce new solutions to meet the emerging trends shaping our end markets like the launch of new robotic and automation tools for sanding & finishing in manufacturing processes, and the expansion into emerging markets through our solutions in the industrial tapes, adhesives and personal safety segments.
2. Infrastructure expenditure on roads and highways provided opportunities for us to launch new solutions in road safety that offered improved road visibility.
3. Our teams upgraded clinical practices and upskilled paramedical staff in critical care units in hospitals through partnerships with major medical bodies and associations.
4. We launched a new respirator to provide comfort and protection to consumers.
5. We are getting ready for the future of work with our new flexible working model called **Work Your Way** which empowers employees to choose where and how they would accomplish their work.

6. I am also proud to share some of the recognition we received during the year for our efforts around COVID and people focused initiatives. Great Place to Work® recognised 3M India as one of the top 10 companies for COVID support to employees, and Working Mother and Avatar included 3M India as one of the 100 Best Companies for Women. Both awards are reflective of the workplace we are creating to empower our people and enable them to thrive. We were also appreciated by local municipal corporation authorities in cities where we operate for our contributions to the Government's fight against COVID.

### Advancing our Impact Through ESG Progress

Our parent company has stepped up its efforts in ESG, investing in environmental stewardship and advancing equity and inclusion in our company and communities. I am happy to share that this year your Company has undertaken a voluntary disclosure of the BRSR, Business Responsibility & Sustainability Report (Annexure C in the Annual Report) which gives an overview of our initiatives and actions under each of the nine principles laid down as per the underlying guidelines provided in the National Guidelines for Responsible Business Conduct (NGRBC). We continue to stay aligned with 3M Company's efforts to reduce our carbon footprint, water usage and plastics use.

### Building Our Shared Future

This year marks the 35<sup>th</sup> year of incorporation of 3M India. This milestone is an opportunity to reflect on the path your Company has travelled so far. There is much to be proud of and we will continue to reaffirm our commitment to our country, our customers and communities, guided by our purpose. We are building on our strong foundation to position us for long-term growth and value creation.

As I conclude, I want to thank our Chairman, Mr. Bharat Shah and our Board of Directors for their guidance and support throughout the year. My gratitude towards all our customers, partners, vendors, employees and various State Government and National Government agencies whose support has been invaluable in our journey.

**“We use science to provide value to our customers whether it is to strengthen healthcare, modernise industry or empower consumers to lead safer and healthier lives.”**



**Ramesh Ramadurai**  
Managing Director





**We create value through our ability to solve problems by connecting our fundamental strengths to the country's growth opportunities.**

Due to the pandemic, we learnt new things and better ways to adapt. The post pandemic trends bode well for our business models as they correspond to the modified demands of our customers. We can proudly say that we stepped up and delivered in industries, on the roads, in hospitals and at homes, powered by our purpose.

## Strategic Partnerships for Safer Practices and Healthier Outcomes

Prioritising infection control as the first step towards patient recovery, 3M partnered with healthcare bodies to improve infection control in ICUs, operation theatres and central sterilisation departments in hospitals.

In association with CAHO (Consortium of Accredited Healthcare Organisations), 3M introduced the **ACE** (Awareness-Compliance-Excellence) programme to build knowledge through awareness, bring emphasis to compliance through audit, improved systems and recognition.

Through our partnership with INS India (Infusion Nurses Society), we launched the **“INFUZE” Quality Improvement Programme** to improve IV-line insertion and maintenance by the adoption of INS recommended practices.

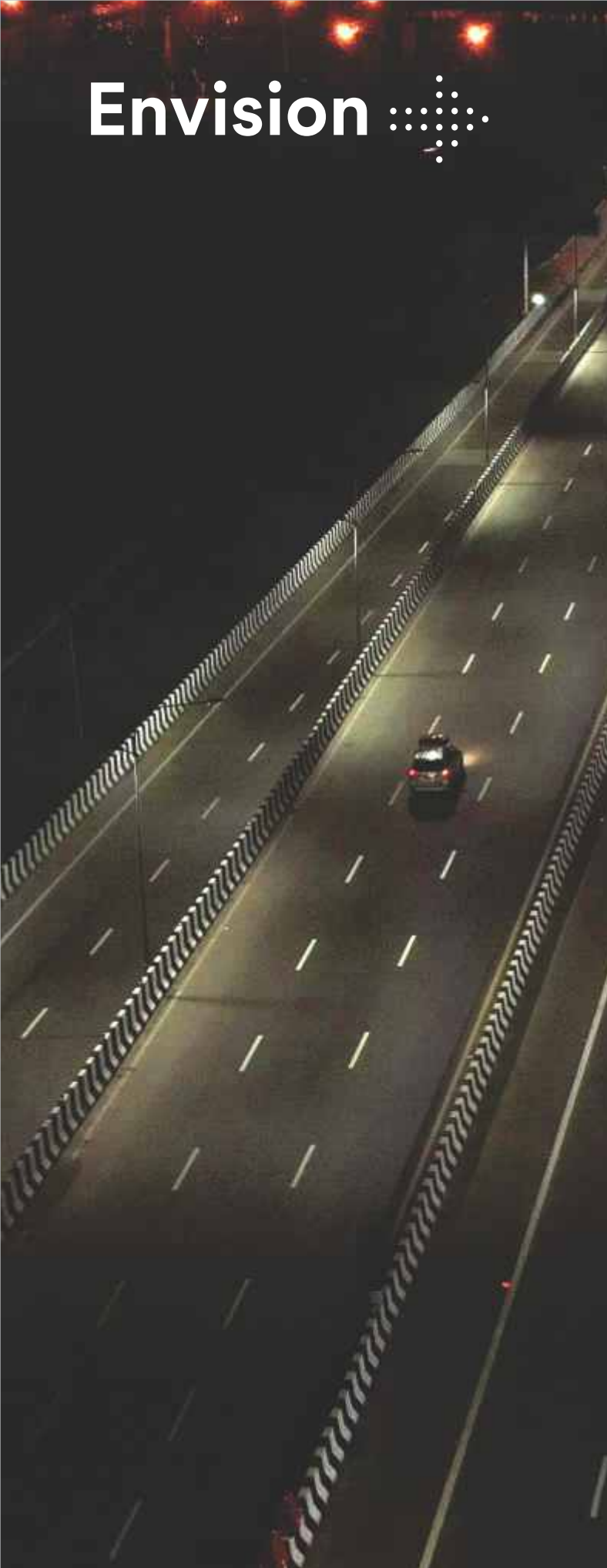


## Cementing Better Smiles

Interacting with dentists helped us learn that conventional hand-mixing of dental cements led to inconsistent final outcomes of tooth crown procedures, inspiring us to launch our **“Keep it Simple”** campaign.

The programme encouraged dentists to adopt a new clicker system which simplified the procedure and provided reliable outcomes for patients.

A digital first awareness campaign employed online, offline, educational and loyalty programmes to drive adoption.



## Enabling Visibly Safer Motoring

Helping motorists stay the course at night, under low visibility and wet conditions is critical while commuting on India's growing modern road network. Conventional road markings don't reflect enough light at night when covered with rainfall, making them virtually disappear.

**3M™ Stamark™ High performance pavement marking tape** is the benchmark for retro-reflectivity in dry and wet conditions with its all-weather performance, durability and easy application, leading to lesser road closure time.

3M™ Stamark™ is already enhancing safety on newly built highways across India.





## Making a Statement with Fleet Graphics

Fleet graphics allow brands to turn vehicles into moving billboards and get brand messages delivered within seconds.

Paint has been the most common tool for companies to brand their fleet. We worked with key stakeholders to educate them on **3M™ Digital Print Films** which offer multiple benefits such as ease of application, longevity and long-term savings for customers.

An acceleration programme with top fleet partners across India helped convert several customers across dairy, last mile delivery, FMCG and logistics to switch to films instead of paint to communicate their brand messages effectively.



## Automation Made Easy With 3M™ Abrasives

Aiding modern automation manufacturing processes, 3M's abrasive tools and systems are enhancing productivity and reducing downtime.

Strong relationships with system integrators and machine builders have enabled the adoption of new automation solutions to get the best results for end customers.

Our Cubitron™ II Abrasive Belts, Fibre Discs, Clean Sanding Film Discs, Flap Discs cut fast and last long, minimising changeouts and robotic downtime. The trusted, long-lasting Scotch-Brite™ industrial abrasives offer a wide range of wheels and brushes for robotic deburring. Trizact™ belts are ideal for work where consistent, refined finishes are essential.





## **Comfortable and Proven Protection**

The need for reliable and comfortable masks became apparent with lockdowns being lifted and people finally venturing out. We introduced **3M™ 9513 Respirator KN95**, which brings together our expertise in respirator and filtration technology with a more comfortable design.

Designed with robust protection and wearer comfort as key attributes, the 9513 respirator filters over 95% of airborne particles with the use of **3M™ Advanced Electrostatic Filtration Media**.

The 9513 respirator ensures a ‘tight fit’ even when worn for long hours with its soft padded nose clip and a hook behind the head to secure the elastic straps.





## The New Reality is Mixed Reality

The intersection of real human experiences with the digital world has the power to revolutionise the way we interact, live and work. As the future beckons, meeting customer demands for interactive experiences becomes imperative. 3M is building its capability in **Augmented Reality & Virtual Reality platforms or the Metaverse** to enhance customer experiences.

These technologies have made it possible for us to demonstrate the value of our solutions, particularly in situations such as traffic safety which may be challenging to replicate in the real world.

In other instances, customers get first-hand visualisation of what new trains will look like by “touching and feeling” architectural surface finishes, paint replacement solutions, safety systems and way-finding, virtually.

Within a VR environment, we can demonstrate scenarios and help decision-makers see both the problem and the possible solutions, all without any actual safety risk. The collaborative and immersive experience fosters partnerships for the future.





# Empower



# Purpose for People

As a science-based company with a promise to help solve some of the world's greatest challenges, it is our imperative to become the most diverse and inclusive enterprise we can be.

## Employee Safety and Well-Being During the Pandemic

Our commitment to respond and support our people to meet the evolving health and safety challenges of the pandemic led us to take on the responsibility to vaccinate all our employees and their families. Multiple vaccination camps were conducted at various locations with tie-ups with hospitals where employees could get both doses of vaccinations. A vaccination task force led by employees volunteered their time to organise camps and mobilise colleagues to get vaccinated.

Employees are encouraged to take advantage of 3M's health and well-being programmes that promote disease prevention and health improvement. Through regular communications and webinars, we continue to support healthy lifestyles and create a psychologically safe work environment that empowers employees to be their best, both at work and at home.



## Work Your Way Driving Work-Life Balance

The effects of COVID-19 have been broad and far-reaching, underscoring the importance of adaptation and flexibility in the “workplace” — wherever that may be. In 2021, 3M Company introduced Work Your Way: a trust-based work model where employees are empowered to work in ways that support their role and preference. Built on virtual first, virtual collaboration through the use of technology is the standard. The model is based on impact where contribution to the organisation and embodiment of our culture is valued above location of work. The Company is in the process of transitioning to this model for all non-production employees.



## A Diverse, Equitable and Inclusive Workplace for Everyone to Thrive

One of the significant steps the Company took to drive a more diverse and inclusive culture was to launch the India PRIDE chapter with a mission to advocate for a culture that empowers and supports the development of LGBTQI+ talent. The Pride network is very active in the company and has several activities throughout the year to create awareness and educate employees about the community.

3M places a huge focus on STEM, which is why we are working to increase the participation of women in manufacturing and leadership in manufacturing roles. The **M-WLF** (Manufacturing Women's Leadership Forum) was launched with a mission to increase the number of women employees in various positions at manufacturing sites, support women in manufacturing with clear career progression and options to grow and develop into leadership roles.



# Sustain

Driving long-term growth and value creation by **applying science to improve lives.**



Purpose drives our performance, delivering financial value to our shareholders while creating societal value for stakeholders through our environmental, social, and governance (ESG) commitments and progress.

Taking a systemic approach that builds on our global capabilities and technologies, 3M Company drives sustainability within a Strategic Sustainability Framework that focuses on three priority areas:

## **Science for Circular**

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

## **Science for Climate**

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

## **Science for Community**

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

This year, the Company has voluntarily adopted to disclose its ESG progress and performance as per the non-financial reporting template prescribed in the BRSR format, introduced by the Ministry of Corporate Affairs. The reporting covers the period between April 2021 – March 2022 across the nine principles of

National Guidelines on Responsible Business Conduct (NGRBC) that bring in the adoption of ESG metrics into business performance. Additionally, this disclosure demonstrates how 3M is working towards the UN Sustainable Development Goals (UN SDGs) which form the basis of BRSR reporting.



# Principle 1

Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable.



1. 3M's Code of Conduct sets forth global corporate expectations for all 3M employees and certain third parties who act on 3M's behalf.
2. The Company encourages a culture of transparency through its **"Speak Up"** programme, establishing a whistleblower protection policy ensuring all complaints are investigated and strictly discouraging any form of retaliation.
3. Under the POSH (Prevention of Sexual Harassment) policy, 3M has constituted specific Internal Committees at each of its locations to address complaints and concerns around sexual harassment.
4. 3M Company was named as one of the World's Most Ethical Companies by Ethisphere® for the ninth straight year.

# Be 3M

- 🕒 Be Good
- 🕒 Be Honest
- 🕒 Be Fair
- 🕒 Be Loyal
- 🕒 Be Accurate
- 🕒 Be Respectful

Global Code of Conduct



## Principle 2

**Businesses should provide goods and services in a manner that is sustainable and safe.**



1. 3M's Life Cycle Management process ensures that environmental, health, safety and regulatory considerations, including disposal, are integrated into the development and commercialisation of 3M products.
2. Every new 3M product must include a Sustainability Value Commitment (SVC). This formal requirement embeds sustainability into the pipeline that produces 3M's diverse portfolio of global products.
3. New sustainable products were launched in FY 2021-22 which address multiple environmental concerns. **3M™ Multipurpose Shiner** uses naturally sourced material to provide a glossy, shine to automotive exteriors. For home cleaning, **Scotch-Brite® Sponge Wipes** are now made of 100% biodegradable cellulose material. **3M™ Integrated Absorbent Barrier** is a complete vehicle acoustic solution that is lightweight, reduces noise and uses less hazardous chemicals.
4. The Company mandates all its suppliers to oblige and comply with 3M policies, like Supplier Responsibility codes which provide guidance towards labour, health and safety, ethics, environment and management systems to the suppliers.

## Principle 3

**Businesses should respect and promote the well-being of all employees, including those in their value chains.**



100 BEST COMPANIES  
FOR WOMEN  
2021



1. The Company was recognised as one of the Top 10 companies for COVID support, by Great Place To Work® in recognition for COVID-19 employee wellness initiatives over 2020-2021.
2. 3M introduced a flexible work model called Work Your Way which empowers employees to choose where and how they would accomplish their work.
3. 100% of the workforce is fully vaccinated.



4. Working Mother & AVTAR Best Companies for Women in India study recognised 3M India as one of the 100 Best Companies for Women in India, for commitment to gender inclusive policies and initiatives.
5. 3M India manufacturing facilities maintained Zero Lost time injuries due to continuous focus on preventive actions. 3M Company recognised two of 3M India's manufacturing plants at Ahmedabad & Bangalore with the CEO EHS award for safety excellence.
6. 3M India Bangalore plant was recognised as a runner up in the Karnataka State Level Safety Award under Large Category Industries instituted by Department of Factories, Boilers, Industrial Safety & Health, Government of Karnataka.



## Principle 4

**Businesses should respect the interests of and be responsive to all its stakeholders.**

The Company's stakeholder engagement strategy continues to evolve and it looks to its stakeholders to help increase understanding, broaden awareness, seek technical input and evaluate potential collaborations and partnerships.



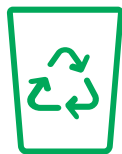
## Principle 5

**Businesses should respect and promote human rights.**

1. 3M Company respects international human rights principles, including the United Nations Declaration of Human Rights, the United Nations Guiding Principles for Business and Human Rights (UNGP), the European Human Rights Convention, the International Labor Organisations' Declaration on Fundamental Principles and Rights at Work, the OECD, and the UN Convention Against Corruption.
2. 3M Company is committed to upholding human and workplace rights across 3M operations globally. This is embodied in 3M's Human Resource Principles which respect the dignity and worth of all individuals, encourage the initiative of each employee, challenge individual capabilities, and provide equal opportunity for development.

## Principle 6

**Businesses should respect and make efforts to protect and restore the environment.**



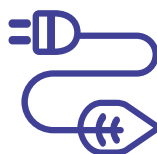
Waste reduced by  
**5.4%**

Waste emerging from non-working inventory, quality rejections and production waste is collectively sent for co-processing to cement kilns.



CO<sub>2</sub> emission reduced by  
**359 MT**

Result of reduction in the incineration process and carbon footprint across all manufacturing plants.



Renewable energy share  
**22%**

Three manufacturing plants are utilising 22% share of energy consumption through renewable energy.



Energy efficiency improved by  
**16%**

Smart energy management has improved energy efficiency at all plants.



Water discharge  
**0%**

Zero Water Discharge practices at manufacturing plants through water conservation initiatives.



Water usage reduced by  
**36%**

## Principle 7

**Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

The Company continuously strives to be a trusted partner of the Government and constantly engages with relevant Ministries to develop and propose new policies or provide recommendations to modify the existing ones.

During the pandemic, the Company actively participated through special taskforces driving the collective efforts of the industry in support of the Government's fight against COVID.



# Principle 8

**Businesses should promote inclusive growth and equitable development.**



1. 4 mobile healthcare units benefitting 30,000+ beneficiaries are providing primary healthcare services in aspirational districts across states like Uttar Pradesh, Maharashtra, Odisha and Assam.
2. Over 175,000 vaccinations were administered to urban slum and rural communities across Maharashtra, Tamil Nadu and Karnataka.
3. Over 350,000 people from rural areas around Ranjangaon, Pune, benefitted through 7 solar powered primary health care centres providing healthcare with uninterrupted power supply.
4. Over 1200 patients benefitted through the cancer research and diagnostic medical equipment donated to Sri Shankara Cancer Foundation Hospital, Bengaluru.
5. 2861 underprivileged girls continued their schooling with digital educational aids despite COVID disruptions.
6. 4000+ children below the age of 6 years were supported through Anganwadi centres in Bengaluru, Kolkata and Mumbai.
7. Worked through collaborations with CII and AMCHAM to support various State Governments through the COVID crisis.





## Principle 9

**Businesses should engage with and provide value to their consumers in a responsible manner.**

1. The Company uses a robust Customer Issue Resolution (CIR) process which allows our immediate customers to register and obtain resolution of their complaints.
2. 3M provides a TDS (Technical Data Sheet) and an MSDS (Material Safety Data Sheet) for each of its products which carry information on product usage, hazard status, storage conditions, shelf life and disposal methodology, etc.



# 10 Year Financial Highlights

Summary of Information	12 months ended (April to March) (Standalone)										
	(₹ in Lakhs)										
	2011-12	2012-13	2013-14	2014-15	2015-16@	2016-17@	2017-18@	2018-19@	2019-20@	2020-21@	2021-22@
Gross Sales*	1,47,123	1,65,250	1,81,809	1,92,790	2,22,376	2,45,785	2,58,040	2,80,876	2,76,488	2,42,036	3,07,830
Total Income	1,41,037	1,58,463	1,76,229	1,85,478	2,24,159	2,50,732	2,62,401	2,84,159	2,80,646	2,44,723	3,11,302
Profit Before Depreciation, Interest & Tax (PBITDA)	12,632	12,101	13,084	21,759	35,428	41,824	52,343	54,043	38,139	26,455	41,661
Profit Before Tax (PBT)	9,611	7,520	6,907	16,456	30,310	36,922	47,968	49,746	32,040	20,244	35,970
Profit After Tax (PAT)	6,477	5,227	4,299	10,834	19,417	23,832	31,027	32,286	21,523	14,675	26,618
Net Fixed Assets	31,067	42,040	42,530	38,905	34,873	31,467	28,491	26,927	24,277	22,380	26,503
Share Capital	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51
Reserves & Surplus	59,291	64,517	68,816	79,645	97,681	1,21,513	1,52,540	1,84,827	2,06,350	2,21,024	2,47,752
Net Worth	60,417	65,644	69,943	80,772	98,807	1,22,638	1,53,666	1,85,953	2,07,476	2,22,151	2,48,878
Retained Earnings	6,477	5,227	4,299	10,834	19,417	23,832	31,027	32,286	21,523	14,675	26,727
Employee cost to sales	13.16	13.52	14.05	13.27	11.17	11.17	12.49	10.59	10.61	13.76	11.22
Net Deferred Tax Asset	440	906	1,289	966	837	780	1,135	2,347	1,666	2,561	2,735
Capital Investment	9,668	12,899	4,759	1,472	1,387	1,412	1,641	3,084	1,984	4,042	6,999
Ratio Analysis											
PBT to Total Income (%)	6.81	4.75	3.92	8.87	13.52	14.73	18.28	17.51	11.42	8.27	11.55
PAT to Total Income (%)	4.59	3.30	2.44	5.84	8.66	9.50	11.82	11.36	7.67	6.00	8.55
Return on Networth (RONW)(%)	10.72	7.96	6.15	13.41	19.65	19.43	20.19	17.36	10.37	6.61	10.69
Return on Capital Employed (%)	15.91	11.46	9.88	20.37	30.68	30.11	31.22	26.75	15.44	9.11	14.45
Return on Equity(%)	10.72	7.96	6.15	13.41	19.65	19.43	20.19	17.36	10.37	6.61	10.69
EPS	57.50	46.40	38.16	96.17	172.89	213.72	275.66	286.72	194.38	132.53	236.28
No. of shareholders	9,490	9,432	9,225	10,723	12,974	16,290	18,607	23,240	31,047	29,720	38,503

## Notes/Glossary:

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

@Ind AS

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

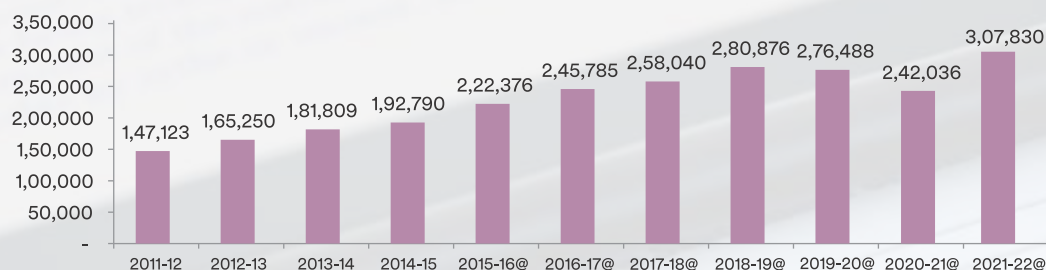
Net worth=Share Capital+ Reserves & Surplus

RONW=PAT/ Networth

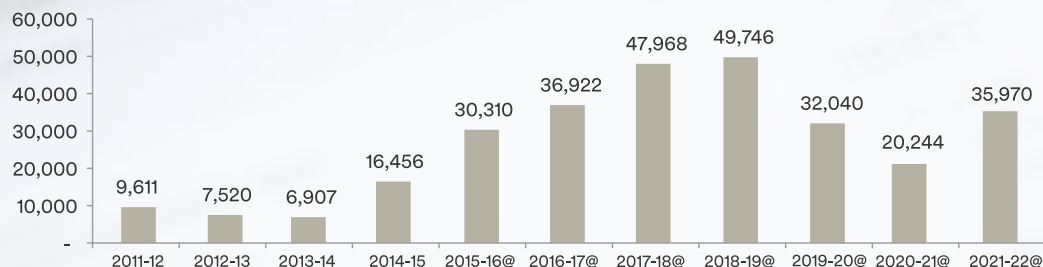
Return on Capital Employed(%)=PBT/Capital employed

Return on Equity=PAT/Networth

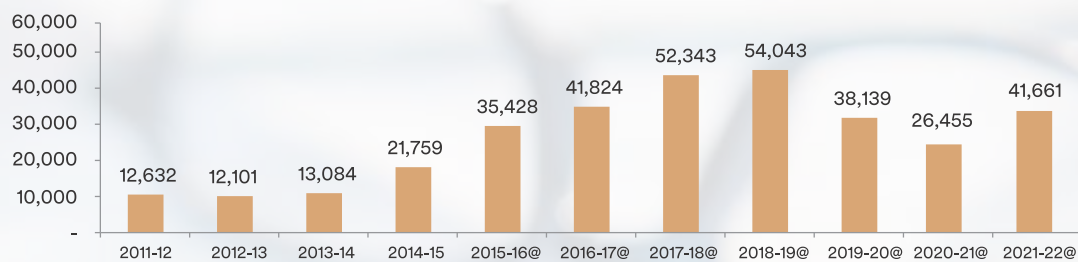
## Gross Sales (Rs. in Lakhs)



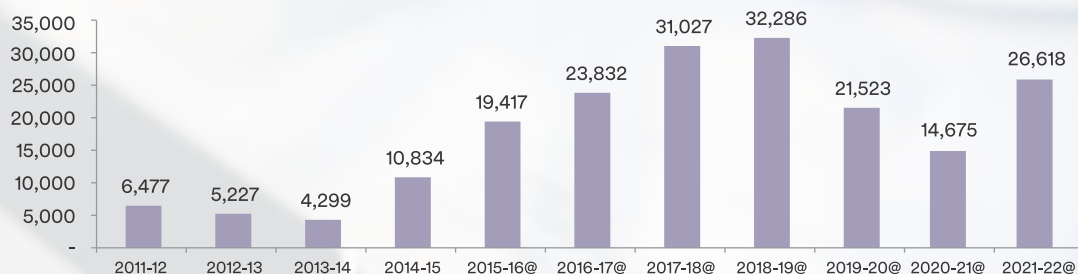
## Profit Before Tax (PBT) (Rs. in Lakhs)



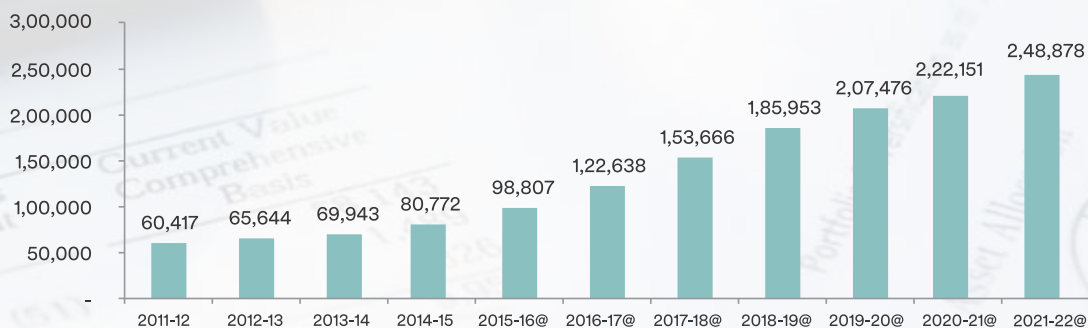
### Profit Before Depreciation, Interest and Tax (PBITDA) (Rs. in Lakhs)



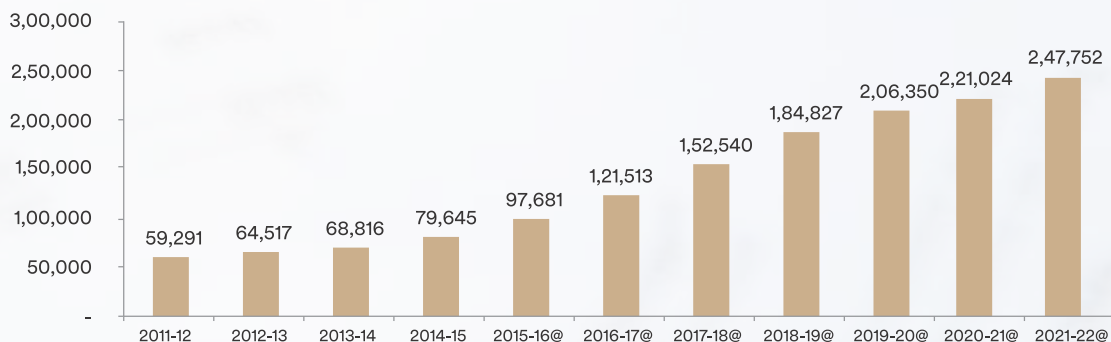
### Profit After Tax (PAT) (Rs. in Lakhs)



### Net Worth (Rs. in Lakhs)



### Reserves & Surplus (Rs. in Lakhs)





# Board of Directors



**Bharat D. Shah**  
Chairman, Non-Executive  
Independent Director



**Ramesh Ramadurai**  
Managing Director



**Biren Gabhawala**  
Non-Executive  
Independent Director



**Radhika Rajan**  
Non-Executive  
Independent Director



**Amit Laroya**  
Non-Executive Director



**Yun Jin**  
Non-Executive Director  
(from February 4, 2022)



**James Ernest Falteisek**  
Non-Executive Director



**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
(from June 1, 2022)

## Key Managerial Personnel & Committee Details

### Key Managerial Personnel

Mr. Ramesh Ramadurai	Managing Director
Ms. Vidya Sarathy	Whole-time Director (from June 1, 2022)
	Chief Financial Officer (from June 1, 2021) and Compliance Officer (from May 11, 2022)
Mr. V. Srinivasan	Company Secretary and Compliance Officer (upto May 10, 2022)

### Audit Committee

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Ms. Radhika Rajan	Member
Ms. Yun Jin	Member

### Stakeholders Relationship Committee

Mr. Bharat D. Shah	Chairman
Mr. Biren Gabhawala	Member
Ms. Radhika Rajan	Member
Mr. Ramesh Ramadurai	Member

### Corporate Social Responsibility Committee

Mr. Bharat D. Shah	Chairman
Mr. Ramesh Ramadurai	Member
Ms. Radhika Rajan	Member
Ms. Vidya Sarathy	Member

### Nomination and Remuneration Committee

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Mr. Amit Laroya	Member

### Risk Management Committee

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Ms. Radhika Rajan	Member
Mr. Ramesh Ramadurai	Member
Mr. James Ernest Falteisek	Member

## Corporate Information

### Bankers

BNP Paribas  
Citibank N.A  
Deutsche Bank AG  
HDFC Bank Limited  
ICICI Bank Limited  
The Hong Kong and Shanghai Banking Corporation Limited  
Sumitomo Mitsui Banking Corporation

### Auditors

Messrs. B.S.R. & Co. LLP,  
Chartered Accountants  
Embassy Gold Links Business Park,  
Pebble Beach, B Block, 3rd Floor,  
Bengaluru - 560071

### Cost Auditors

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

### Secretarial Auditor

Mr. Parameshwar G Bhat  
No. 496/4, II Floor, 10th Cross,  
Near Bashyam Circle, Sadashivanagar,  
Bengaluru - 560080

### Registrar & Transfer Agent

KFin Technologies Limited  
(formerly KFin Technologies Private Limited)  
KFintech Selenium Tower-B,  
Plot Nos. 31 & 32, Financial District,  
Gachibowli, Nanakramguda,  
Serilingampally,  
Hyderabad- 500032

### Listing on Stock Exchanges

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

### International Securities

Identification Number (ISIN): INE470A01017

### Corporate Identification Number (CIN):

L31300KA1987PLC013543

### Website:

[www.3m.com/in](http://www.3m.com/in)

E-mail id: [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com)

### Address for Correspondence:

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

### Corporate Office:

WeWork Prestige Central, 3rd floor,  
36 Infantry Road,  
Bengaluru – 560001





## 3M INDIA LIMITED

CIN: L31300KA1987PLC013543

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

Phone: 080-22231414, Fax: 080-2223 1450, Email id: investorhelpdesk.in@mmm.com, Website: www.3m.com/in

July 26, 2022

Dear Members,

We are pleased to invite you to the 35<sup>th</sup> Annual General Meeting of the Members of 3M India Limited (“the Company”) to be held at 10.30 A.M. IST on Thursday, the August 25, 2022 through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”).

The Notice of the Meeting, containing the business to be transacted and other statutory reports is enclosed herewith. As per Section 108 of the Companies Act, 2013 (“the Act”), read with the related rules and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”), the Company is pleased to provide its Members the facility to cast their vote by electronic means on all resolutions set forth in the Notice.

The Company has appointed National Securities Depository Limited, to provide VC/OAVM facility for the Annual General Meeting and the attendant enablers for conducting of the Annual General Meeting.

Thanking you

Yours faithfully

**For 3M India Limited**

Sd/-

**Ramesh Ramadurai**

Managing Director

(DIN: 07109252)

### Enclosures:

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6. Independent Auditors’ Report together with Consolidated Financial Statements .....	199

## 3M INDIA LIMITED

CIN: L31300KA1987PLC013543

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

Phone: 080-22231414, Fax: 080-2223 1450, Email id: investorhelpdesk.in@mmm.com, Website: www.3m.com/in

### NOTICE TO MEMBERS

NOTICE is hereby given that the Thirty Fifth (35<sup>th</sup>) Annual General Meeting (“AGM/eAGM”) of 3M India Limited will be held at 10.30 A.M. IST on Thursday, the August 25, 2022 through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”) to transact the following business:

#### ORDINARY BUSINESS:

**1. Adoption of Standalone Financial Statements for the financial year ended March 31, 2022.**

*To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*

“RESOLVED THAT the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022, together with the Auditors’ Report thereon and the Board’s Report be and are hereby received, considered and adopted.”

**2. Adoption of Consolidated Financial Statements for the financial year ended March 31, 2022.**

*To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*

“RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022, together with the Auditors’ Report thereon be and are hereby received, considered and adopted.”

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

*To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*

“RESOLVED THAT Mr. Amit Laroya (holding DIN: 00098933) Director, who retires by rotation at this Annual General Meeting, and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company.”

#### SPECIAL BUSINESS:

**4. Appointment of Ms. Vidya Sarathy (holding DIN: 01689378) as a Director of the Company.**

*To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*

“RESOLVED THAT Ms. Vidya Sarathy (holding DIN: 01689378), who was appointed as an Additional Director of the Company with effect from June 1, 2022 and whose appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors at their Meetings held on May 27, 2022 for consideration by the Members under Section 161(1) of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or amendments or re-enactments thereof) and Article 115 of the Articles of Association of the Company and who holds office up to the date of three months from the date of her appointment by the Board or the date of the next Annual General Meeting, whichever is earlier, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Director(s) to give effect to the aforesaid resolution.”

**5. Appointment of Ms. Vidya Sarathy (holding DIN: 01689378) as a Whole-time Director of the Company for the period from June 1, 2022 to February 21, 2026 (till the date of her superannuation).**

*To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be required or imposed by any of the authorities while granting such approvals, permissions and sanctions and pursuant to the provisions of the Articles of Association of the Company, based on the recommendation of the Nomination and Remuneration

## NOTICE TO MEMBERS

Committee and of the Board of Directors at their Meetings held on May 27, 2022, consent of the Members be and is hereby accorded for the appointment of Ms. Vidya Sarathy (holding DIN: 01689378) as the Whole-time Director of the Company (designated as “Whole-time Director and Chief Financial Officer”) for the period from June 1, 2022 to February 21, 2026 (till the date of her superannuation) on the terms and conditions of appointment and remuneration as contained in the agreement, and the Board of Directors is hereby authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to, by the Board of Directors and Ms. Vidya Sarathy and further that Ms. Vidya Sarathy being already a Key Managerial Personnel pursuant to Section 203 of the Act and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Director(s) to give effect to the aforesaid resolution.”

### 6. Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for the financial year 2022-23.

*To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:*

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof), the remuneration payable to Messrs. Rao, Murthy & Associates, Bengaluru (Firm Registration No. 000065), Cost Auditors, appointed by the Board of Directors based on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year 2022-23 for Rs. 475,000/- (Rupees Four Lakhs Seventy Five Thousand only) excluding applicable taxes and re-imbursment of out of pocket expenses incurred by them in connection with the audit of cost records, be and is hereby ratified and approved.

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

*By order of the Board*

**Ramesh Ramadurai**  
*Managing Director*  
(DIN: 07109252)

Place: Bengaluru

Date : May 27, 2022

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

\*\*\*\*\*

### Notes to e-AGM Notice:

Pursuant to General Circular nos. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, Circular No. 02/2021 dated January 13, 2021 and General Circular No. 02/2022 dated May 5, 2022 (collectively “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide its Circular No. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, Circular No. SEBI/ HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 on May 13, 2022 issued by the Securities and Exchange Board of India (collectively referred to as ‘SEBI Circulars’) permitted the holding of the Annual General Meeting (‘AGM’) through VC/OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 (‘the Act’), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (‘the Listing Regulations’), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/ OAVM which does not require physical presence of Members at a common venue. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

1. As per the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company: Pursuant to the Circulars, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM. However, the Bodies Corporate are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting. However, since this AGM is being held pursuant to the above MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed



## NOTICE TO MEMBERS

with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

2. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
3. Explanatory Statement pursuant to Section 102 of the Act in respect of Special Business is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, August 19, 2022 to Thursday, August 25, 2022 (both days inclusive).
5. The Shares of the Company are mandated by Securities and Exchange Board of India for trading in dematerialized form by all investors. Members holding Shares in physical form are advised to dematerialize their Shares to avoid the risks associated with the physical holding of such Share Certificates. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by March 31, 2023, and linking PAN with Aadhaar by March 31, 2022 vide its circular dated November 3, 2021 and December 15, 2021. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's registrars KFin Technologies Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). The forms for updating the same are available at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local>.
6. The Registrar and Transfer Agent: KFin Technologies Limited (formerly: KFin Technologies Private Limited), KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032 is handling registry work in respect of Shares held both in physical form and in electronic/demat form.
7. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Company shall send physical copy of the Annual Report for the financial year 2021-22 to those members who request for the same at [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com) and [rajeev.kr@kfintech.com](mailto:rajeev.kr@kfintech.com) mentioning their Folio No./DP ID and Client ID. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and NSDL at <https://www.evoting.nsdl.com>.
8. Members may refer additional information on Directors recommended for appointment/re-appointment under the provisions of Listing Regulations.
9. Members holding Shares in electronic form are requested to register their e-mail addresses with their respective Depository Participants and Members holding Shares in Physical form are requested to register their e-mail address with the Company's Registrar and Transfer Agents and participate in the "Green initiative" launched by the Ministry of Corporate Affairs in future. As per rule 3 of the Companies (Management & Administration) Rules, 2014, Registers of Members of all the Companies now should have additional details pertaining to e-mail, PAN/ CIN, UID, Occupation, Status, Nationality. The Company seeks from all the Members of the Company to update their details with their respective Depository Participants in case of Shares held in electronic form and with the Company's Registrar and Transfer Agents in the case of physical holding immediately.
10. Members holding Shares in physical form are requested to notify to the Company's Registrar and Transfer Agent of any change in their address and update their Bank account details. Members holding Shares in electronic form are requested to notify any change of address and update bank account details to their respective Depository Participants directly.
11. Pursuant to Section 72 of the Act, Shareholders holding Shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of Shares held in electronic/demat form, the nomination form may be filed with the respective Depository Participant.
12. Electronic copy of the Notice of the 35<sup>th</sup> Annual General Meeting of the Company *inter-alia* indicating the process and manner of e-voting is being sent only to all the Members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection during normal business hours on all working days except Saturdays, up to and including the date of the Meeting.

## NOTICE TO MEMBERS

13. **e-AGM:** The Company has appointed National Securities Depository Limited (NSDL), to provide VC/OAVM facility for the AGM and the attendant enablers for conducting of the e-AGM.
14. Pursuant to the provisions of the circulars of MCA on the VC/OAVM (e-AGM):
  - a. Members can attend the meeting by following the instructions mentioned in the notice to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required.
  - b. Appointment of proxy to attend and cast vote on behalf of the Member is not available.
  - c. Bodies Corporate are entitled to appoint authorised representatives to attend the e-AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
15. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
16. **Remote e-Voting and Voting at the e-AGM:** Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting on the day of the AGM will be provided by NSDL.
17. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act, MCA Circulars, SEBI Circular and the listing regulations.
18. The Company has appointed Mr. Vijayakrishna K. T, Company Secretary in practice (C.P. No. 980, Membership No. FCS 1788), who in the opinion of the Board is a duly qualified person, as Scrutinizer who will collate the electronic voting process in a fair and transparent manner: provided that the Scrutinizer so appointed may take assistance of a person who is not in employment of the Company and who is well-versed with the electronic voting system.
19. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING e-AGM ARE AS UNDER:**

The remote e-voting period begins at **9: 00 A.M. IST on Monday, August 22, 2022** and ends at **5: 00 P.M. IST on Wednesday, August 24, 2022**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. Thursday, August 18, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up Equity Share Capital of the Company as on the cut-off date, being Thursday, August 18, 2022.

### How do I vote electronically using NSDL e-Voting system?




*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

#### Step 1: Access to NSDL e-Voting system

- A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode  
In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

## NOTICE TO MEMBERS

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under “<b>IDeAS</b>” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “<b>Login</b>” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <div data-bbox="708 1081 1117 1327" style="text-align: center;"> <p>NSDL Mobile App is available on</p>    </div> </li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>



## NOTICE TO MEMBERS

**Important Note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.**

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 or 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

### B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 120246 then user ID is 120246001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a.pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

## NOTICE TO MEMBERS

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “[Forgot User Details/Password?](#)” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

### Step 2: Cast your vote electronically and join e-AGM on NSDL e-Voting system.

#### How to cast your vote electronically and join e-AGM on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for Shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to Mr. Vijayakrishna K.T. at [vijaykt@vjkt.in](mailto:vijaykt@vjkt.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (other than Individuals, HUF, NRI, etc.,) can also upload their Board Resolution/Power of Attorney/Authority letter etc., by clicking on “Upload Board Resolution/Authority Letter” displayed under ‘e-voting’ tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 or 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Senior Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

#### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the Resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com).

## NOTICE TO MEMBERS

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self- attested scanned copy of Aadhar Card) to [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. [Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode](#).
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “**VC/OAVM link**” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

**Members questions prior to e-AGM:** Shareholders who desire to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com) from **9.00 A.M. IST on Monday, August 22, 2022 to 5.00 P.M. IST on Tuesday, August 23, 2022**. The same will be replied by the Company suitably at the AGM. Please note that only those Members who continue to hold shares as of cut-off date as on Thursday, August 18, 2022 will be entitled to this facility. As the AGM is being conducted through VC/OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views/send their queries in advance mentioning their name demat account number/folio number, email id, mobile number at [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com). Questions /queries received by the Company till 5.00 P.M. IST on Tuesday, August 23, 2022 shall only be considered and responded during the AGM.

**Speaker Registration for e-AGM:** Members who would seek to express their views or ask questions during the AGM may register themselves as a speaker by using the login method explained at note no. 19 E-voting: under the sub head “ Step 1: Access to NSDL e-Voting system” from **9.00 A.M. IST on Monday, August 22, 2022 to 5.00 P.M. IST on Tuesday, August 23, 2022**. After successful login, Members will be able to register themselves as a speaker shareholder by clicking on the link available against the EVEN of 3M India Limited.



## NOTICE TO MEMBERS

### OTHER IMPORTANT GENERAL INSTRUCTIONS:

- (a) The Company urges Members to support 3M's commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, KFin Technologies Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) to receive copies of the Annual Report 2021-22 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the Annual Report.
- (b) Members may note that the VC/OAVM Facility, provided by NSDL, has capacity to allow participation of at least 1,000 Members on a first-come first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 35<sup>th</sup> AGM without any restriction on account of first-come first-served principle.
- (c) Pursuant to Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations and Secretarial Standards on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Thursday, August 18, 2022 i.e. the date prior to the commencement of Book Closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 A.M. IST on Monday, August 22, 2022 to 5.00 P.M. IST on Wednesday, August 24, 2022. It is hereby clarified that it is not mandatory for a Member to vote using the remote e-voting facility, and a Member may avail of the facility at his/ her/its discretion, subject to compliance with the instructions prescribed in the notes. The Company has engaged the services of NSDL for facilitating remote e-voting for the Annual General Meeting. The Members desiring to vote through remote e-voting mode may refer to the detailed procedure on e-voting provided in the notes.
- (d) Once the vote on the Resolution is cast by the Shareholder, he shall not be allowed to change it subsequently.
- (e) The Companies (Management and Administration) Amendment Rules, 2015 provide that the electronic voting period shall close at 5.00 P.M. IST on the date preceding the date of the AGM. Accordingly, the Portal will be open for voting from 9.00 A.M. IST on Monday, August 22, 2022 to 5.00 P.M. IST on Wednesday, August 24, 2022. The e-voting module shall be disabled by NSDL at 5.00 P.M. IST on Wednesday, August 24, 2022. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, August 18, 2022, may cast their vote electronically.
- (f) The voting rights of the Shareholders shall be in proportion to their Shares of the Paid-up Equity Share Capital of the Company as on the cut-off date i.e. Thursday, August 18, 2022.
- (g) The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Thursday, August 18, 2022, are entitled to vote on the Resolutions set forth in this Notice.
- (h) Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes Member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. **Thursday, August 18, 2022**, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. **1800 1020 990** or **1800 22 44 30**. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Thursday, August 18, 2022 may follow steps mentioned in the Notice of the AGM under "**Access to NSDL e-Voting system**".
- (i) A Member may participate in the AGM through VC/OAVM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- (j) The Scrutinizer shall, within Two (2) working days of the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and submit a Scrutinizer's Report

## NOTICE TO MEMBERS

of the votes cast in favour or against, if any, forthwith to the Chairman or designated Director or Key Managerial Personnel of the Company.

- (k) The Results shall be declared within two working days from the date of AGM. The results declared along with the Report of the Scrutinizer shall be placed on the website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and on NSDL immediately after the result is declared by the Chairman. The Company shall, simultaneously, forward the results to the Stock Exchanges where the Shares are listed.
- (l) In case of joint Shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (m) Institutional members (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc., to the Scrutinizer through e-mail at [vijaykt@vjkt.in](mailto:vijaykt@vjkt.in). File naming convention should be 'Corporate Name'. The documents should reach the Scrutinizer on or before the close of working hours on Wednesday, August 24, 2022.

### Webcast facility:

The Company is pleased to provide the facility of live webcast of the proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) using their secure login credentials. Members are encouraged to use this facility of webcast.

Members who need assistance before or during the AGM, can contact Ms. Pallavi Mhatre, Senior Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call 1800 1020 990 or 1800 22 44 30.

### Procedure for Inspection of documents:

The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and all the documents referred to in the accompanying Notice and Explanatory Statements will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. August 25, 2022. Members seeking to inspect such documents can send an email to [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com).

## ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/RE-APPOINTMENT PURSUANT TO SECRETARIAL STANDARD-2 AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

### Item No. 3

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

<b>Name of the Director</b>	Mr. Amit Laroya
<b>Director Identification Number</b>	00098933
<b>Category</b>	Non-Executive, Non-Independent Director
<b>Date of Birth</b>	September 29, 1964 (Age 57 years)
<b>Nationality</b>	Indian
<b>Qualification</b>	Economics Honors graduate from the University of Delhi and MBA in Marketing and Finance from XLRI, India

## NOTICE TO MEMBERS

<b>Brief Profile of the Director</b>	Mr. Amit Laroya was appointed as a Non-Executive Non-Independent Director of the Company with effect from June 1, 2016. Mr. Amit Laroya was the President and Managing Director of 3M Korea Limited from June 1, 2016 to December 31, 2019. He was the Managing Director of the Company from October 1, 2013 to May 31, 2016. He has been appointed as Senior Vice President – Asia for Transportation and Electronics Business Group with effect from January 1, 2020. Mr. Amit Laroya started his career at Asian Paints and moved to 3M India in 1990 as the Division Head of Traffic, Safety and Security. He has held positions in 3M India as the Country Business Leader in Safety & Graphics, Industrial, Electro and Telecommunication in addition to being the first Master Black Belt for India region. He has also held positions as the M&A Manager for India region and General Manager of 3M Lanka. His previous assignment as the Managing Director of 3M Indonesia and 3M India Limited made him well suited to understand emerging market needs. He also has good understanding of global corporate strategies at 3M having recently worked in St Paul, USA, as the Global Director for 3M Strategy & Corporate Development & the Director of International Strategic Planning & M&A.
<b>Date of first appointment on the Board</b>	June 1, 2016
<b>No. of Board Meeting attended during financial year 2021-22</b>	Held: 6 Attended: 5
<b>Shareholding in 3M India Limited including shareholding as a beneficial owner</b>	Nil
<b>Expertise in specific functional areas</b>	Marketing, Mergers and Acquisitions, Finance and General Management of Business
<b>Last Remuneration drawn as Non-Executive Director</b>	NA
<b>Details of Remuneration sought to be paid</b>	NA
<b>List of Directorships held in other Public Limited companies</b>	Nil
<b>Resignation from the directorship of the listed companies in the past three years</b>	Nil
<b>Memberships / Chairmanships of Committees of Boards in Companies (Including 3M India Limited)</b>	3M India Limited – Member of Nomination and Remuneration Committee
<b>Disclosure of relationships between Directors/KMP <i>inter-se</i></b>	Nil

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice, for the approval of the Members of the Company.

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

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

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AS AMENDED.**

The following statements set out all material facts relating to Ordinary/Special business proposed to be transacted under Item Nos. 4, 5 and 6 of the accompanying Notice dated May 27, 2022 and shall be taken as forming part of the Notice.



## NOTICE TO MEMBERS

### Item Nos. 4 and 5

Based on the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on May 27, 2022 has appointed Ms. Vidya Sarathy (DIN: 01689378) as an Additional Director and Whole-time Director (designated as Whole-time Director and Chief Financial Officer) of the Company for the period from June 1, 2022 to February 21, 2026 (till the date of her superannuation) (categorized as Executive, Non- Independent Director) who holds office up to the date of three months from the date of her appointment by the Board or the date of the next Annual General Meeting, whichever is earlier. The appointment was made pursuant to the nomination received from 3M Company, USA.

The appointment of Ms. Vidya Sarathy is appropriate and in the best interests of the Company. The approval of the Members is being sought for the appointment and for the terms, conditions, and stipulations for the appointment of Ms. Vidya Sarathy as the Whole-time Director and the remuneration payable to her. The terms and conditions fixed by the Board of Directors at its meeting held on May 27, 2022, are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to important positions as that of the Whole-time Director.

A copy of the letter of appointment as Whole-time Director setting out the terms and conditions of her appointment is available for inspection by the Members at the Registered Office/Corporate Office of the Company during the office hours on all working days other than on Saturdays and Sundays till the date of AGM.

The terms of appointment and remuneration as contained in the agreement are exhibited below:

**Period of Appointment:** For the period from June 1, 2022 to February 21, 2026 (till the date of her superannuation).

**Salary including allowances and Incentives:** Not exceeding Rs.15 Lakhs per month (Upper limit for her entire period of appointment).

**Perquisites:** She 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.

**Provident Fund:** Contribution to Provident Fund in accordance with the Rules of the Company as applicable, 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.

**Other perquisites:** She will be entitled to all other perquisites in accordance with the rules of the Company as applicable as per eligibility. The perquisites stated 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 financial year during the currency of the tenure of Ms. Vidya Sarathy, the Company incurs a loss or its profits are inadequate, the Company subject to the approval of Central Government, if so required, shall pay the same remuneration as stated above but subject to being within the overall limits on managerial remuneration as provided under Section 197 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force, and the rules framed there under read with Schedule V to the said Act. The Board of Directors shall communicate any revision in the terms of remuneration to Ms. Vidya Sarathy for her acceptance.

The Contract of service of Ms. Vidya Sarathy is terminable with a notice period of 90 days on either side.

She is not liable to retire by rotation.

No sitting fees shall be paid for attending the meetings of the Board of Directors or Committees thereof.

**INFORMATION ON DIRECTOR RECOMMENDED FOR APPOINTMENT PURSUANT TO SECRETARIAL STANDARD-2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

<b>Name of the Director</b>	Ms. Vidya Sarathy
<b>Director Identification Number</b>	01689378
<b>Category</b>	Executive, Non-Independent Director
<b>Date of Birth</b>	February 22, 1966 (Age 56 years)

## NOTICE TO MEMBERS

<b>Nationality</b>	Indian
<b>Qualification</b>	Bachelor's Degree in Science from Madras University, and is a qualified Chartered Accountant and Company Secretary. Cost Management Accountant (Intermediate). She also holds Diploma in IFRS from the ACCA (UK).
<b>Brief Profile of the Director</b>	Ms. Vidya Sarathy was appointed as a Whole-time Director (designated as "Whole-time Director and Chief Financial Officer") of the Company with effect from June 1, 2022. Initially Ms. Vidya Sarathy was appointed as Chief Financial Officer of the Company with effect from June 1, 2021. She has about 28 years of experience and has extensive experience of working in senior finance positions in diversified industries. Her experiences include working with corporations such as Robert Bosch Engineering & Business Solutions (Bosch), Landmark Retail Group, Tata Motors and Tata Cummins. Her experience runs across broadly in finance function, including Accounting and Controlling, Financial Planning, Treasury, M&A, Taxation and Corporate Secretarial-related compliance roles.
<b>Date of first appointment on the Board</b>	June 1, 2022
<b>No. of Board Meeting attended during financial year 2021-22</b>	Held: 5 Attended: 5-As Chief Financial Officer of the Company from June 1, 2021
<b>Shareholding in 3M India Limited including shareholding as a beneficial owner</b>	Nil
<b>Expertise in specific functional areas</b>	Finance, Tax, Treasury, Mergers and Acquisitions and General Management of Business
<b>Last Remuneration drawn as Chief Financial Officer</b>	Rs. 1,08,37,674 (part of the financial year 2021-22) (Chief Financial Officer of the Company w.e.f June 1, 2021)
<b>Details of Remuneration sought to be paid</b>	Not exceeding Rs. 15 Lakhs per month (Upper limit for her entire period of appointment). The remuneration as approved by the Board is within the limits prescribed by the Companies Act, 2013.
<b>List of Directorships held in other Public Limited companies</b>	Nil
<b>Resignation from the directorship of the listed companies in the past three years</b>	Nil
<b>Memberships / Chairmanships of Committees of Boards in Companies (Including 3M India Limited)</b>	3M India Limited – Member of Corporate Social Responsibility Committee (from June 1, 2022)
<b>Disclosure of relationships between Directors/KMP <i>inter-se</i></b>	Nil

Considering the experience and knowledge of Ms. Vidya Sarathy, the Board recommends the Ordinary Resolutions as set out at Item Nos. 4 and 5 of Notice for approval by the Members of the Company.

None of the Directors/Key Managerial Personnel or their relatives except Ms. Vidya Sarathy is concerned or interested financially or otherwise in the resolutions set forth in Item Nos. 4 and 5 is in the said Resolutions.

### Item No. 6

The Board of Directors of the Company at its meeting held on May 27, 2022 had on the recommendation of the Audit Committee, approved the re-appointment and remuneration of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (Firm Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023 for the products covered (as per the details below) as per the Companies (Cost Records and Audit) Rules, 2014, on a remuneration of Rs. 475,000/- (Rupees Four Lakhs Seventy Five Thousand) plus applicable taxes and out of pocket expenses at actuals.

## NOTICE TO MEMBERS

The details of products covered are as under:

### Regulated Sector: 3

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/ Products/Services
Drugs and pharmaceuticals	3004	2
Drugs and pharmaceuticals	3005	4
Drugs and pharmaceuticals	3006	1

### Non-Regulated Sector: 16

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/ Products/Services
Organic & Inorganic Chemical, etc.	3402	1
Organic & Inorganic Chemical, etc.	3403	1
Insecticides	3808	1
Organic & Inorganic Chemical, etc.	3811	1
Organic & Inorganic Chemical, etc.	3814	1
Plastics and Polymers	3901	1
Plastics and Polymers	3904	1
Plastics and Polymers	3907	1
Plastics and Polymers	3919	1
Plastics and Polymers	3920	1
Plastics and Polymers	3921	1
Rubber and allied products	4015	1
Iron and Steel	7323	1
Electricals or electronic machinery	8544	1
Medical devices (Other)	9018	1
Medical devices (Other)	9020	1

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

None of the Promoters/Directors/Key Managerial Personnel of the Company/their relatives, is in any way concerned or interested financial or otherwise, in the Resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution set forth at Item No. 6 of the Notice, for the approval of the Members of the Company.

*By order of the Board*

**Ramesh Ramadurai**  
Managing Director  
(DIN: 07109252)

Place: Bengaluru

Date : May 27, 2022

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



### IMPORTANT INFORMATION AT A GLANCE

Particulars	Details
Time and date of AGM	10:30 A.M. IST on Thursday, August 25, 2022
Mode	Video Conferencing /Other Audio-Visual Means
Link for participation through VC and webcasting	<a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a>
Helpline number for VC participation	Toll free no.: 1800 1020 990 or 1800 22 44 30
Webcast and transcripts	<a href="https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/">https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/</a>
Cut-off date for e-voting	Thursday, August 18, 2022
E-voting start time and date	9.00 A.M. IST on Monday, August 22, 2022
E-voting end time and date	5.00 P.M. IST on Wednesday, August 24, 2022
E-voting website of NSDL	<a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a>
Name and contact details of e-voting service provider	Ms. Pallavi Mhatre, Senior Manager National Securities Depository Limited, 4 <sup>th</sup> Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013, India Email ID: <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> Contact number: Toll free no.: 1800 1020 990/1800 224 430
Name and contact details of Registrar and Transfer Agent	Mr. Rajeev Kumar Kfin Technologies Limited TowerB, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032 Email id: <a href="mailto:rajeev.kr@kfintech.com">rajeev.kr@kfintech.com</a> Contact No.: 040-6716 1524
Contact details for obtaining the Annual Report, e-AGM notice, and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios	<a href="https://evoting@nsdl.co.in">https://evoting@nsdl.co.in</a>
Members Questions prior to e-AGM and Speaker Registration for e-AGM start and end time and date	9.00 A.M. IST on Monday, August 22, 2022 to 5.00 P.M. IST on Tuesday, August 23, 2022
Company's contact details	Mr. Vilas Kuradikeri Deputy Company Secretary Email id: <a href="mailto:investorhelpdesk@mmm.com">investorhelpdesk@mmm.com</a> Contact No: +91 99803 55411

## NOTE TO MEMBERS

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

Members holding equity shares of the Company in physical form are requested to kindly get their equity shares converted into demat/ electronic form to get inherent benefits of dematerialisation and also considering that physical transfer of equity shares/ issuance of equity shares in physical form have been disallowed by SEBI.

The Company has sent individual letters to all the Members holding shares of the Company in physical form for furnishing their PAN, KYC details and Nomination pursuant to the SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/655 dated November 3, 2021. The aforesaid communication is also available on the website of the Company. Attention of the Members holding shares of the Company in physical form is invited to go through the said important communication under the web link at <https://multimedia.3m.com/mws/media/2133789O/information-to-be-provided-to-rta-for-shares-held-in-physical-form.pdf> .

Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate, claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Subdivision/ Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website under the link at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/).

As a part of the green initiatives, the Members who have not yet registered their E-mail addresses are requested to register their E-mail addresses with their DPs in case the shares are held by them in electronic form and with KFinTech in case the shares are held by them in physical form. Upon such Registration, all communication from the Company/ RTA will be sent to the registered E-mail address.

### **Nomination facility for shareholding:**

As per the provisions of Section 72 of the Act, facility for making nomination is available for the members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH13), from the Company's RTA or download the same from the Company's website through the weblink at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/). Members holding shares in dematerialised form should contact their Depository Participants (DP) in this regard.

### **Permanent Account Number:**

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

## REPORT OF THE BOARD OF DIRECTORS

To the Members of 3M India Limited,

Your Directors have the pleasure in presenting the Thirty Fifth (35<sup>th</sup>) Annual Report of the Company. The Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 are prepared in compliance with the applicable provisions of the Companies Act, 2013 including Indian Accounting Standards. The audited Standalone and Consolidated financial statements together with the Auditors' Report thereon form part of the Annual Report.

### FINANCIAL HIGHLIGHTS – Standalone and Consolidated

(Rs. in Lakhs)

Particulars	Standalone			Consolidated		
	Year ended March 31, 2022	Year ended March 31, 2021	% age increase / decrease (-)	Year ended March 31, 2022	Year ended March 31, 2021	% age increase / decrease (-)
Revenue from Operations	307,830.08	242,036.39	27.18	333,584.17	260,483.14	28.06
Of which -Export Sales	2,385.65	2,497.17	(4.47)	2,494.71	2,660.42	(6.15)
Other Income, net	3,471.84	2,686.77	29.22	3,711.51	2,473.73	50.04
<b>Total Income</b>	<b>311,301.92</b>	<b>244,723.16</b>	<b>27.21</b>	<b>337,295.68</b>	<b>262,956.87</b>	<b>28.27</b>
Less: Expenditure	269,641.14	218,268.32	23.54	294,660.11	234,534.71	25.64
<b>Profit before Interest and Depreciation</b>	<b>41,660.78</b>	<b>26,454.84</b>	<b>57.48</b>	<b>42,635.57</b>	<b>28,422.16</b>	<b>50.01</b>
Less: Finance costs	363.56	243.22	49.48	372.04	245.41	51.60
Less: Depreciation and amortization expense	5,327.62	5,967.54	(10.72)	5,511.72	6,184.59	(10.88)
<b>Profit before Taxation</b>	<b>35,969.60</b>	<b>20,244.08</b>	<b>77.68</b>	<b>36,751.81</b>	<b>21,992.16</b>	<b>67.11</b>
Less: Tax expense	9,352.09	5,313.99	75.99	9,554.70	5,754.51	66.04
<b>Profit for the year</b>	<b>26,617.51</b>	<b>14,930.09</b>	<b>78.28</b>	<b>27,197.11</b>	<b>16,237.65</b>	<b>67.49</b>
Items that will not be re-classified subsequently to profit or loss	109.87	(255.40)	(143.02)	127.26	(292.01)	(143.58)
<b>Total Comprehensive income for the year</b>	<b>26,727.38</b>	<b>14,674.69</b>	<b>82.13</b>	<b>27,324.37</b>	<b>15,945.64</b>	<b>71.36</b>

### DIVIDEND

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

The Company remains invested in India and the areas of investment opportunities highlighted in prior years continue to hold good. The Company remains committed to maintaining a strong Balance Sheet and cash position as 3M India emerges from the impact of COVID and other disruptions caused due to external conditions. For these reasons, your Board thought it fit to conserve and retain the earnings and has not proposed Dividend.

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

### TRANSFER TO RESERVES

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

### STATE OF COMPANY'S AFFAIRS

In an uncertain environment, your Company demonstrated the resiliency and strength of the diversified 3M operating model. In another year marred by the pandemic, your Company stayed the course despite a deadly second wave of COVID and global supply chain disruptions, to deliver a strong recovery in topline and bottomline growth. All business segments delivered growth. The teams continued to execute multiple actions to mitigate the impact of cost headwinds and supply chain challenges. The external conditions remain uncertain, and the Company is diligently monitoring the situation by staying in close contact with customers and supply partners.



## REPORT OF THE BOARD OF DIRECTORS

### Managing supply chain disruptions and raw material inflation

In 2021, the pandemic caused imbalances within global supply markets. As the markets re-opened and demand increased, your Company experienced raw material price inflation and constrained supply. Multiple weather, logistics and other disruptive events worsened global supply chain imbalances and contributed to higher costs.

Your Company continued to deploy productivity projects to minimize the impact of raw material inflation and market supply challenges.

### Discipline in operational execution

Your Company maintained a stable cash position and managed cost across all aspects of the business keeping employee costs low.

### Momentum with attractive end markets and eCommerce

Your Company's business groups aligned to attractive end markets with a diverse portfolio of products to meet emerging market trends and ecommerce momentum.

### Increased Government spending and attractive policy initiatives

The policy initiatives of the Government around investing under the PLI schemes for growing sectors such as mobile phones, electronics manufacturing, defence etc. have had a positive impact on the manufacturing ecosystem. Your Company aligned with key manufacturing companies as a supplier of material to promote manufacturing.

### Enhanced manufacturing to meet demand

The demand for respirators and masks continued to grow with the severity of the pandemic. Your Company increased manufacturing to meet the demand and also executed manufacturing projects to locally manufacture hand-sanitizers and certain types of disinfectants.

### Supporting our communities to fight the pandemic

At the onset of COVID second wave, the Company collaborated with other corporates to support the augmentation of ICU units in Government hospitals with medical equipment. In addition, your Company also supported Government of India's vaccination initiative through community vaccination programs with multiple partners.

A diverse product portfolio, an agile operating model and an engaged and committed workforce continue to strengthen your Company's performance for sustainable growth.

The Company has considered internal and external sources of information as of the date of approval of the financial results in determining the possible impact, if any, of the resurgence of the COVID-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. The Company has used the principle of prudence in applying judgements and making estimates. Based on this evaluation, the Company does not expect any material impact on its financial results. However, the eventual outcome of impact of Covid-19 pandemic may be different from those estimated as on the date of approval of these financial results.

On a standalone basis, your Company's revenue from operations increased by 27.18% at Rs. 307,830.08 Lakhs for the financial year ended March 31, 2022 compared to Rs. 242,036.39 Lakhs in the previous financial year. The Profit before Interest and Depreciation is Rs. 41,660.78 Lakhs compared to Rs. 26,454.84 Lakhs for the previous financial year. Profit before Tax is Rs. 35,969.60 Lakhs compared to Rs. 20,244.08 Lakhs for the previous financial year. The operating margin for the current year is 13.38% compared to 10.81% for the previous financial year. Total Comprehensive Income is Rs. 26,727.38 Lakhs compared to Rs. 14,674.69 Lakhs for the previous financial year. Export Sales is Rs. 2,385.65 Lakhs for the financial year ended March 31, 2022 compared to Rs. 2,497.17 Lakhs in the previous financial year, a decrease of 4.47% due to lower demand in the global market.

On a standalone basis, the Safety and Industrial business increased by 16.48%; Transportation business increased by 32.30%; Health Care business increased by 49.39%; and Consumer business increased by 23.85%.

The EPS (Basic and Diluted) of the Company for the financial year 2021-22 was Rs. 236.28 per share as compared to Rs. 132.53 per share in the previous financial year, with an increase of 78.28%. Detailed analysis of the performance has been discussed in the Management's Discussion and Analysis Section of the Annual Report.

## REPORT OF THE BOARD OF DIRECTORS

**Portfolio Management:** On December 24, 2021, 3M Company (Promoter of the Company) had announced that it has entered into definitive agreements to separate its Food Safety business globally and combine it with NEOGEN Corporation. NEOGEN and 3M will have enhanced geographic footprint, innovative product offerings, digitization capabilities, and financial flexibility to capitalize on robust growth trends in sustainability, food safety and supply chain integrity. The Food Safety business was a part of Health Care portfolio. This portfolio represented well below 5% of the Company's total sales in India and the aforesaid business is not material in nature. Accordingly, at the Board Meeting held on May 27, 2022, the Board has approved the sale of India's Food Safety Business based on the valuation reports submitted by the Independent Valuers.

### **Scheme of Arrangement between the Company and 3M Electro & Communication India Private Limited**

The Boards of Directors of the Company and of 3M Electro & Communication India Private Limited (3M E&C), wholly owned subsidiary of the Company at their Meetings held on September 17, 2021 had approved the Scheme of Amalgamation of 3M E&C with the Company under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Appointed Date fixed under the Scheme was April 01, 2021. The Scheme of Amalgamation of 3M E&C with the Company has been filed with National Company Law Tribunal (NCLT) to amalgamate the wholly owned subsidiary. NCLT, Chennai vide its order dated May 25, 2022 has dispensed with convening of the meeting of Equity Shareholders and the Creditors of 3M E&C. 3M E&C has initiated next steps and filing necessary applications in accordance with the directions of the NCLT. As on date of approval of financial statements, the matter is pending with NCLT.

### **Information Technology**

Your Company operates an Information Security Management System (ISMS), mainly centered in the Head Office, St. Paul, USA which is certified to the requirements of ISO/IEC 27001:2013 and has continued to meet the certification requirements since 2014. Enhancing and optimizing cybersecurity protection continue to be one of the top priorities. 3M continues to leverage SaaS security awareness tool with advanced features to educate and understand the maturity level of the user base towards new age phishing attacks. This includes monthly phishing campaigns to all users globally, and security awareness communication and training features. Yearly programme on renewing and testing the cybersecurity incident response process continued to ensure currency and adequacy. NIST CSF - The National Institute of Standards and Technologies, Cybersecurity Framework: provides a common language and lifecycle approach for understanding, managing, and expressing cybersecurity risks. It helps identify and prioritize actions for reducing risk, and helps align policy, business, and technology approaches to managing that risk. Your Company has also deployed Unified Threat Management, commonly abbreviated as UTM that provides multiple security features and services in a single device or service on the network, protecting users from security threats in a simplified way. UTM includes functions such as anti-virus, anti-spam, content filtering, and web filtering. 3M Information Technology support team continues to monitor the prevailing Covid-19 situation across the country and strives to provide the best of IT Support by enabling Work from Home solutions through Remote (VPN) Connectivity, End User support with a seamless IT Continuity Plan without affecting the business operations of the Company.

### **Supply Chain**

- Supply chain situation was severely impacted due to ocean transportation delays, recent China pandemic related restrictions, congestion in the ocean & air lines from the US and container shortage leading to the delay of incoming products.
- The global supply chain situation has impacted supplies, and this has now gone on for several quarters. The Company expects continued volatility for the coming months.

### **Contribution to Exchequer**

During the financial year 2021-22, the Company has paid various taxes on account of its business/operation viz., CGST, IGST, Direct Taxes and Customs Duty amounting to **Rs. 930.47 crores** in aggregate.

### **Investments**

Capital Investments during the financial year 2021-22 is **Rs. 6,999.06 Lakhs** (Net of capital work-in-progress and capital advances) (PY 2020-21: Rs. 4,041.72 Lakhs).

## REPORT OF THE BOARD OF DIRECTORS

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

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

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

During the year under review, the revenue from operations of 3M E&C increased to **Rs. 26,313.50 Lakhs** in the financial year 2021-22 compared to **Rs. 18,451.93 Lakhs** in financial year 2020-21. The Profit before tax for the financial year 2021-22 is **Rs. 782.21 Lakhs** as against **Rs. 1,748.08 Lakhs** in the financial year 2020-21. The Profit after tax for the financial year 2021-22 is **Rs. 579.60 Lakhs** as against **Rs. 1,307.56 Lakhs** in the financial year 2020-21. The Total Comprehensive Income is **Rs. 596.99 Lakhs** for the financial year 2021-22 as against **Rs. 1,270.95 Lakhs** in the financial year 2020-21.

#### Highlights of 3M E&C

- The Electronics sector performed well amidst the COVID-19 pandemic. Policymakers have laid emphasis to encourage sustainable manufacturing and export of electronics from India. Prioritised product segments will cover mainly mobile phones, IT hardware, consumer electronics, wearables, hearables, LED lighting, electronic components in electric vehicles, etc.
- India is poised to become the second-largest smartphone manufacturer in the next five years. The policy initiatives of the Government around clearance of proposals from domestic and international companies investing under the PLI scheme to manufacture mobile phones have had a positive impact on the manufacturing ecosystem. The Company has been a material supplier to this segment globally, and will continue to facilitate supply chain movement to the tier suppliers to enable more local content.

In accordance with the third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report and Financial Statements of the Subsidiary Company for the financial year 2021-22 have also been placed on the website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

#### MATERIAL CHANGES AND COMMITMENTS

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

#### CHANGE IN THE NATURE OF BUSINESS

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

#### MANAGEMENT DISCUSSION AND ANALYSIS

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

#### CORPORATE GOVERNANCE AND SHAREHOLDER INFORMATION

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

#### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

A separate Section on Business Responsibility and Sustainability Report (BRSR) is annexed as “Annexure C” and forms a part of this Annual Report as required under Regulation 34(2)(f) of the Listing Regulations. The Company has been publishing its Business Responsibility Report (BRR) as per SEBI’s requirement for disclosure on key sustainability indicators and has voluntarily adopted the new BRSR format as best practice ahead of time for its non-financial performance disclosure from the current year onwards.

#### SHARE CAPITAL EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

The Company has only one class of Share, i.e. Equity Share with a face value of **Rs. 10/-** each. The Authorized/Issued/ Subscribed and fully Paid-up Share Capital as at March 31, 2022 is **Rs. 11,26,50,700** (divided into 1,12,65,070 Equity Shares of **Rs. 10/-** each).

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



# REPORT OF THE BOARD OF DIRECTORS

## LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the financial year 2022-23 to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) where the Company's Equity Shares are listed.

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Appointment and Re-appointment:

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

- Based on the recommendation of the Nomination and Remuneration Committee, and performance evaluation carried out, the Board at its Meeting held on February 3, 2022 has approved the re-appointment of Mr. Ramesh Ramadurai (holding DIN: 07109252) as the Managing Director of the Company for a further period of two (2) years from February 13, 2022 to February 12, 2024 (categorized as Executive and Non- Independent Director). The Members of the Company have approved his re-appointment by way of an Ordinary Resolution through Postal Ballot Notice dated February 3, 2022. The results of the voting by Postal Ballot were announced on March 26, 2022.
- Based on the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on February 3, 2022 had appointed Ms. Yun Jin (holding DIN: 09474323) as an Additional Director (categorized as Non-Executive, Non- Independent Director) of the Company with effect from February 4, 2022. The Members of the Company have approved her appointment by way of an Ordinary Resolution through Postal Ballot Notice dated February 3, 2022. The results of the voting by Postal Ballot were announced on March 26, 2022.
- Based on the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on May 27, 2022 had appointed Ms. Vidya Sarathy (DIN: 01689378) as an Additional Director and Whole-time Director (designated as "Whole-time Director and Chief Financial Officer") of the Company for the period from June 1, 2022 to February 21, 2026 (till the date of her superannuation), categorized as Executive, Non- Independent Director. Accordingly, Ordinary Resolutions seeking appointment of Ms. Vidya Sarathy as a Director and also as Whole-time Director of the Company, as set out at Item Nos. 4 and 5 of Notice of Annual General Meeting are sought to be passed by the Members. The Board of Directors recommends her appointment.
- Mr. Amit Laroya (holding DIN: 00098933) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re- appointment. The details of Mr. Amit Laroya are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his re-appointment.
- Based on the recommendations of the Nomination and Remuneration Committee and the Audit Committee, the Board at its Meeting held on May 28, 2021 has appointed Ms. Vidya Sarathy as Chief Financial Officer and also as Key Managerial Personal of the Company with effect from June 1, 2021. Ms. Vidya Sarathy is the Compliance Officer with effect from May 11, 2022.

### Resignations:

The following resignations were accepted during the financial year and till the date of the report:

- Ms. Mamta Janak Gore (holding DIN: 08792863), Whole-time Director and Chief Financial Officer (CFO) of the Company resigned as Whole-time Director and CFO from the closing hours of May 31, 2021, and as a Director of the Company from the closing hours of May 27, 2022 consequent upon taking up higher role within 3M Group. She was the Non- Executive Director of the Company with effect from June 1, 2021 till May 27, 2022. The Board places on record its appreciation for the contributions made by her to the progress of the Company during her tenure as Whole-time Director and CFO and as Non- Executive Director of the Company.
- Mr. Jongho Lee (holding DIN:06720950), Non-Executive, Non-Independent Director resigned as Director of the Company from the closing hours of February 3, 2022, consequent upon taking up higher role within 3M Group. The Board places on record its appreciation for the contributions made by him to the progress of the Company during his tenure as a Director of the Company.
- Mr. V. Srinivasan, Company Secretary and Compliance Officer, (Key Managerial Personnel of the Company) resigned as Company Secretary and Compliance Officer from the closing hours of May 10, 2022, as he had decided to pursue his career outside of the 3M Group. The Board places on record its appreciation for the contributions made by him during his tenure as Company Secretary and Compliance Officer of the Company.

## REPORT OF THE BOARD OF DIRECTORS

As at the financial year ended March 31, 2022, Mr. Ramesh Ramadurai, Managing Director, Ms. Vidya Sarathy, Chief Financial Officer and Mr. V. Srinivasan, Company Secretary and Compliance Officer, were the Key Managerial Personnel of the Company.

### DECLARATION FROM INDEPENDENT DIRECTORS

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

### DETAILS OF BOARD AND COMMITTEE MEETINGS DURING THE FINANCIAL YEAR

During the financial year 2021-22, Six (6) Meetings of the Board were held. The Company has Six (6) Board Committees. The date, composition and number of Meetings attended by each Director/Committee Member along with other Committee Meetings details are furnished in the Corporate Governance Report. All the Board/ Committee meetings for the financial year 2021-22 were held through video conferencing/other audio visual means.

### COMPOSITION OF AUDIT COMMITTEE

As on the financial year ended March 31, 2022, the Audit Committee of the Company consisted of Three (3) Non-Executive Independent Directors and One (1) Non-Executive Director and all of them have financial and accounting knowledge. The Members of the Committee as on March 31, 2022, are Mr. Biren Gabhawala (Chairman), Mr. Bharat Shah, Ms. Radhika Rajan, and Ms. Yun Jin. The Committee comprises of majority of Independent Directors. The Board has accepted all the recommendations made by the Audit Committee during the year under review.

### NOMINATION AND REMUNERATION COMMITTEE POLICY

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

The composition, criteria for selection of Directors and the terms of reference of the Nomination and Remuneration Committee is stated in the Corporate Governance Report.

### ANNUAL BOARD EVALUATION

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

### DETAILS OF REMUNERATION OF DIRECTORS

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

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) that in the preparation of the annual financial statements for the financial year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

## REPORT OF THE BOARD OF DIRECTORS

- (b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively;
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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

The Directors have laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

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

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

### DISCLOSURE REGARDING FRAUDS

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

### DEPOSITS

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

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

### RELATED PARTY TRANSACTIONS (RPTs)

All RPTs which were entered into, during the financial year were on an arm's length basis and were in the ordinary course of business. All RPTs are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are foreseeable and repetitive in nature. A statement exhibiting details of all actual RPTs versus the approval is placed before the Audit Committee for approval on a quarterly

## REPORT OF THE BOARD OF DIRECTORS

basis. A Policy on RPTs as approved by the Board is uploaded on the Company's website at [https:// www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/).

The Company being a part of 3M conglomerate, has rights to carry out the business within India and accordingly, has access to the Group's synergies, state of the art products and technologies, competencies and "3M" brand name which are very critical and essential to carry out its business operations more efficiently in an increasingly globalized and competitive scenario. As a part of its regular business, the Company purchases, avails/renders services from/to 3M Company, USA and/or its group companies at arm's length basis. None of the Directors and the Key Managerial Personnel has any pecuniary relationships or transactions vis-à-vis the Company.

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

The Company has already taken approval of the Members for all material RPTs for the estimated transactions for Three (3) financial years starting from April 1, 2020, to March 31, 2023, at the Annual General Meeting held on August 26, 2020. Form No.AOC-2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith as "Annexure E".

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a part of its initiatives under Corporate Social Responsibility (CSR), your Company prioritised its CSR allocations of FY 21-22 towards COVID related initiatives to meet the emerging needs of communities impacted by the pandemic. The Company also continued to support some of its multi-year programmes under the verticals of Education and Community. These projects have been selected, initiated, and implemented in accordance with the activities under Schedule VII of the Companies Act, 2013.

#### EDUCATION:

In FY 21-22, your Company supported a variety of STEM and education initiatives to help children and young adults across age groups with learning support, digital learning aids and seed funding to promote innovation, as schools and educational institutions continued to be disrupted due to the pandemic.

1. *School Readiness Programme (Anganwadi):*

The Company continued to support the School Readiness (Born Learning) initiative in partnership with United Way of Bengaluru to transform anganwadis under the ICDS programmes of Government of India to ensure well rounded development of children under the age of 6. This is a national programme covering 130 centers and is improving the lives of over 13,000 children below the age of 6 years. Year 3 intervention to support 40 anganwadi center activities at S. R. Nagar and Jigani Bengaluru, Mumbai and Kolkata and covering 4000+ children, included activities to maintain the centers as per COVID guidelines, support the anganwadi staff with virtual trainings, early child learning materials, community mobilization and training and capacity building activities. During the lockdown months, home-based learning involving parents was encouraged. Community engagement involving mothers was conducted around themes of breast feeding awareness, financial literacy, brain development, kitchen gardening and nutrition.

2. *Project Nanhi Kali: Educating the Girl Child:*

The Company continued to sponsor the education of 2861 girl students in partnership with K.C. Mahindra Trust under Project Nanhi Kali. During FY 21-22, the programme provided additional academic support to girl students from primary and secondary classes across 161 academic support centers in the rural district of Ambegaon in Pune, Maharashtra.

During the second wave of COVID, schools were closed and activities at the after school academic support centers were discontinued owing to the lockdown. To ensure the girls stayed in touch with learning, digital tablets were introduced preloaded with AI powered, personalized adaptive learning software, Mindspark. In tandem, tutors kept in touch with students via home visits and virtual sessions. The digital curriculum covered English, Math and the local language for girls from Grade 1-10 and science from Grade 6-10. Community centers re-opened in September 2021 on a rotational basis adhering to stringent COVID-19 safety and hygiene protocols. A professionally designed sports curriculum was also integrated into the programme. The qualifying rounds of an initiative called Toofaan Games was held in Ambegaon in January 2022. A team from 3M India visited one of the community centers and distributed school supplies and hygiene kits to the girls in October 2021. As a result of these interventions, the programme witnessed 77% average attendance amongst the girl students in classes 1-5 and 83% amongst secondary students. The retention rate for the programme is at 95.4%



## REPORT OF THE BOARD OF DIRECTORS

with a low dropout rate of 4%. With the change in pedagogy and curriculum, the students continued to maintain an above average performance in foundational subjects i.e. 54% in Math, 72% in Marathi and 61% in English. In March 2022, a team of 33 students from the programme visited 3M India's manufacturing plant in Ranjangaon, Pune for an industry exposure visit.

### 3. *3M-CII Young Innovators Challenge Awards Programme:*

During FY 21-22, the Company successfully completed the 8th edition of the Young Innovators Challenge programme in partnership with the Confederation of Indian Industry (CII). This programme annually recognizes young innovators under 30 years of age with grants, recognition, and access to networks for their innovative ideas that will have an impact on society. The theme for the year was *ideas of hope for a resurgent India* which received over 1500 applications. For the second year in a row, due to the pandemic, the end-to-end process from inviting applications, screening submissions, selecting and felicitating the winners was done virtually. 5 winners and 2 special awardees received grants of up to 18 lakhs. Virtual Q&A sessions, knowledge webinars and multiple coaching sessions served as catalysts to raise the quality of participation.

### 4. *3M Young Change Agents for Road Safety Virtual Programme:*

3M Young Change Agents for Road Safety (YCARS) was launched in 2019 as an in-person road safety education workshop for students in middle school. During the pandemic, school closures and lockdown led to the development of a virtual experience of the existing Y-CARS workshop, which will enable school children learn the concepts of road safety and hazard perception from home.

The Y-CARS online module makes use of a learning management tool to bring alive the physical experience on screen. The lesson plan followed in the offline workshop was set as a foundation for the virtual programme, with virtual experience and content built in based on the end users' point of view, making evaluation and impact measurable by default. The programme was launched as a pilot in January 2022 and was conducted in 3 schools across Bengaluru, Pune and Delhi during FY 21-22.

## COMMUNITY:

While COVID exposed the gaps in India's healthcare infrastructure by impacting access to quality healthcare for the poor, it also took attention away from other life-threatening diseases such as cancer. In FY 21-22, your Company continued to support initiatives to strengthen healthcare infrastructure and access across urban, rural and aspirational districts for the medium to long term.

### 1. *Partnership with Sri Shankara Cancer Foundation Hospital, Bengaluru to support cancer research and treatment:*

Your Company's focus on advancing science, along with its social justice goals of addressing healthcare inequities, inspired its commitment to the Sri Shankara Cancer Foundation Hospital in the treatment of cancer. Over FY 20-21, 3M India had donated medical equipment to set up the research and treatment facility for Bone Marrow Transplantation. This facility was formally inaugurated in November of 2021. The hospital continues to build capacity with a vision to be one of the premier cancer research and treatment institutes in the country. In FY 21-22, your Company renewed its commitment to support the hospital by providing a high-resolution quantitative mass spectrometry equipment, which will be an invaluable addition to the cutting-edge research unit at the hospital. The equipment will aid in researching cancer prevention and also study cancer cells that resist treatment. With the addition of this equipment, the hospital joins the ranks of prestigious medical and pure sciences research institutes in the country in the field of medical research.

### 2. *Providing diagnostic and preventive healthcare access to rural communities:*

In FY20-21, your Company initiated a partnership with Smile Foundation to support the primary healthcare needs of the underprivileged communities by deploying four mobile healthcare units in aspirational districts. In FY 21-22, your Company continued to support this multi-year programme as the vans became operational after being formally launched in September 2021. The vans operate in Siddharthnagar in Uttar Pradesh, Balangir in Odisha, Goalpara in Assam and Shirur in Ranjangaon, Maharashtra, providing preventive, promotive, and curative healthcare facilities to underserved communities. The vans average over 6000+ patient consultations each month and have covered close to 30,000 unique patients since operations began in September 2021.

### 3. *Providing uninterrupted power supply to rural primary health care centers with solar powered installations:*

Healthcare services in rural areas cannot be delivered effectively unless the healthcare facilities are provided with uninterrupted power supply. Your Company initiated a programme to provide solar powered installations at 7 rural primary health care centers around its manufacturing plant in Ranjangaon. The centers are located at

## REPORT OF THE BOARD OF DIRECTORS

Ranjangaon, Karde, Kavate, Nimone, Takle Haji, Talegaon Damre and Kendur. With the installations, the rural PHCs will be able to provide timely primary health care services impacting about 3.50 lakh people in the villages around these PHCs. The installations include customized renewable energy solutions (solar powered systems) and recommended energy efficient medical appliances for each of the 7 health centers.

### COVID RELIEF INITIATIVES

Your Company's community response towards COVID-19 was directed at programmes that helped address the emerging needs of communities. In FY 21-22, Your Company contributed to critical efforts to support the Government's fight against COVID, around augmenting ICU infrastructure and community vaccination drives.

1. *Intensive care unit augmentation programmes during COVID second wave:*

At the onset of COVID second wave, the Company responded with support towards initiatives to enhance ICU units in Government hospitals, namely one general ICU unit at CV Raman Nagar hospital and as preparation for future waves, a pediatric ICU unit at the Indira Gandhi Institute of Child Health, Bengaluru. Your Company participated in these initiatives under the aegis of Confederation of Indian Industry (CII) along with other corporate partners. The support was in the form of medical equipment like patient monitors and ventilators for ICUs.

2. *Community Vaccination programmes in urban slums and rural communities:*

Your Company initiated a community vaccination programme to support Government of India's COVID vaccination mission, partnering with Vaccine on Wheels and United Way of Bengaluru (UWBe) across cities like Pune (PCMC) and Bengaluru (BBMP) where 3M India has regional presence and in some rural districts of two states, Maharashtra and Tamil Nadu. Addressing the issue of vaccine inequity, this partnership reached out to underserved populations in hard-to-reach urban slums and, villages where hesitancy for vaccinations continued to exist. The programme has administered more than 175,000 vaccinations by deploying 18 mobile vaccination clinics from Vaccine on Wheels, with United Way of Bengaluru playing a crucial role in creating awareness and mobilizing beneficiaries to the micro-vaccination booths.

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

### DETAILS OF REMUNERATION OF EMPLOYEES

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

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

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

### RISK MANAGEMENT POLICY

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

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

### INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016)

There was no application made nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year.

### VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has an effective vigil mechanism by way of Business Conduct Concern Reporting Policy (Whistle Blower Policy) for upholding 3M's Code of Conduct. The details of the said Policy are stated in the Corporate Governance

## REPORT OF THE BOARD OF DIRECTORS

Report and also available on the website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. During the year, the Company reached out to employees through e-learning modules for creating greater awareness with respect to its Fair Competition Directive and Anti-Bribery and Corruption Directive. This has helped in achieving a high level of engagement and compliance among the employees.

### STATUTORY AUDITOR

Messrs. BSR & Co. LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration No. 101248W/W-100022) were re-appointed as the Statutory Auditor of the Company at the 34<sup>th</sup> Annual General Meeting held on August 26, 2021 to hold office for a second period of five (5) years from the conclusion of the 34<sup>th</sup> Annual General Meeting till the conclusion of the 39<sup>th</sup> Annual General Meeting to be held in the year 2026. The requirement of seeking ratification of the Members for continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Hence, the Resolution seeking ratification of the Members for their appointment is not being placed at the ensuing Annual General Meeting.

### COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the cost audit records maintained by the Company in respect of the products covered under the said rules are required to be audited by a Cost Accountant. Accordingly, the Board of Directors of the Company at its Meeting held on May 27, 2022 on the recommendation of the Audit Committee, approved re-appointment of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (Firm Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year 2022-23 at a remuneration of Rs. 475,000/- (Rupees Four Lakhs Seventy Five Thousand only) plus taxes as applicable and out of pocket expenses at actuals.

The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

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

*Disclosure on Cost Audit:* For the financial year ended March 31, 2021, the Cost Audit Report submitted by Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, was filed with the Ministry of Corporate Affairs on September 8, 2021 vide SRN: T41309477, well within the due/extended date. Messrs. Rao, Murthy & Associates, has confirmed the cost records for the financial year ended March 31, 2021 are free from any disqualifications as specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Act.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. Parameshwar G. Bhat, Company Secretary in practice (FCS:8860, CP:11004) to undertake the Secretarial Audit of the Company for the financial year 2021-22. The Report of the Secretarial Audit Report is annexed herewith as "Annexure I".

SEBI vide its Circular no. CIR/CFD/CMD1/27/2019 dated February 8, 2019 has mandated all the Listed entities having its Equity Shares Listed on the Stock Exchange(s) to obtain the Annual Secretarial Compliance Report in the prescribed format from a Practising Company Secretary from the financial year ended March 31, 2019 onwards and the Report should be submitted to the concerned Stock Exchanges within 60 days from the end of the financial year and be included in the Annual Report. The Annual Secretarial Compliance Report from Mr. Vijaykrishna K T is annexed herewith as "Annexure J" which will be filed with the Stock exchanges within the prescribed time limit.

### EXPLANATIONS IN RESPONSE TO AUDITORS' QUALIFICATIONS

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

### COMPLIANCE WITH SECRETARIAL STANDARDS

During the financial year 2021-22, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

# REPORT OF THE BOARD OF DIRECTORS

## ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the draft of the Annual Return in Form MGT 7 of the Company for the financial year March 31, 2022 is uploaded on the website of the Company and can be accessed at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/).

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

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

### *Status of Complaints during the FY 2021-22:*

1. Number of complaints of sexual harassment received in the financial year (April 1, 2021 to March 31, 2022): Nil
2. Number of complaints disposed off during the financial year: NA
3. Number of cases pending for more than 90 days: NA
4. Number of workshops or awareness programmes carried out in connection with sexual harassment: Three
5. Remedial measures taken by the Company:
  - Revamped and released new 3M India POSH Standard & Procedure to include Gender neutral policy & introduced appeal process.
  - Rolled out POSH communication campaign – series of Poster communication to spread more awareness & education around POSH policy, guidelines & expectations.
  - Rolled out video call etiquettes, guidelines & expectations to all employees of the Company.

## HUMAN RESOURCES

During the financial year, the Company took many initiatives to increase organizational capability and productivity to be value driven and future ready. As at March 31, 2022, the Company had an employee strength of 1,132 personnel.

## OTHER DISCLOSURES

During the financial year under review, the Company:

- a. has not bought its own Shares nor has given any loan to the employees (including KMPs) of the Company for purchase of the Company's Shares, and,
- b. has not issued any Shares to trustees for benefit of employees.
- c. there was no revision in the Financial Statements.

## ENVIRONMENT, HEALTH AND SAFETY

Your Company is committed to making strides to further the health, safety and well-being of its employees. The Company's responsibility extends to the environment as it operates through robust environment management systems, conservation of resources and ensuring that pollution is prevented at source.

## ENVIRONMENT

Your Company has three manufacturing plants operating in India. All three plants have Environmental Management Systems certified to the new ISO 14001: 2015 standard. The Company believes that environmental policy and regulations should be guided by science-based decision making. Beyond compliance, the Company continues to make significant investments to reduce the environmental impact of its operations; and in its products, with sustainable attributes that help customers reduce their own environmental footprint and meet their sustainability goals.



## REPORT OF THE BOARD OF DIRECTORS

The parent company's Global Strategic Sustainability Framework directs local efforts to create impact:

- Science for Circular: Design solutions that do more with less material, advancing a global circular economy.
- Science for Climate: Innovate to decarbonize industry, accelerate global climate solutions and improve our environmental footprint.
- Science for Community: Create a more positive world through science and inspire people to join us.

*Raw Materials:* As more resources are consumed by an ever-growing population, it is imperative that product design and manufacturing processes consider the ecological impact during life and after end-of-life. Your Company is committed to ensuring improved raw material usage, recyclable and sustainable innovations for customers.

*Waste:* 3M Company is advancing its goal of reducing waste globally by targeting it at the source—working to eliminate single-use plastics and converting more facilities to zero landfill status. The global target has been set to reduce manufacturing waste by an additional 10%, indexed to sales, by 2025. Waste emerging from Non-Working Inventory, quality rejections and production waste is collectively sent for co-processing to cement kilns. This has helped reduce the incineration process and carbon footprint at all the sites, leading to a reduction of CO<sub>2</sub> by 359 MT in FY 2021-22. During the year, overall waste generation reduced by 5.4%.

*Energy & Climate:* 3M Company has committed to achieving carbon neutrality by 2050, through the reduction of greenhouse gas emissions and increasing share of renewable energy. The energy efficiency improved by 16%. Three of the manufacturing plants are utilising 22% share of energy consumption through renewable energy. Plants have also conducted various environmental awareness programs including tree planting at plant sites as well as in the local communities.

*Water- Reducing Water Use in Manufacturing Operations:* 3M Company is committed to reducing water use at its worldwide manufacturing facilities by taking immediate steps to drive reductions in current water use and over the longer-term; aiming for a 10% reduction in water use by 2022, 20% reduction by 2025, and 25% reduction by 2030.

Your Company embraces this commitment to water conservation for its own operations, following a Global Water Stewardship Standard. 3M operations worldwide manage their water resources through compliance with regulatory requirements, conservation and reuse, reporting water usage internally as well complying with the law of the land. Water resources include water intake, effluent water discharge and rainwater.

Water usage is being monitored with meters and pressure gauges. The drop in pressure gauge readings indicate leakages which are attended to on priority to prevent wastage. Manufacturing sites practice Zero Water Discharge through numerous water conservation initiatives. During the year under review, water consumption reduced by 36%.

- Treated water from the sewage treatment plant is used for gardening and in restroom flushing.
- Treated water from effluent treatment plants are also taken into scrubber operations which helps reduce raw water consumption.
- Underground hydrant network pipelines, which had corroded and were difficult to trace to correct leakage, were brought above ground at all plants to eliminate the root cause of the issue.
- Engagement drives and leakage surveys were conducted at factories to identify and arrest leakage and detect networks prone to leakages. Remote taps were plugged where frequent vigilance was not possible.
- At few plants, an online ozonator was installed for water disinfection to enable safe handling by gardeners
- New drip irrigation lines were added to fully utilise available water.

### SAFETY SYSTEMS

Your Company continually strives to maintain the highest standard of safety at all workplaces to ensure people, assets, and indirectly our businesses are operating in the most efficient manner. All three manufacturing facilities have been certified by ISO 45001, a standard for management systems of Occupational Health and Safety Standards reinforcing the Company's commitment to leadership in safety and health.

Your Company's manufacturing facilities were able to maintain Zero Lost time injuries during the year under review due to continuous focus on preventive actions, EHS Element ownership through leaders with representation from supervisors and technical associates alike.

## REPORT OF THE BOARD OF DIRECTORS

3M Company, USA recognized your Company's manufacturing plants at Ahmedabad & Bengaluru with the CEO EHS award for safety excellence. 3M India Bengaluru plant was recognized as a runner up for the Karnataka State Level Safety Award under Large Category Industries instituted by the Department of Factories, Boilers, Industrial Safety & Health, Government of Karnataka.

Your Company is guided by the parent company's EHS Cultural Excellence programme which lays down the execution model and set of manufacturing excellence principles which ensure a safer, healthier, happier and more trusting workforce.

During COVID, the team worked tirelessly to meet the surging demand from front-line workers supplying masks, respirators, sanitizing and disinfecting solutions.

During the second wave, the Company adopted the Project Zero approach to ensure that there were no infected people within close distance at work. Several infrastructural and administrative actions were implemented which helped people maintain social distancing and enhanced workplace hygiene. Daily health surveillance and self-declaration by employees helped ensure timely isolation. Oxygen cylinder supplies were planned for in advance and health centers were equipped for adversity. Disease Prevention Coordinators implemented Business Resilience Plans and Disease Control Prevention plans to ascertain preparedness.

### HEALTH AND WELLNESS EFFORTS

Your Company offered employees and their families resources and services to support their holistic health- physical, mental, and emotional.

1. Collaboration with a third party for COVID 19 health package to provide 24X7 telehealth services to all employees, including contingent workers, and their families. Initiatives included an at home quarantine programme of active surveillance, at home RTPCR sample collection, dispatching of home care kits during lockdowns, ambulance services to support medical emergencies, checks on availability of hospital beds and door delivery of medicines.
2. COVID Prevention Ambassadors were trained to make sure ideal behaviors continue to be implemented to ensure Zero Close Contact at the workplace.
3. Influenza (Flu) immunization drive was conducted for employees who opted for it, in collaboration with the HR Benefits team.
4. Hepatitis B Vaccination was introduced to all the ERT emergency response team members at 3M India manufacturing sites.

These collective efforts earned the company recognition by **Great Place to Work®** as one of the Top 10 organisations for supporting employees and their families through the COVID crisis. The parent company also recognised 3M India with the prestigious EHS | PS & Sustainability Achievement Awards 2021 for a holistic approach in managing the COVID-19 Pandemic Wave 2.

### LEADERSHIP FOR COVID-19:

**As the pandemic situation continued to evolve across India and the world, it became absolutely essential to keep the Company's facilities safe from COVID.**

3M Company had the foresight and devised a pandemic preparedness plan for implantation at all facilities. Project Zero was initiated as an effort to prevent the spread of COVID-19, with a goal of zero work colleagues identified as close contacts of confirmed COVID-19 cases. The EHS Culture excellence model of See and Act was used to drive ideal behaviors during the pandemic through the Project Zero GROW model.

3M Company developed an online platform where all the protocols pertaining to COVID-19 management were consolidated for all 3M subsidiaries to follow. This aided the company to put in place systems and processes to prepare facilities in line with globally prevalent control systems for mitigating the risk of COVID-19.

At the onset of the second wave in other parts of the world, your Company took up the implementation of an overall preventive pandemic plan to safeguard employees, employee families and contingent workforce to reduce the severity of the impact.

Your Company focused on strengthening the health infrastructure at our factories and the support systems to address emergencies during COVID-19.

## REPORT OF THE BOARD OF DIRECTORS

### 1. Strengthening of Health Infrastructure on-site

- Onboarded Additional medical professionals to support factories
- Tele Health services were launched with 24 X 7 Toll Free Facility
- Frequent Mock drills were conducted to check COVID preparedness
- Silent Canteen Concept was introduced at all factories
- Health tips and awareness through communications

### 2. To address medical emergencies

- COVID-19 insurance cover was provided to all employees and eligible dependents
- Home quarantine and Hospitalization Support from Company
- Medical Emergency and Ambulance Service
- Emergency medical units procured well in advance
- Comprehensive Testing at employee doorstep
- Support for Departed family members
- EAP - Employee assistance program in vernacular languages
- Webinars and awareness sessions related to COVID, vaccinations were conducted.

The Company's manufacturing plant at Ranjangaon site was open throughout the first and second waves of the pandemic working through lockdowns to ensure the supplies of essential commodities for frontline health workers.

When other facilities were about to reopen, Return to Work Protocols were implemented using technology. Various Microsoft Teams broadcast sessions were held on weekends to ensure employees' families were trained on the protective measures needed during this period while at home and outside.

As populations became eligible for COVID vaccinations, your Company launched a company-wide vaccination programme to cover employees and their family members. Multiple vaccination camps were held at various locations throughout the year. A COVID Vaccination Taskforce with several volunteers led this initiative to ensure maximum coverage of employees with both the doses of the vaccine. The Company's proactive health and wellness initiatives helped send a consistent message of prioritising health and safety. 47 Camps were organised across the country achieving 100% COVID vaccination for all beneficiaries.

As a part of its community outreach, your Company extended its commitment to vaccinations reaching the underserved populations in both urban and rural areas. In addition, your Company collaborated with other companies to provide urgent support of medical equipment to enhance capacities in ICUs in Government medical facilities.

With customers, your Company catered to emerging trends promoting new solutions in areas such as automotive electrification, home improvement, personal safety and healthcare. Virtual platforms continued to take priority in fostering customer relationships and exploring new frontiers in service and delivery.

### AWARDS AND RECOGNITION

- Your Company received recognition as one of the Top 10 companies for COVID support, by Great Place To Work ® in recognition for COVID-19 employee wellness initiatives over 2020-2021.
- Working Mother & AVTAR Best Companies for Women in India study recognized your Company as one of the 100 Best Companies for Women in India (2021), for commitment to gender inclusive policies and initiatives.
- Your Company's Bengaluru Electronics City plant was awarded the State Level Safety award under Large Category Industries by the Department of Factories, Boilers, Industrial Safety and Health, Government of Karnataka.
- Your Company was recognized by local municipal corporations in Pune (Pune Chinchwad Municipal Corporation) and Bengaluru (Bruhat Bengaluru Mahanagara Palike) for supporting the Government's fight against COVID through community vaccination programmes and other related initiatives.
- At the National HRD HR Showcase 2021, a 3M India sponsored CSR initiative, Born Learning in partnership with United Way of Bengaluru, received a Special Mention Award for supporting early child education and development. Your Company was also shortlisted amongst companies with the best Diversity Equity Inclusion (DEI) programmes.

## REPORT OF THE BOARD OF DIRECTORS

- Three women scientists of your Company were included in India's 50 Women in STEM eBook compilation brought out by CII-TNTDPC.
- Your Company's manufacturing plants at Bengaluru Electronics City and Ahmedabad received 3M Company's top recognition for Safety and Health, the CEO Safety and Health Award.
- The manufacturing plant at Bengaluru Electronics city received 3M Company's Quality Achievement award for NVH (Noise, Vibration, Harshness) project, Muphony for achieving zero noise and zero defects. This was the 15<sup>th</sup> consecutive quality achievement award for your Company.
- Your Company received numerous accolades for excellence in marketing, technical and various support functions with several 3M Company global and area level awards.

### ACKNOWLEDGEMENT

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

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

*On behalf of the Board of Directors*

**Ramesh Ramadurai**  
*Managing Director*  
DIN: 07109252

**Amit Laroya**  
*Director*  
DIN: 00098933

Place: Bengaluru  
Date : May 27, 2022



# ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **Cautionary Statement:**

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

### **THE COMPANY**

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

The Company has manufacturing facilities in India at Ahmedabad, Bengaluru, Pune and its Corporate Office and Customer Innovation Center (R&D Center) is located at Bengaluru. As on March 31, 2022, the Company had an employee strength of 1,132 personnel. As on March 31, 2022, your Company was ranked 202 (PY: 111) based on Market Capitalization @ Rs. 22,18,915 Lakhs (PY: Rs. 34,28,710 Lakhs) and is now among the top 500 (PY: top 200) Companies based on Market Capitalization (Source: NSE). The Company managed its operations in four (4) operating business segments: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer. The Company's four business segments bring together common or related 3M technologies, enhancing the development of innovative products and services and providing for efficient sharing of business resources.

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

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

### **GLOBAL ECONOMIC OVERVIEW**

The far-reaching impact of the pandemic continued well into 2021 affecting all areas of development. As economies adjusted to the new reality of living with multiple variants, there was uneven recovery between high income and low and middle income economies. The year also saw global supply chain disruptions due to extreme weather conditions like the US winterstorm and unpredictable occurrences like the Suez Canal obstruction, which led to trade disruptions, rising raw material costs and inflation. Trade picked up towards the latter half of 2021 with economies seeing robust recovery aided by accelerated national vaccinations programs. Following the strong rebound in 2021, the global economy entered 2022 amid fresh threats from the contagious Omicron and other newer variants of COVID-19 and

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

the escalation of geopolitical tensions between Russia and Ukraine. Inflation rates already elevated from the trade disruptions of 2021 continue to rise with the war induced commodity price increases.

Crude oil and gas and food prices have increased rapidly, impacting vulnerable populations in low-income countries. Global growth is also projected to slowdown from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Multilateral global efforts to resolve the conflict through peaceful means, prevent further economic decline, curb inflation, manage debt increases, maintain global liquidity while prioritising the health and safety of its populations are essential for recovery.

### INDIA ECONOMIC OVERVIEW

In a climate of uncertainty and a challenging second wave, India witnessed strong economic recovery and grew at 8.7 percent GDP as compared to a contraction of 6.6 percent in 2020-21. The government and the Reserve Bank of India took several monetary and fiscal policy measures to support and cushion the impact of the crisis on the economy. The growth is supported by widespread vaccination coverage, gains from supply side reforms, robust export growth, easing of regulations and availability of fiscal space to ramp up capital spending. Indicators show that the economic impact of the second wave of COVID was much smaller than that experienced during the COVID induced lockdown of the first wave, even though the health impact was unprecedented.

IIP (Index of Industrial Production) went through a sharp rebound from a contraction of 8.4 per cent in financial year 2020-21 to an expansion of 11.3 per cent in financial year 21-22.

Total consumption is estimated to have grown by 7.0 per cent in 2021-22 with government consumption remaining the biggest contributor as in the previous year. Private consumption is also estimated to have improved significantly to recover 97 per cent of corresponding pre-pandemic output level and it is poised to see stronger recovery with rapid coverage in vaccination and faster normalization of economic activity.

The impact of global trade disruptions which continued through most of financial year 21-22 was felt in the rise in inflation, input prices, raw material and freight costs. Heightened geopolitical uncertainties in Europe due to the conflict in Ukraine have impacted commodity, food and crude oil prices.

India's economy has remained resilient through various global economic conditions and widespread pandemic, with a positive outlook for continued recovery.

### STANDALONE RESULTS OF THE OPERATIONS OF THE COMPANY

On a standalone basis your Company's revenue from operations increased by 27.18% at Rs. 307,830.08 Lakhs for the financial year ended March 31, 2022 compared to Rs. 242,036.39 Lakhs in the previous financial year. The Profit before Interest and Depreciation is Rs. 41,660.78 Lakhs compared to Rs. 26,454.84 Lakhs for the previous financial year. Profit before Tax is Rs. 35,969.60 Lakhs compared to Rs. 20,244.08 Lakhs for the previous financial year. The operating margin for the current year is 13.38% compared to 10.81% for the previous financial year. Total Comprehensive Income is Rs. 26,727.38 Lakhs compared to Rs. 14,674.69 Lakhs for the previous financial year. Export Sales is Rs. 2,385.65 Lakhs for the financial year ended March 31, 2022 compared to Rs. 2,497.17 Lakhs in the previous financial year, a decrease of 4.47%, due to less demand in the global market.

#### *Other Income:*

The other income is Rs. 3,471.84 Lakhs for the financial year 2021-22 compared to Rs. 2,686.77 Lakhs for the previous financial year 2020-21.

#### *Cost of Goods sold:*

The % of cost of raw material consumed as against sales for the financial year 2021-22 is higher by 0.43% at 61.49% as against 61.07% for the previous financial year 2020-21, due to product mix and increase in foreign currency exchange rate.

#### *Employee Benefits Expense:*

Employee cost as a % of sales for the financial year 2021-22 stood at 11.22% (previous financial year was 13.76%) at Rs. 34,940.51 Lakhs (previous financial year: Rs. 33,677.10 Lakhs). Sales per employee has increased by 28.78% to Rs. 275.00 Lakhs (no. of employee's 1,132) in the current financial year 2021-22 from Rs. 213.55 Lakhs (no. of employees 1,146) for the previous financial year 2020-21.

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

### *Finance Cost:*

The interest cost for the financial year 2021-22 is Rs. 363.56 Lakhs compared to Rs. 243.22 Lakhs in the previous financial year 2020-21. The interest cost is on account of lease rentals of vehicles and office equipment.

### *Interest earned:*

The Company earned Rs. 2,726.19 Lakhs on the surplus during the financial year 2021-22 when compared to Rs. 1,976.53 Lakhs during the financial year 2020-21 by keeping the funds in deposits with the Banks.

### *Earnings per Share (EPS):*

The EPS (Basic and Diluted) of the Company for the financial year 2021-22 was Rs. 236.28 per Share as compared to Rs. 132.53 per Share in the previous financial year, a increase of 78.28%.

### *Share Capital:*

The Authorized/Issued/Subscribed and Paid-up Capital as at March 31, 2022 is Rs. 11,26,50,700 (divided into 1,12,65,070 Equity Shares of Rs. 10/- each). During the year under review, the Company has not issued Shares with differential voting rights nor granted Stock Options nor Sweat Equity.

### *Reserves & Surplus:*

Entire profit of Rs. 26,727.38 Lakhs is retained in profit and loss account for the year ended March 31, 2022. The Reserves & Surplus is Rs. 247,751.61 Lakhs including the current financial year retained profit.

### *Shareholder's Fund:*

The total shareholder funds increased to Rs. 248,878.12 Lakhs as at March 31, 2022 from Rs. 222,150.74 Lakhs as of the previous financial year 2020-21, representing a growth of 12.03% mainly because of retained profits of the current financial year.

### *Depreciation:*

The depreciation charge for the current financial year is lower at Rs. 5,327.62 Lakhs when compared to Rs. 5,967.54 Lakhs of previous financial year 2020-21.

### *Fixed Assets-Capital Expenditure:*

The gross Fixed Assets as at March 31, 2022 was Rs. 49,563.21 Lakhs as compared to Rs. 43,432.28 Lakhs of previous financial year 2020-21. Capital Investments during the financial year 2021-22 were at Rs. 6,999.06 Lakhs (Net of capital work-in-progress and capital advances) (2020-21: Rs. 4,041.72 Lakhs) an increase of 73.17% year on year.

### *Inventories:*

Inventory as at March 31, 2022 amounted to Rs. 45,347.77 Lakhs as compared to Rs. 43,027.05 Lakhs of previous financial year 2020-21. The inventory ratio has decreased to 84 days as at March 31, 2022 from 103 days of previous financial year 2020-21.

### *Trade Receivables:*

Trade Receivables as at March 31, 2022 amounted to Rs. 48,857.75 Lakhs as against Rs. 46,050.86 Lakhs of previous financial year 2020-21. The debtor's turnover ratio is 58 days (previous financial year: 69 days).

### *Cash and Bank balances:*

The total balance of cash and bank balances as at March 31, 2022 was Rs. 120,653.96 Lakhs as compared to Rs. 93,715.39 Lakhs as at March 31, 2021.

*Current Ratio:* 3.12 (2021-22); 3.0 (2020-21)

*Debt Equity Ratio:* 0.98 (2021-22); 1.03 (2020-21)

*Interest Coverage Ratio:* 99.94 (2021-22); 84.23 (2020-21)

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

### Overall analysis of the Profit and Loss (Standalone):

Particulars	Year Ended March 31, 2022		Year Ended March 31, 2021	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue from operations	307,830.08	98.88	242,036.39	98.90
Other income, net	3,471.84	1.12	2,686.77	1.10
<b>Total Revenue</b>	<b>311,301.92</b>	<b>100.00</b>	<b>244,723.16</b>	<b>100.00</b>
Cost of Materials consumed	130,084.69	41.79	93,820.92	38.34
Purchases of stock-in-trade	62,193.44	19.98	53,534.70	21.88
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(853.23)	(0.27)	2,086.59	0.85
Employee benefits expense	34,940.51	11.22	33,677.10	13.76
Other Expenses	43,275.73	13.90	35,149.01	14.36
<b>Profit before Finance costs and Depreciation</b>	<b>41,660.78</b>	<b>13.38</b>	<b>26,454.84</b>	<b>10.81</b>
Finance Costs	363.56	0.12	243.22	0.10
Depreciation and amortization expense	5,327.62	1.71	5,967.54	2.44
<b>Total Expenditure</b>	<b>275,332.32</b>	<b>88.45</b>	<b>224,479.08</b>	<b>91.73</b>
<b>Profit before Tax</b>	<b>35,969.60</b>	<b>11.55</b>	<b>20,244.08</b>	<b>8.27</b>
Tax	9,352.09	3.00	5,313.99	2.17
<b>Profit for the year</b>	<b>26,617.51</b>	<b>8.55</b>	<b>14,930.09</b>	<b>6.10</b>
Items that will not be reclassified subsequently to profit or loss	109.87	0.04	(255.40)	(0.10)
<b>Total comprehensive income for the year</b>	<b>26,727.38</b>	<b>8.59</b>	<b>14,674.69</b>	<b>6.00</b>

### Overall analysis of the Profit and Loss (Consolidated):

Particulars	Year Ended March 31, 2022		Year Ended March 31, 2021	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue from operations	333,584.17	98.90	260,483.14	99.06
Other income, net	3,711.51	1.10	2,473.73	0.94
<b>Total Revenue</b>	<b>337,295.68</b>	<b>100.00</b>	<b>262,956.87</b>	<b>100.00</b>
Cost of Materials consumed	140,774.54	41.74	99,441.00	37.82
Purchases of stock-in-trade	69,977.05	20.75	58,365.23	22.20
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,683.02)	(0.50)	2,101.44	0.80
Employee benefits expense	38,819.21	11.51	36,990.48	14.07
Other Expenses	46,772.33	13.87	37,636.56	14.31
<b>Profit before Finance costs and Depreciation</b>	<b>42,635.57</b>	<b>12.64</b>	<b>28,422.16</b>	<b>10.81</b>
Finance Costs	372.04	0.11	245.41	0.09
Depreciation and amortization expense	5,511.72	1.63	6,184.59	2.35
<b>Total Expenditure</b>	<b>300,543.87</b>	<b>89.10</b>	<b>240,964.71</b>	<b>91.64</b>
<b>Profit before Tax from continuing operations</b>	<b>36,751.81</b>	<b>10.90</b>	<b>21,992.16</b>	<b>8.36</b>
Tax	9,554.70	2.83	5,754.51	2.19
<b>Profit for the year</b>	<b>27,197.11</b>	<b>8.06</b>	<b>16,237.65</b>	<b>6.18</b>
Items that will not be reclassified subsequently to profit or loss	127.26	0.04	(292.01)	(0.11)
<b>Total comprehensive income for the year</b>	<b>27,324.37</b>	<b>8.10</b>	<b>15,945.64</b>	<b>6.06</b>



## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

### SEGMENTWISE PERFORMANCE:

On a standalone basis, the Safety and Industrial business increased by 16.48%; Transportation business increased by 32.30%; Health Care business increased by 49.39%; and Consumer business increased by 23.85%.

#### (A) Safety and Industrial Business:

This segment includes businesses that serve the core industrial, electrical, vehicle maintenance and safety markets. This business segment consists of personal safety, industrial adhesives and tapes, abrasives, electrical and products for the automotive aftermarket.

(Rs. in Lakhs)

		March 31, 2022	March 31, 2021
Financial Highlights	Segment Revenue	105,118.82	90,245.49
	Profit Before Interest & Tax	8,658.98	9,569.74
	Capital Employed	24,482.43	20,989.56
Highlights of Safety and Industrial Business	<ul style="list-style-type: none"> <li>Robust growth in the safety and industrial business with strong revival as several end markets opened up.</li> <li>Expansion into emerging markets especially for industrial tapes, adhesives and personal safety segments.</li> <li>Responded to long term trends such as robotics and automation with new Robotic &amp; Automated Sanding and Finishing solutions for the industrial segment. 'New to market' 3M™ Performance Paint Spray Gun with disposable nozzle heads and the 3M™ Ceramic Coating were new solutions launched for the auto market.</li> </ul>		

#### (B) Healthcare Business:

This segment provides products and services such as medical and surgical supplies, oral care solutions (dental and orthodontic products) and food safety products.

(Rs. in Lakhs)

		March 31, 2022	March 31, 2021
Financial Highlights	Segment Revenue	45,280.51	30,309.56
	Profit Before Interest & Tax	6,162.86	1,933.85
	Capital Employed	9,967.25	9,565.89
Highlights of Healthcare Business	<ul style="list-style-type: none"> <li>Ensured timely supply of products in the face of supply chain and raw material constraints as healthcare facilities and dental clinics opened up.</li> <li>Drove efforts in the development of guidelines and protocols for infection prevention practices in healthcare facilities and created awareness about international best practices. Strong partnerships as a knowledge partner with professional medical organizations such as INS India, AORN India, and CAHO that are driving the upgradation of clinical practices and upskilling of paramedical staff.</li> <li>Scaled up online education through 3M™ Healthcare Academy delivering both local and global content for hospitals, dentists and orthodontists by supporting continuous education and skill upgradation.</li> </ul>		

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

### (C) *Transportation and Electronics Business:*

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

(Rs. in Lakhs)

		March 31, 2022	March 31, 2021
Financial Highlights of Transportation Business	Segment Revenue	115,947.10	87,642.35
	Profit Before Interest & Tax	9,196.44	1,487.69
	Capital Employed	32,721.30	26,833.10
Highlights of Transportation Business	<ul style="list-style-type: none"> <li>Higher Government spending on infrastructure projects, investments in multi-modal transportation initiatives like PM Gati Shakti and increased highway construction activities offered growth opportunities for 3M's transportation safety solutions.</li> <li>Launched a new product for road safety, 3M™ Stamark™ tape, which offers all weather reflectivity and improved road visibility.</li> <li>Commercial solutions for hygiene and cleanliness saw increased uptake as back to work and hybrid models encouraged sales in quick service restaurants (QSR), offices, retail and commercial places.</li> <li>Fleet graphics solutions expanded with growing demand from railways, banking &amp; finance, oil and gas and automotive OEM segments.</li> <li>Growth in the automotive segment through new content.</li> </ul>		

### (D) *Consumer Business:*

This business serves consumers with home care, office supply and stationery, home improvement and consumer healthcare products.

(Rs. in Lakhs)

		March 31, 2022	March 31, 2021
Financial Highlights	Segment Revenue	38,748.57	31,286.00
	Profit Before Interest & Tax	7,720.83	3,932.58
	Capital Employed	3,991.57	6,335.29
Highlights of Consumer Business	<ul style="list-style-type: none"> <li>Increased availability and impactful noticeability of Scotch-Brite® range of products across existing and evolving channels to better serve consumers through the pandemic.</li> <li>Grew E-commerce business faster than other channels and ensured reach of our products to consumers across channels during the pandemic.</li> <li>Increased awareness and penetration for several household cleaning products of the Scotch-Brite® range beyond scrub pads to help consumers maintain clean and hygienic homes.</li> <li>Drove awareness of DIY mounting solutions of Command™ and 3M Double sided tapes to help consumers improve their home décor.</li> <li>Launched a new consumer respirator to provide protection to consumers with comfort for long hours of usage during the pandemic.</li> </ul>		

### OPPORTUNITIES AND THREATS

3M Company's breadth of technologies and product portfolio have enabled it to retain its leading market positions. Your Company strongly believes in the 3M's brand equity and its ability to provide customers with innovative solutions. Global campaigns and brand building continue to benefit the Company's business in India.

The Company is operating in a highly competitive market which may exert pressure both on the top line as well as the bottom line of the Company. The Company's products involve expertise in product development, manufacturing and marketing and are subject to competition from products manufactured and sold by other technologically oriented

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

companies both within India and outside India. In the addition, rupee depreciation, fluctuating oil & high commodity prices remain key challenges needing focused attention.

### RISKS AND CONCERNS

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

- The Company's results are affected by competitive conditions and customer preferences.
- Results are impacted by the effects of and changes in economic, political, regulatory, capital markets and risks related to public health crises such as the global pandemic associated with the coronavirus (COVID-19).
- Foreign currency exchange rates and fluctuations in those rates may affect the Company's ability to realize projected growth rates in its sales and earnings.
- The Company's growth objectives are largely dependent on the timing and market acceptance of its new product offerings, including its ability to continually renew its pipeline of new products and to bring those products to market.
- The Company's future results are subject to fluctuations in the costs and availability of purchased components, compounds, raw materials and energy, including oil, natural gas and their derivatives, due to shortages, increased demand, supply interruptions, currency exchange risks, natural disasters and other factors like the global pandemic.
- Security breaches and other disruptions to the Company's information technology infrastructure could interfere with the Company's operations, compromise information belonging to the Company or its customers, suppliers, and employees, exposing the Company to liability which could adversely impact the Company's business and reputation.
- The Company's strategy for growth, future revenues, earnings, cash flow, uses of cash and other measures of financial performance, and market position.
- The Company's future results may be affected by its operational execution, including scenarios where the Company generates fewer productivity improvements than estimated.
- Asset impairments.

### 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, finance, accounting, treasury, legal and other areas like health, safety, and environment. The Company has identified various risks through an internal self-assessment compliance checklist and has laid out necessary procedures to mitigate the same.

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

### DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

#### *Learning and Development:*

Your Company continued to advance its goal of equipping employees with the skills required to adapt and thrive in a volatile and evolving environment. The learning culture adapted to the challenges of the pandemic with several virtual programmes based on themes of 'Change Agility', 'Intercultural Collaboration', 'Growth Mindset' and 'Emotional Intelligence' to name a few.

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

Supervisors gained the opportunity to strengthen their supervisory skills through dedicated Asia virtual workshops and social learning options with peers across 3M, globally. Inside-Out coaching and Franklin Covey supervisory programmes were some of the key development initiatives to enhance supervisory capability. Employees and leaders also had a chance to learn and contribute to the collective learning through the Asia Mentoring and Reverse Mentoring programmes.

'Feel@Home', 3M India's new employee orientation programme involved volunteers from Employee Resource Networks (ERN) (Pride, Women's Leadership Forum and New Employee Opportunity Network). This aided in fostering inclusion and offered a window of development for ERN volunteers.

Your Company provided employees with regional and global learning content through virtual platforms and new learning initiatives tailored to businesses and functional needs. Udemy was launched as a new learning partner for employees to take on self-learning courses.

### *HR Business Partnering (HRBP):*

Your Company introduced several initiatives to support employee well-being. A Company led cross-functional effort provided COVID vaccinations to employees and their families through on-site camps and off-site partnerships with hospitals. Clinical expertise was also provided during the on-site camps by external healthcare partners.

Employee well-being and mental health were at the center of discussions between supervisors and employees. Managers were provided with resources and tools to support teams through challenging circumstances. A wellness calendar was rolled out for the year with multiple webinars, events and content that covered physical, mental and emotional wellness.

Mechanisms for engagement of employees remained primarily virtual. As customers gradually returned to workplaces, employees made continued efforts to engage, train & support them in the adoption of 3M's solutions. Your Company continues to take steps to fully adopt a progressive 'work from anywhere' concept while balancing resource requirements at plants, warehouses & other locations that need 24x7 support. Corporate guidance on "Work Your Way" – a flexible way of working to help our non-production employees work where they want, when they want and how they want was introduced.

The HR team continued its efforts to build a more diverse and inclusive organisation through the concerted efforts of Employee Resource Networks (ERNs). The WLF, PRIDE and NEON ERNs strived to encourage conversations, build awareness on allyship, and educate our employees on building a culture of inclusion.

### *Employee Relations (ER):*

Your Company's enduring focus has been on enhancing shop floor culture and strengthening our performance philosophy. 3M's philosophy on employee relations has always been 'direct engagement and communication with the organisation.

FY2021-22 continued to impact many engagement initiatives due to the rise of COVID cases in Wave 2 & 3. The plants leveraged the virtual platform for many engagement activities viz., Kaizen nights, EAP program, connect sessions with family members on COVID appropriate behaviors. The plants also continued to function through all waves of COVID to support customers. Some additional actions undertaken during the year included:

- Encouraged participation of plant employees in corporate CSR initiatives.
- Launch of the Manufacturing Women Leadership forum (M-WLF) to increase participation and leadership development of women within manufacturing plants.

*On behalf of the Board of Directors*

**Ramesh Ramadurai**  
*Managing Director*  
DIN: 07109252

**Amit Laroya**  
*Director*  
DIN: 00098933

Place: Bengaluru  
Date: May 27, 2022



# ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

## REPORT ON CORPORATE GOVERNANCE

### THE COMPANY'S GOVERNANCE PHILOSOPHY

3M's Corporate Governance principles govern how the Company carries on its business daily, enabling the Company to outperform and lead the way to sustainable growth. The governance principles provide enough framework that defines the roles, rights, and responsibilities of different groups within the organization. The Board of Directors oversees the Executive Directors and Senior Management (viz., the Leadership Team) including Key Managerial Personnel and ensures that appropriate procedures and controls are in place covering Management's activities in operating the Company on ethical grounds on a day-to-day basis. The Company has adhered to all the applicable SEBI (LODR) Regulations, 2015 ('the Listing Regulations') for the financial year ended March 31, 2022.

### BOARD OF DIRECTORS

#### *Composition:*

As at the financial year ended March 31, 2022, the Board comprised of One (1) Executive Director, Four (4) Non-Executive Non-Independent Directors and Three (3) Independent Directors. The Board of Directors of the Company is headed by a Non-Executive and Independent Director.

As at the financial year ended March 31, 2022, the Board of Directors of the Company had an optimum combination of Executive and Non-Executive Directors including Two (2) Women Directors and not less than Fifty percent (50%) of the Board of Directors comprises Non-Executive Directors and the composition is in conformity with the provisions of the Companies Act, 2013 and the Listing Regulations. None of the Directors of the Company is related to each other and with any employees of the Company.

The Board of Directors confirms that all the Independent Directors of the Company fulfill the conditions specified under the Listing Regulations and are Independent of the Management of the Company.

#### *Declaration under Schedule V, Para C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015:*

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by Securities and Exchange Board of India / The Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna K.T., Practising Company Secretary, Bengaluru as mandated under Schedule V, Para C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

#### **Skills / Expertise/Competencies of the Board of Directors:**

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

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

#### ***Brief Profile of the Directors of the Company as on March 31, 2022:***

##### ***Mr. Bharat D Shah***

*(Chairman, Non-Executive Independent Director) (holding DIN: 00136969), aged 75 years.*

Mr. Bharat Shah was appointed as an Independent Director of the Company for a period of Five (5) years with effect from March 27, 2015, and he was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years with effect from March 27, 2020. He was appointed as Chairman of the Board with effect from May 27, 2016. Mr. Bharat Shah has extensive experience and expertise in the fields of banking, finance, and securities market. He has been one of the founder members of HDFC Bank Limited and has played a key role in the

## ANNEXURE ‘B’ TO THE REPORT OF THE BOARD OF DIRECTORS

establishment and in the consistent growth of the Bank. He is also on the Boards of various prominent companies. Before joining the Financial Sector, he worked with Technova, Bradma and Pyrene in London. He has also worked with Leading MNCs viz., Thomas Cook, Citibank and UBS. Mr. Bharat Shah was the Chairman of HDFC Securities Limited. He holds a Bachelor’s in Science Degree from the University of Mumbai and also holds a Diploma in Applied Chemistry with special reference to metal finishing from Borough Polytechnic, London.

Expertise in Specific Functional Areas	Banking, Finance, Forex Management, General Management of Business, and Securities Market
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2022	<ol style="list-style-type: none"> <li>1. Exide Industries Limited</li> <li>2. Strides Pharma Science Limited</li> <li>3. Spandana Sphoorty Financial Limited</li> <li>4. Salisbury Investments Private Limited</li> </ol>

### **Mr. Ramesh Ramadurai**

*(Managing Director, Executive Director) (holding DIN: 07109252), aged 60 years.*

Mr. Ramesh Ramadurai was initially appointed as a Non-Executive Non-Independent Director of the Company with effect from March 27, 2015. He was appointed as the Managing Director of the Company from June 1, 2019 to February 12, 2022 and he was re-appointed by Members as Managing Director of the Company for a further period of Two (2) years from February 13, 2022 to February 12, 2024. Previously, Mr. Ramesh Ramadurai served as Business Director for 3M Industrial Business from July 2014 to May 2019. During this period, he was based in Shanghai, China, and was responsible for the entire Asia Pacific Area. Prior to this role, Mr. Ramesh Ramadurai served as Managing Director of 3M Philippines from August 2011 until June 2014, based in Manila. He Joined 3M India in 1989 as Sales Engineer and held positions as Country Business Leader in Industrial and Electro & Telecommunications businesses. He was seconded to Global Headquarters in St Paul, USA, from November 2003 to December 2008, where he worked as Market Segment Manager, Global Product Manager, and International Business Manager in 3M’s Industrial Business. Prior to 3M, Mr. Ramesh Ramadurai worked for a year as a Production Engineer at an Offshore Oil Production facility in India, and for about 3 years in a business planning role at an automotive parts and motorcycle manufacturer in India. Mr. Ramesh Ramadurai served as the Chairman of Confederation Indian Industry (CII), Karnataka State Council, for the year 2021-22. Mr. Ramesh Ramadurai holds Post Graduate Diploma in Management (PGDM) with specialisation in Marketing from the Indian Institute of Management, Calcutta and a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology, Kanpur.

Expertise in Specific Functional Areas	General Management of Business and Marketing
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2022	Nil

### **Ms. Radhika Govind Rajan**

*(Non-Executive Independent Director) (holding DIN: 00499485), aged 66 years.*

Ms. Radhika Rajan was appointed as an Independent Director of the Company for a period of Five (5) years with effect from May 27, 2016. She was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years with effect from May 27, 2021. Ms. Radhika Rajan heads DSP Investments, the umbrella company of the Kothari Family Office, in Mumbai, India. The Kothari portfolio comprises of Indian securities, fixed-income, corporate paper and loans, and some angel and private equity investments. Previously, Ms. Radhika Rajan was President of TCG Advisory of the TCG Group, New York. In this capacity, Ms. Radhika Rajan conceived, set up, structured, and managed the operations of TCG’s offshore Indian Equities Funds for 7 years. Prior to joining the Fund in 2003, she advised TCG and several other private equity groups on various companies and proposed investments in the US-India corridor. Ms. Radhika Rajan is a US citizen and long-term resident of New York and relocated to India a few years earlier. She has focused on India as an investment destination since 1999, when she became New York based Executive Vice-President of Mphasis. Prior to Mphasis, Ms. Radhika Rajan worked as a Global Macro Proprietary Trader at Chemical Bank (now JPMorgan) Itochu, UBS, Bank of America, and Bank of Montreal where she created and managed several profitable trading structures. As a global macro trader, she traded and took proprietary positions in a range of currencies, cash, and options and in interest rate and commodity futures and derivatives. Ms. Radhika Rajan holds an MBA degree from the Indian Institute of Management

## ANNEXURE ‘B’ TO THE REPORT OF THE BOARD OF DIRECTORS

Ahmedabad and a MSc (Physics) degree from Indian Institute of Technology, Mumbai. She was a National Science Talent Scholar through her Master’s degree. Ms. Radhika Rajan is an invited author of “The Global Internet Economy”, a book published by MIT Press in 2003. She is a charter member of TIE, the global Entrepreneurs organization and served as an Executive Board Member of TIE Tristate for over 5 years. TIE, a global association of entrepreneurs active in accelerating the globalization of Indian business.

Expertise in Specific Functional Areas	General Management of Business, Forex Management, Securities Market
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2022	1. Sonata Software Limited 2. Sonata Information Technology Limited

### **Mr. Biren Gabhawala**

*(Non-Executive Independent Director) (holding DIN: 03091772), aged 57 years.*

Mr. Biren Gabhawala was appointed as an Independent Director of the Company for a period of Five (5) years with effect from August 5, 2015. He was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years w.e.f. August 14, 2019. Mr. Biren Gabhawala holds a Bachelor’s degree in Commerce from University of Mumbai and is a qualified Chartered Accountant and a fellow member of the Institute of Chartered Accountants of India. He has been practising for the last 28 years. He is a Senior Partner of Messrs. C. M. Gabhawala & Co., Chartered Accountants and specialises in Direct and Indirect Taxation, FEMA, International Taxation, Mergers and Acquisitions.

Expertise in Specific Functional Areas	Direct and Indirect Taxation, FEMA, International Taxation, Mergers and Acquisitions
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2022	1. eClerx Services Limited 2. Messrs. C.M. Gabhawala & Co, Partner

### **Mr. Amit Laroya**

*(Non-Executive Non-Independent Director) (holding DIN:00098933), aged 57 years.*

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

Expertise in Specific Functional Areas	Marketing, Mergers and Acquisitions, Finance and General Management of Business
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2022	Nil

### **Ms. Mamta Janak Gore**

*(Non-Executive Non-Independent Director) (holding DIN: 02589934), aged 56 years.*

Ms. Mamta Janak Gore was appointed as a Whole-time Director (designated as Whole-time Director and Chief Financial Officer) of the Company with effect from September 1, 2020. She resigned as Whole-time Director and CFO from the closing hours of May 31, 2021 and as a Director of the Company from the closing hours of May 27, 2022 consequent upon taking up higher role within 3M Group. She was Non- Executive Director of the Company with effect from June 1, 2021 till May 27, 2022. She has over 26 years of diverse experience in the finance function

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

within 3M Company's Middle East, Central Europe, and India Region Operations. Since 1994, held positions of increasing responsibilities, with extensive exposure to areas such as P&L and Balance Sheet management, financial planning and analysis, six sigma, forex management, strategic planning, project management, team management, credit risk management, business transformation efforts through her role as APL for RTR, culminating into her latest position as Finance Manager of 3M India Limited since 2018. She has experienced in the business side of operations during her role as Marketing Manager for the Industrial & Transportation Group, where she handled the area of market research, product pricing, demand planning, new product introductions, A&M budgets, and had overall responsibility of delivering the planned top and bottom line for the group. Ms. Mamta Janak Gore has previously worked with Martin Emprex (FarEast) Ltd. JebelAli, Dubai, Inchcape Shipping Services (MMI) Dubai and Messrs. K.M. Tanna & Co. Chartered Accountants, Bombay. Ms. Mamta Janak Gore holds a Certificate course on Retail Management from the Indian Institute of Management Ahmedabad and holds a Bachelor's degree in Commerce (Honours), from Jaihind College, University of Bombay and is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants of India.

Expertise in Specific Functional Areas	Finance and Corporate Management, Taxation, Treasury, Mergers, and Acquisitions
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2022	Nil

### **Mr. James Ernest Falteisek**

*(Non-Executive Director Non-Independent Director) (holding DIN: 02589934), aged 56 years.*

Mr. James Ernest Falteisek (Jim) was appointed as a Non-Executive Non-Independent Director of the Company with effect from September 1, 2020. Jim is the Vice President, 3M Asia Corporate Affairs and Managing Director of 3M Korea. Prior to this role, Jim served as Vice President, Commercialization, Consumer Business Group, St. Paul. He has over 33 years of diverse experience worked in different capacities. He has affiliations with business, professional and civic organizations. Jim holds a Master of Business Administration from University of St. Thomas, St. Paul, Minnesota, USA and Bachelor of Chemical Engineering from Education University of Minnesota, Twin Cities. He is a Board Member of Park Square Theatre, St. Paul, MN, and Board of Governors, AMCHAM Korea.

Expertise in Specific Functional Areas	General Management of Business, Industry and Marketing
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2022	Nil

### **Ms. Yun Jin**

*(Non-Executive Director Non-Independent Director) (holding DIN: 09474323), aged 48 years.*

Ms. Yun Jin was appointed as a Non-Executive Non-Independent Director of the Company with effect from February 4, 2022. She was named as Vice President Finance, 3M Asia from December 1, 2021. She has rich experience, partnering with business and finance leadership teams to drive growth and improve profitability. She has over 27 years of diverse experiences across Greater China Area and the United States in finance and business. She has held several roles of increased responsibility in the finance organization, including business finance, operational accounting, treasury and tax in China, Greater China Area Financial Planning & Analysis leader, and Country General Manager of 3M Hong Kong. Her immediate prior role was as Global Finance Director for 3M Personal Safety Division based in 3M's headquarters in St. Paul, Minnesota, USA. Ms. Yun Jin graduated from Shanghai University with a major in Accounting and holds an MBA jointly from Shanghai University of Finance and Economy and Webster University and is a Certified Public Accountant in China.

Expertise in Specific Functional Areas	Finance, Tax, Treasury, General Management of Business
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2022	Nil



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

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

Name of the Director	Name of the Company (Including 3M India Limited)	Membership of Committee		Chairmanship of Committees	
		Audit	Stakeholders' Relationship	Audit	Stakeholders' Relationship
Mr. Bharat D Shah	1. 3M India Limited	Yes			Yes
	2. Spandana Sphoorty Financial Limited	Yes	Yes		
	3. Strides Pharma Science Limited	Yes	Yes		
Mr. Ramesh Ramadurai	3M India Limited		Yes		
Ms. Radhika Rajan	1. 3M India Limited	Yes	Yes		
	2. Sonata Software Limited	Yes	Yes		
	3. Sonata Information Technology Limited	Yes			
Mr. Biren Gabhawala	1. 3M India Limited		Yes	Yes	
	2. eClerx Services Limited		Yes	Yes	
Mr. Amit Laroya	3M India Limited				
Mr. James E Falteisek	3M India Limited				
Ms. Mamta Janak Gore	3M India Limited				
Ms. Yun Jin	3M India Limited	Yes			

### MEETINGS

The Companies Act, 2013 facilitates the participation of a Director in Board/ Committee Meetings through video conference / other audio-visual modes. Accordingly, the option to participate at the Meetings through video/audio conference is made available for the Directors except in respect of such items, which are not permitted to be transacted under the statute through the use of such facility unless the quorum through the physical presence of Directors is available at the Meetings at which such items are transacted.

Additionally, in terms of Rule 4 of The Companies (Meetings of Board and its Powers) Rules, 2014, for the period beginning from the commencement of the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 and ending on the June 30, 2021, the Meetings on matters referred to in sub-rule (1) of the said rule may be held through video conferencing / other audio-visual means in accordance with rule 3 of the said rule. Accordingly, all the Meetings for the financial year 2021-22 were held through video conference only.

The Meetings are generally scheduled well in advance and the notice of each Board / Committee Meetings is given in writing to each Director. The yearly calendar of the Meetings is finalized before the beginning of the year. Additional Meetings are held when necessary. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company. The Board is provided with the relevant information as stipulated in Listing Regulations. The Meetings are governed by a structured agenda. The Board papers, agenda and other explanatory notes are circulated to the Directors Seven (7) days prior to the Meetings. In addition, for any business exigencies, the Resolutions are passed by circulation and later placed at the subsequent Board/Committee Meeting for ratification. The Minutes of the Committee Meetings are sent to all Directors individually within the time limits prescribed under the Companies Act, 2013 and are further tabled at the Board Meetings. Company Secretary is responsible for convening the Board and Committee Meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the Meetings. He/she acts as an interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects. During the financial year 2021-22, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

#### *Details of Board Meetings during the financial year:*

During the financial year 2021-22, Six (6) Meetings of the Board (all Meetings were held through Video Conferences) were held on *May 28, 2021, August 12, 2021, September 17, 2021, November 12, 2021, February 3, 2022 and March 30, 2022*. The AGM for the financial year 2020-21 was held on *August 26, 2021*.

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

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

Particulars of the Directorships of Board, Membership, and office of Chairman of Board Committees across all companies as on March 31, 2022 and attendance at the Board Meetings and AGM of the Company are exhibited below:

Name & Designation of the Director	Category	No. of Meetings held during the year under review		No. of Directorships and Committee Memberships / Chairmanships			Whether attended last AGM
		Held	Attended	Directorships held@	Committee Memberships#	Committee Chairmanships#	
Mr. Bharat D Shah (Chairman)	Non-Executive & Independent Director	6	6	4	5	1	Yes
Mr. Biren Gabhawala (Director)	Non-Executive & Independent Director	6	6	2	2	2	Yes
Ms. Radhika Rajan (Director)	Non-Executive & Independent Director	6	6	3	5	Nil	Yes
Mr. Ramesh Ramadurai (Managing Director)	Executive Director (Promoter Group)	6	6	1	1	Nil	Yes
Mr. Amit Laroya (Director)	Non-Executive Director (Promoter Group)	6	5	1	Nil	Nil	Yes
Mr. James E Falteisek (Director)	Non-Executive Director (Promoter Group)	6	5	1	Nil	Nil	Yes
Ms. Mamta Janak Gore (Executive Director up to May 31, 2021) (Non-Executive Director from June 1, 2021)	Executive Director (Promoter Group) Non-Executive Director (Promoter Group)	6	6	1	Nil	Nil	Yes
Ms. Yun Jin (Director from February 4, 2022)	Non-Executive Director (Promoter Group)	1@@	1@@	1	1	Nil	NA
Mr. Jongho Lee (Director up to February 3, 2022)	Non-Executive Director (Promoter Group)	6	6	1	1	Nil	Yes

@ excludes directorship in private companies, Foreign Companies, Section 8 Companies and includes directorship in 3M India Limited.

@@ No. of Meetings held after the date of appointment as Director.

# excludes committees other than Audit Committee and Stakeholders' Relationship Committee.

The gap between any Two (2) Board Meetings did not exceed One Hundred and Twenty (120) days in line with the requirements of the Act and the Listing Regulations.

### Attendance details of Board Meetings:

Name of the Director	May 28, 2021	August 12, 2021	September 17, 2021	November 12, 2021	February 3, 2022	March 30, 2022
Mr. Bharat D Shah	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Amit Laroya	Yes	Yes	Yes	Yes	Yes	LOA
Mr. James E Falteisek	Yes	Yes	LOA	Yes	Yes	Yes
Ms. Mamta Janak Gore	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Yun Jin (Director from February 4, 2022)	NA	NA	NA	NA	NA	Yes
Mr. Jongho Lee (Director upto February 3, 2022)	Yes	Yes	Yes	Yes	Yes	NA

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### *Board Training and Induction:*

At the time of appointing a Director, a "Familiarisation Program for Directors of the Company" brochure is handed over which *inter-alia* explains the history of the Company, products / divisions of the Company in which it operates, performance of the Company during the last quarter/year, other Directors' profile, Leadership Team details, situation of factories and branch offices etc., role, function, duties and responsibilities expected as a Director of the Company. In the same document, the Director is also explained in detail the compliances required from him under the Companies Act, the Listing Regulations, and other relevant regulations. Managing Director of the Company also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business, and the regulatory framework in which the Company operates and equips him to effectively fulfill his role as a Director of the Company. Apart from the above, business heads also make presentations on their respective business groups and update the Board. Some of the updates to the Board during 2021-22 includes Risk Management Framework, Key Identified Risk Action and update on Key Risk, updates on Safety and Industrial Business, Consumer Business and updates on of MCA/SEBI notifications. The familiarisation document is also disclosed on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

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

### COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The Meetings of each of these Committees are convened by the respective Chairpersons, who also apprise the Board about the summary of discussions held at its Meetings. The Minutes of the Committee Meetings are sent to all Directors individually for their approval/comments as per the prescribed Secretarial Standards-1 and after the minutes are duly approved, these are circulated to the Board of Directors and presented at the Board Meetings. The constitution, terms of reference and the functioning of the existing Committees of the Board are explained hereunder.

#### AUDIT COMMITTEE

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

#### *Terms of Reference of the Audit Committee:*

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

1. The Audit Committee shall have minimum Three (3) Directors as Members. Two-thirds (2/3) of the members of Audit Committee shall be Independent Directors.
2. All Members of the Audit Committee shall be financially literate and at least One (1) member shall have accounting or related financial management expertise.
3. Chairman of the Audit Committee shall be an Independent Director.
4. Chairman of the Audit Committee shall be present at Annual General Meeting to answer Shareholder queries.
5. The Audit Committee may invite such executives of the Company as it considers appropriate (and particularly the head of the finance function) to be present at the Meetings of the Committee, but on occasions it may also meet without the presence of any of the executives of the Company. The Chief Financial Officer (CFO), Internal Auditor and a representative of the Statutory Auditor may be present as invitees for the Meetings of the Audit Committee.
6. Company Secretary shall act as Secretary of the Audit Committee.
7. The Audit Committee shall meet at least Four (4) times in a financial year and not more than 120 days shall lapse between two Meetings. The quorum shall be either Two (2) Members or One-third (1/3) of the Members of the Audit Committee, whichever is higher but there shall be a minimum of Two (2) Independent Members present.

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### *Powers of Audit Committee*

The Audit Committee has the following powers:

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

### *Role of Audit Committee*

The role of the Audit Committee shall include the following:

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



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17. To look into the reasons for substantial defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis.
22. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 Crores or 10% of the asset size of the Subsidiary, whichever is lower including existing loans / advances /investments existing as on the date of coming into force of this provision.

### *Review of information by the Audit Committee*

The Audit Committee reviews the following information:

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

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

As on March 31, 2022, the Audit Committee of the Company consisted of Three (3) Non-Executive Independent Directors and One (1) Non-Executive Director and all of them have financial and accounting knowledge. The Members of the Committee are Mr. Biren Gabhawala, Mr. Bharat D Shah, Ms. Radhika Rajan and Ms. Yun Jin.

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

During the financial year 2021-22, Five (5) Meetings of the Audit Committee (all Meetings were held through Video Conferences) were held on *May 28, 2021, August 12, 2021, September 17, 2021, November 12, 2021, and February 3, 2022*. The number of Meetings held, and attendance of the Members at the Audit Committee Meetings held during the financial year under review are as under:

<b>Name of the Committee Members</b>	<b>No. of Meetings held during the year under review</b>	<b>No. of Meetings attended</b>
Mr. Biren Gabhawala (Chairman)	5	5
Mr. Bharat D Shah	5	5
Ms. Radhika Rajan	5	5
Ms. Yun Jin (Appointed as Member w.e.f. February 4, 2022)	5	NA
Mr. Jongho Lee (Cease to be Member w.e.f. February 4, 2022)	5	5

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### Attendance details of the Audit Committee Meetings:

Name of the Director	May 28, 2021	August 12, 2021	September 17, 2021	November 12, 2021	February 3, 2022
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes	Yes
Mr. Bharat D Shah	Yes	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes	Yes
Ms. Yun Jin (Appointed as Member w.e.f. February 4, 2022)	NA	NA	NA	NA	NA
Mr. Jongho Lee (Cease to be Member w.e.f. February 4, 2022)	Yes	Yes	Yes	Yes	Yes

### NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

- (a) **Chairperson:** Chairperson of the Committee shall be an Independent Director as may be elected by the Members of the Committee.
- (b) **Quorum:** Quorum for Meeting of the Committee shall be a minimum of Two (2) Members provided One (1) of them shall always be an Independent Director.
- (c) **Frequency of Meetings:** The Committee may meet at such times and at such intervals as it may deem necessary and shall at least meet once a year.
- (d) **Role:** The Role of the Committee shall include inter-alia the following:
  - Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees;
  - Formulation of criteria for evaluation of Independent Directors and the Board including carrying out evaluation of every Director's performance;
  - For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    - a) use the services of an external agencies, if required;
    - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
    - d) consider the time commitments of the candidates.
  - Devising a policy on Board diversity;
  - Identifying persons who are qualified to become Directors, KMP and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
  - Such other matters as may be prescribed under the Companies Act, 2013, Listing Regulations and by the Board of Directors of the Company from time to time;
  - Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- (e) **Invitees:** The Committee may invite such executives of the Company and such other persons as it may consider appropriate.
- (f) **Secretary to the Committee:** Company Secretary shall be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

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

### *Criteria of selection of Non-Executive Independent Directors*

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

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

The Diversity of the Board aims to:

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

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

### *Criteria of selection of Non-Executive and Executive Directors*

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

### *Criteria of selection of Senior Management personnel (including KMPs)*

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

### *Remuneration Policy of the Company*

3M is a pay-for-performance company and offers a competitive base pay as well as a variable incentive pay structure to attract and motivate a well- qualified, diverse workforce.

Your Company is committed to fair and equitable pay. We differentiate our pay based on individual roles, responsibilities, skill set and performance. Our global market pricing process allows us to provide market competitive compensation for employees and drives consistency and transparency in compensation practices across regions. Using common job descriptions and grades throughout the world, this global process uses data from multiple surveys to benchmark pay levels and map job grades, which helps drive our principles for fair and equitable pay.

As an Annual Activity, Total Rewards & Services (TRS) team works closely with the Global Market Pricing (GMPP) Process Experts to determine the salary range of each job by doing a market benchmark study.

3M benchmarks and compares itself with Total Cash which includes Fixed pay and Variable pay of selected comparator basket/peer companies.

Process experts after finalization of peer companies from 3M India shortlisted companies (Peer companies) understand their roles and map them to their frame work, following which they compare the roles and compensation as per the mapping exercise. Upon completion of this exercise, Process experts, based on the mapping & market median draw the Market Reference Point (MRP). Using these inputs, the annual budget and merit increase are established.

Simulated analysis is presented to the Leadership Team and a detailed timeline for the Annual Merit Increase exercise is shared with the leadership. Total Rewards & Services Team further extracts the Annual Increase for the Managing

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

Director and the Leadership Team and shares with the Company Secretary for Board's Approval with the Annual Salary Exercise framework carried out for the year.

The Company pays Rs. 40,000/- to each Independent Director per Board and Audit Committee Meetings, Rs. 20,000/- to each Independent Director for other Committee Meetings as sitting fees (from August 2021). The Company pays effective from April 1, 2021 a fixed Commission not exceeding Rs. 20,00,000/- P.A. to each of the Independent Directors and additional Rs. 2,00,000/- P.A. as a Chairman of the Board, Rs. 1,00,000/- P.A. as a Chairman of the Audit Committee and Rs. 40,000/- P.A. as a Chairman of the Other Committees of the Board. The Maximum amount payable to all Independent Directors is restricted to One percent (1%) of the net profit of the Company computed as per the provisions of Section 198 of the Companies Act, 2013. The Non-Executive Non-Independent Directors are not paid any Sitting Fees and Commission.

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

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

As on March 31, 2022, the Nomination and Remuneration Committee of the Company consisted of Two (2) Non-Executive Independent Directors and One (1) Non-Executive Director. The members of the Committee are Mr. Biren Gabhawala, Mr. Bharat Shan and Mr. Amir Laroya.

During the financial year 2021-22, Five (5) Meetings of the Nomination and Remuneration Committee (all Meetings were held through Video Conferences) were held on *May 28, 2021, August 12, 2021, November 12, 2021, February 3, 2022 and March 30, 2022*. The numbers of Meetings held, and attendance of the Members at the Nomination and Remuneration Committee Meetings held during the financial year under review are as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	5	5
Mr. Bharat D Shah	5	5
Mr. Amit Laroya	5	4
Mr. Jongho Lee (Ceased to be a Member w.e.f. August 12, 2021)	4	4

### *Attendance details of Nomination and Remuneration Committee Meetings:*

Name of the Director	May 28, 2021	August 12, 2021	November 12, 2021	February 3, 2022	March 30, 2022
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes	Yes
Mr. Bharat D Shah	Yes	Yes	Yes	Yes	Yes
Mr. Amit Laroya	Yes	Yes	Yes	Yes	LOA
Mr. Jongho Lee (Ceased to be Member w.e.f. August 12, 2021)	Yes	Yes	NA	NA	NA

### *Remuneration to Directors:*

As at the end of financial year 2021-22, the Company had One (1) Executive Directors, Mr. Ramesh Ramadurai, Managing Director. Initially Mr. Ramesh Ramadurai, Managing Director's appointment was approved by the Members at the Thirty Second (32<sup>nd</sup>) Annual General Meetings for a period from June 1, 2019 to February 12, 2022 (till the date of his superannuation). Based on the recommendation of the Nomination and Remuneration Committee, and performance evaluation carried out, the Board at its Meeting held on February 3, 2022 has approved the re-appointment of Mr. Ramesh Ramadurai as Managing Director of the Company for a further period of Two (2) years from February 13, 2022 to February 12, 2024 (categorized as Executive and Non- Independent Director). The Members of the Company have



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

approved his re-appointment by way of an Ordinary Resolution through Postal Ballot Notice dated February 3, 2022. The results of the voting by Postal Ballot were announced on March 26, 2022.

Ms. Mamta Janak Gore was appointed as a Whole-time Director (designated as Whole-time Director and Chief Financial Officer) of the Company with effect from September 1, 2020 and her appointment was approved by the Members vide Postal Ballot notice dated February 10, 2021 for a period of Three (3) years from September 01, 2020 to August 31, 2023. Ms. Mamta Janak Gore resigned as Whole-time Director and CFO (Executive Director) from the closing hours of May 31, 2021.

Managing Director and Whole-time Directors of the Company have been appointed on contractual basis and their terms of appointment were fixed by the Board.

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

### Details of remuneration for the financial year ended March 31, 2022:

#### (a) Executive Directors:

Name and Designation	No. of Shares Held	Salaries & Allowances (Rs.)	Contribution to Provident Fund (Rs.)	Estimated Value of Benefits (Rs.)	Total (Rs.)	Present term expires on
Mr. Ramesh Ramadurai (Managing Director)	Nil	3,48,83,442	11,69,280	16,52,184	3,77,04,906	February 12, 2024
Ms. Mamta Janak Gore (Whole-time Director up to May 31, 2021)	Nil	79,14,456	4,45,620	9,27,351	92,87,427	NA

#### (b) Non-Executive Independent Directors:

Name of the Director	No. of Shares Held	Sitting Fees for Board Meetings (Gross) (paid during the FY 2021-22) (Rs.)	Sitting Fees for Committee Meetings (Gross) (paid during the FY 2021-22) (Rs.)	Commission (Gross) (Rs.)	Total (Rs.)
Mr. Bharat D Shah	Nil	2,20,000	4,60,000	22,80,000**	29,60,000
Mr. Biren Gabhawala	Nil	2,20,000	4,20,000	21,80,000**	28,20,000
Ms. Radhika Rajan	Nil	2,20,000	3,60,000	20,00,000**	25,80,000

\*\*Remuneration by way of Commission for the financial year 2021-22 will be paid to the Independent Directors after the financial statements for the financial year 2021-22 have been adopted and approved by the Members at the ensuing AGM.

The Non-Executive Directors viz., Mr. Amit Laroya, Mr. James E Falteisek, Ms. Yun Jin (Director from February 4, 2022) Mr. Jongho Lee (Director until February 3, 2022) and Ms. Mamta Janak Gore (Non-Executive Director from June 1, 2021) do not receive sitting fees and Commission. None of the Non-Executive Directors has any pecuniary relationship with the Company.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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The terms of Reference of the Committee are as under:

- To look into the redressal of grievances of Shareholders, Debenture holders and other security holders including complaints related to transfer of Shares, non-receipt of Balance Sheet and non-receipt of dividends.
- The Committee shall meet every quarter and that quorum for Meeting of the Committee shall be a minimum of Two (2) Members with the presence of at least One (1) Independent Director.
- Company Secretary will be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of Shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by Shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Report to the Board about the important developments in the area of servicing of the shareholders.

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

As on March 31, 2022, the Stakeholders' Relationship Committee of the Company consisted of Four (4) Directors, of which Three (3) are Non-Executive Independent Directors and One (1) is Executive Director. The Members of the Committee are Mr. Bharat Shah, Mr. Biren Gabhawala, Ms. Radhika Rajan and Mr. Ramesh Ramadurai.

Mr. Bharat Shah is Chairman of the Committee. Company Secretary is the Compliance Officer of the Company and Secretary to the Committee.

During the financial year 2021-22, Four (4) Meetings of the Stakeholders' Relationship Committee (all Meetings were held through Video Conferences) were held on *May 28, 2021, August 12, 2021, November 12, 2021, and February 3, 2022*. The number of Meetings held and attendance of the Members at the Stakeholders' Relationship Committee Meetings held during the financial year under review is as under:

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

### *Attendance details of Stakeholders' Relationship Committee:*

Name of the Director	May 28, 2021	August 12, 2021	November 12, 2021	February 3, 2022
Mr. Bharat Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes	Yes	Yes

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

No. of Shareholders' complaints pending as at April 01, 2021	Nil
No. of complaints received during the period April 01, 2021 to March 31, 2022	16
No. of Shareholders' complaints resolved during the period April 01, 2021 to March 31, 2022	16
No. of Shareholders' complaints pending as on March 31, 2022	Nil

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board constituted a Corporate Social Responsibility Committee. The CSR Policy of the Company has been disclosed on the website of the Company at [https:// www.3mindia.in/3M/en-IN/ company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/). The CSR Policy have been revised in line with the amendments to the provisions/the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.

The terms of Reference of the Committee are as under:

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

#### *Composition and details of Corporate Social Responsibility Meetings during the financial year:*

As on March 31, 2022, the CSR Committee of the Company consisted of Four (4) Directors, of which Two (2) are Non-Executive Independent Directors and Two (2) are Executive Directors. The Members of the Committee are Mr. Bharat D Shah, Ms. Radhika Rajan, Mr. Ramesh Ramadurai and Ms. Mamata Janak Gore.

Mr. Bharat D Shah is Chairman of the CSR Committee. Company Secretary is the Secretary to the Committee.

During the financial year 2021-22, Two (2) Meetings of the CSR Committee (all Meetings were held through Video Conferences) were held on *May 28, 2021 and November 12, 2021*. The numbers of Meetings held, and attendance of the Members at the CSR Committee Meetings held during the financial year under review are as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Bharat D Shah (Chairman)	2	2
Ms. Radhika Rajan	2	2
Mr. Ramesh Ramadurai	2	2
Ms. Mamta Janak Gore	2	2

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### Attendance details of Corporate Social Responsibility Meetings:

Name of the Director	May 28, 2021	November 12, 2021
Mr. Bharat D Shah	Yes	Yes
Ms. Radhika Rajan	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes
Ms. Mamta Janak Gore	Yes	Yes

### INDEPENDENT DIRECTORS' MEETING

During the financial year under review, the Independent Directors met on *February 3, 2022, inter-alia*, to discuss:

- Evaluation of the performance of the Non-Independent Directors and the Board as a whole,
- Evaluation of the performance of Chairman of the Company, Chairman of the Committee's considering the views of the Executive and Non- Executive Directors,
- Evaluation of the quality, content, and timelines of flow of information between the Management and the Board that is necessary for the Board to perform its duties effectively and reasonably.

All the Independent Directors viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and Ms. Radhika Rajan were present at the Meeting held on *February 3, 2022*, which was held through Video conference. Mr. Bharat D Shah is the Lead Independent Director.

### PERFORMANCE EVALUATION OF BOARD/COMMITTEE'S /DIRECTORS

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

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

#### *For Board as a whole:*

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

#### *For Committees of the Board:*

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

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

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

#### *Following additional criteria for Independent Directors were covered:*

Independence and independent views and judgment.

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

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

The Head-HR was invited for the Independent Directors (IDs) Meeting held on February 3, 2022 for facilitating, summarizing and sharing the results of the evaluation of the performance of Non-Independent Directors and Board as a whole and of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. Chairperson of the Meeting of IDs briefed the Nomination and Remuneration Committee (NRC) of the outcome of their Meeting held on February 3, 2022. The NRC evaluated the performance of all the Directors



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

at its Meeting held on February 3, 2022. Chairman of the NRC briefed the Board of the outcome of its Meeting and the Board evaluated the performance of the Board as a whole and the Independent Director's (excluding the Director to be evaluated). The Head-HR facilitated by summarizing and sharing the results from the filled in questionnaire for each of the Directors.

The Evaluation for the financial year 2021-22 of the Directors, each of the Committees and that of the Board have received ratings that are near Excellent. The Directors were satisfied with the evaluations results which reflected the overall engagement and effectiveness of the Board and its Committees.

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

- Suggestion for reviewing Independent Directors Remuneration to align with the Industry Standards.
- Suggestion for appropriate and adequate succession plan and review regularly.
- Suggestion for increase in familiarization programmes by the Management on the business, products, new products launches.
- Suggestion for the Management team regarding significant time devoted by the Management with the Board on the current and potential strategic issues, risk management, annual budgets/ business plans etc., through a separate Meeting, if it is feasible.

### RISK MANAGEMENT

The Risk Management Policy of the Company is intended to:

- Serve as a document wherein risks affecting the entire organization, at a macro-level are enumerated.
- Describe the measures employed by the management in managing these risks across all divisions and functions, and
- Act as a reference to comprehend how mitigation measures employed by 3M India play a role in reducing the impact and likelihood of these risks.
- Enterprise Risk Management Framework for Risk Governance, Risk Identification and Risk Assessment.

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

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

The Members of the Risk Council are vested with the following responsibilities:

1. Laying down a framework for identification of risk elements which are pertinent to achieving the company's strategic objectives.
2. Reviewing strategies, policies, procedures, systems, and processes in place for identification of new risks.
3. Assessing the identified risks vis-à-vis their impact and likelihood on the different business divisions.
4. Determining the adequacy of existing mitigation factors including the infrastructure and resources in place and considering the adoption of new systems and processes, in case necessary.
5. Laying down policies and procedures for timely implementation of the mitigation factors.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

6. Setting out the roles and responsibilities of various personnel responsible for the mitigation of risks at different processes.
7. Monitoring compliance with policies and procedures related to risk identification and mitigation.
8. Hold Meetings on a bi-annual basis to discuss and evaluate the Risk Management Policy.

### RISK MANAGEMENT COMMITTEE (RMC)

The Listing Regulations require the constitution of Risk Management Committee (RMC) by the top 100 listed entities determined based on market capitalization as at the end of immediate previous financial year. The Companies Act, 2013 does not prescribe any such requirement. As per the Kotak Committee recommendations, SEBI has accepted the recommendations and has amended the Listing Regulations and that the constitution of RMC would now be applicable to top 1,000 listed entities and the role of RMC would specifically include cybersecurity effective from April 1, 2019. RMC was applicable to the Company from April 1, 2019. The majority of Members of RMC would consist of Members of the Board of Directors. The Chairperson of the RMC should be a Member of the Board of Directors. The Board of Directors shall define the role and responsibilities of the RMC and may delegate monitoring and reviewing of the Risk Management plan to the Committee and such other functions as it may deem fit.

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

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

As on March 31, 2022, the RMC of the Company consisted of Five (5) Directors, of which Three (3) are Non-Executive Independent Directors, One (1) is Non-Executive Director and One (1) is Executive Director. The Members of the Committee are Mr. Biren Gabhawala, Mr. Bharat D Shah, Ms. Radhika Rajan, Mr. Ramesh Ramadurai and Mr. James E Falteisek.

Mr. Biren Gabhawala is Chairman of the RMC. Company Secretary is the Secretary to the Committee.

During the financial year 2021-22, Two Meetings of the RMC (through Video Conferences) held on *August 12, 2021 and February 3, 2022*. The number of Meetings held, and attendance of the Members at the RMC Meeting held during the financial year under review are as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	2	2
Mr. Bharat D Shah	2	2
Ms. Radhika Rajan	2	2
Mr. Ramesh Ramadurai	2	2
Mr. James E Falteisek	2	2

#### *Attendance details of Risk Management Committee Meeting:*

Name of the Members	August 12, 2021	February 3, 2022
Mr. Biren Gabhawala	Yes	Yes
Mr. Bharat D Shah	Yes	Yes
Ms. Radhika Rajan	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes
Mr. James E Falteisek	Yes	Yes

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with the requirements of Section 177(9) and (10) of the Companies Act 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and the provisions of Listing Regulations, the Company has established an effective Vigil Mechanism by way of this Business Conduct Concern Reporting Policy (Whistle

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

Blower Policy) for Upholding 3M's Code of Conduct (available at [3M.com/business\\_conduct](https://www.3m.com/business_conduct)), 3M's values and all laws applicable to 3M India Limited's operations in India is the responsibility of everyone acting on 3M's behalf. The Policy sets out ways through which 3M's employees, investors, customers, vendors, and other stakeholders can raise concerns that relate to actual or suspected violations of 3M's Code of Conduct, accounting or auditing matters and applicable national and international laws. The details of the website/hotline are as under:

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

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

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

### SUBSIDIARY COMPANIES

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

### RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on materiality of related party transactions and also on dealing with Related Party Transactions. Prior approvals of all Related Party Transactions (RPTs) are obtained from the Audit Committee. The Audit Committee had granted omnibus approval for RPTs for the transactions incurred for the financial years 2020-21, 2021-22 and 2022-23 after considering all the conditions of the provisions of the Listing Regulations. The Company has obtained the approval of the Shareholders of all the estimated Material RPTs for the financial years 2020-21, 2021-22 and 2022-23 at the Thirty Third (33<sup>rd</sup>) AGM held on August 26, 2020.

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

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

### DISCLOSURES

#### *Related Party Transactions:*

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

#### *Accounting Treatment:*

The Company's Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2022 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Indian GAAP as of the transition date have been recognized directly in equity at the transition date.

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

The Company has not made any capital issues during the financial year 2021-22.

#### *General Body Meetings:*

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

## ANNEXURE ‘B’ TO THE REPORT OF THE BOARD OF DIRECTORS

Date	Meeting	Mode	Location/Deemed Location	Time
August 14, 2019	AGM	Physical	Trinity Hall, Taj MG Road, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.
August 26, 2020	AGM	Video Conference/ Other audio-visual means	UB City, Concorde Block, 11 <sup>th</sup> Floor, 24, Vittal Mallya Road, Bengaluru – 560 001 (Corporate Office)	03.00 p.m.
August 26, 2021	AGM	Video Conference/ Other audio-visual means	Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100 (Registered Office)	10.30 a.m.

*Particulars of Special Resolutions passed in the last Three (3) AGMs are given below:*

August 14, 2019	Re-appointment of Mr. Biren Gabhawala (holding DIN: 03091772) as an Independent Director of the Company for a second term.
August 26, 2020	Nil
August 26, 2021	Payment of remuneration by way of commission to Non-Executive Independent Directors of the Company for Five (5) financial years commencing from the financial year April 01, 2021.

*Particulars of Special Resolution passed through Postal Ballot Process:* During financial year 2021-22 the Company has not passed any Special Resolution(s) through the Postal Ballot.

*Procedure for Postal Ballot:* The procedure prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Secretarial Standard 2, Regulation 44 of the Listing Regulations and the Ministry of Corporate Affairs, Government of India, General Circulars issued was followed for conduct of the Postal Ballot. The Company provided electronic voting facility to all its members, to enable them to cast their votes electronically. The Company had engaged the services of “KFin Technologies Limited”, for the purpose of providing e-voting facility to all its Members. The Postal Ballot notices were sent to Members in electronic form to the e-mail Ids which were registered in the records of the Depository Participants/the Company’s Registrar and Transfer Agent. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules. Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members were requested to cast their vote electronically on or before the close of voting period. The scrutinizer submitted his report to Chairman after the completion of scrutiny and the results of the Postal Ballot were then announced. The results of the Postal Ballot were submitted to the Stock Exchanges and displayed on the notice board at the Registered Office, on the Company’s website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and on the website of Kfin at <https://evoting.kfintech.com/> pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014. The last date specified by the Company for receipt of e-voting was deemed to be the date of passing of the resolutions.

There is no business requiring Resolution to be passed by Postal Ballot at the ensuing AGM to be held on August 25, 2022.

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

There have been no instances of non-compliance by the Company on any matter related to Listing Agreement/Capital Markets.

*Compliance with Mandatory Requirements:*

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

*Management Discussion and Analysis:*

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



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### *Insider Trading:*

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code"). The Code has been revised in line with the amendments to the Prohibition of Insider Trading Regulations, as amended from time to time. The amended Code has been hosted on the Company's website at: [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/). Pursuant to the Code, the Company has put in place adequate and effective system of internal controls to ensure compliance with the requirements of the Prohibition of Insider Trading Regulations.

### *Means of Communication:*

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

### *Shareholders:*

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

### *Secretarial Audit for Reconciliation of Capital:*

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

## **NON-MANDATORY REQUIREMENTS**

### *Chairman's Office:*

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

### *Shareholders' Rights:*

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

### *Audit qualifications:*

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

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

## ANNEXURE ‘B’ TO THE REPORT OF THE BOARD OF DIRECTORS

### General Shareholder Information:

Annual General Meeting	August 25, 2022 (Thursday) Time: 10.30 A.M. over Video Conference (“VC”)/ Other Audio-Visual Means (“OAVM”). (Deemed venue for the Meeting – Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100.) For details, please refer Notice of the AGM
Date of Book Closure/ Cutoff date for eligibility for voting	Cutoff date: August 18, 2022 (Thursday) Annual Book Closure: August 19, 2022 (Friday) to August 25, 2022 (Thursday) (both days inclusive)
E-voting period	Starts at 9.00 A.M. on August 22, 2022 (Monday) and Ends at 5.00 P.M. on August 24, 2022 (Wednesday).
Dividend payment date	N. A.
Financial Results calendar (Tentative)	<i>Second week of August 2022</i> – Unaudited Results for the quarter and three months ended June 30, 2022.  <i>Second week of November 2022</i> – Unaudited Results for the quarter and six months ended September 30, 2022.  <i>Second week of February 2023</i> – Unaudited Results for the quarter and nine months ended December 31, 2022.  <i>Last week of May 2023</i> – Audited Results for the year ended March 31, 2023.
Listing on Stock Exchanges	National Stock Exchange of India Limited (Code –3MINDIA) BSE Limited (Code - 523395)
International Securities Identification Number (ISIN)	INE470A01017
Corporate Identification Number (CIN)	L31300KA1987PLC013543

The Company has paid Annual Listing fees, as prescribed, to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the financial year 2022-23.

### Annual Custody / Issuer Charges:

The Company has paid the Annual Custody fees for the financial year 2022-23 to Central Depository Services Limited (CDSL) and to National Securities Depository Limited (NSDL).

### Registrar & Share Transfer Agent:

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

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

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

### Share Transfer System:

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

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

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

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

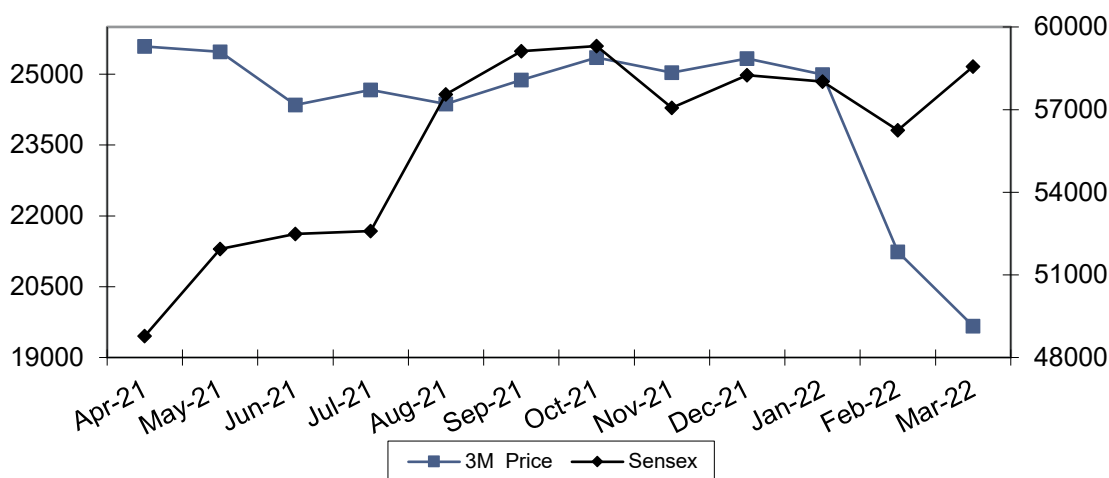
All requests for dematerialization of shares, which are in order, are processed within 21 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

*Stock Market Price Data for the financial year 2021-22:*

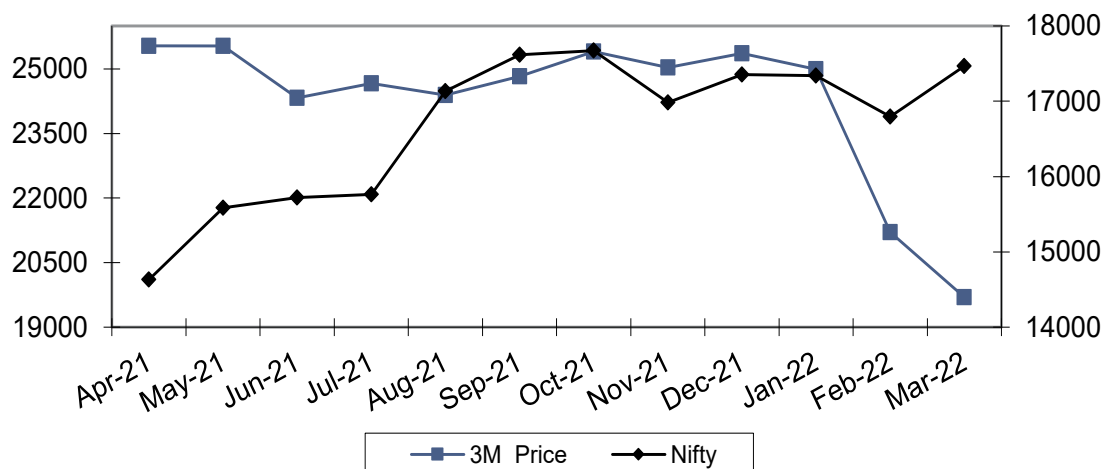
Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (Rs.)	Low (Rs.)	No. of Shares traded	High (Rs.)	Low (Rs.)	No. of Shares traded
April 2021	30,975	25,020	8,188	31,000	25,100	1,02,842
May 2021	27,190	24,200	5,329	27,200	24,186	79,964
June 2021	26,650	24,303	4,437	26,649	24,280	55,880
July 2021	25,225	23,907	4,008	25,011	23,905	51,494
August 2021	24,850	22,576	16,823	24,966	22,575	1,40,160
September 2021	25,990	24,000	3,771	26,000	24,001	1,10,412
October 2021	26,547	24,526	4,244	26,550	24,500	1,45,715
November 2021	27,800	24,132	3,522	27,800	23,948	56,418
December 2021	26,507	23,747	3,359	26,599	23,760	72,477
January 2022	25,936	23,850	2,156	25,970	23,800	59,786
February 2022	26,858	20,319	11,676	26,943	20,300	58,776
March 2022	21,483	19,361	20,618	21,480	19,374	1,51,027

### Stock Performance:

BSE Sensex Vs 3M India Limited's Share Price (Monthly Closing Price)



NSE- Nifty Vs 3M India Limited's Share price (Monthly Closing Price)



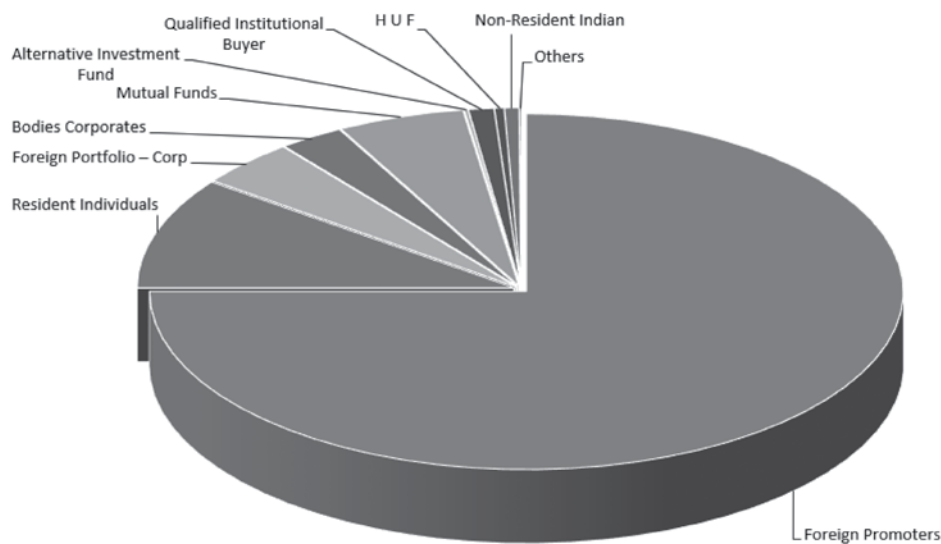
## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

Consolidated Shareholding Pattern as on March 31, 2022:

Category	No. of Holders	Total No. of Shares	% To Equity
Foreign Promoters*	1	84,48,802	75.0000
Resident Individuals	34,529	11,42,665	10.1498
Mutual Funds	53	6,14,179	5.4456
Foreign Portfolio - Corp	113	4,79,190	4.2537
Bodies Corporates	977	3,12,990	2.7784
Qualified Institutional Buyer	4	1,23,085	1.0926
H U F	1,113	46,574	0.4134
Non Resident Indian Non Repatriable	684	36,087	0.3203
Non Resident Indians	941	33,651	0.2987
Alternative Investment Fund	8	18,747	0.1664
NBFC	7	5,710	0.0506
Clearing Members	65	2,838	0.0251
Trusts	6	472	0.0041
Insurance Companies	1	60	0.0005
Nationalised Banks	1	20	0.0001
<b>Total</b>	<b>38,503</b>	<b>1,12,65,070</b>	<b>100.00</b>

\* None of Foreign Promoter Shares has been pledged as on March 31, 2022

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



Summary of Shareholding as on March 31, 2022:

Category	No. of Holders	Total No. of Shares	% To Equity
PHYSICAL	815	54,874	0.4871
N S D L	24,581	1,07,82,487	95.7161
C D S L	13,107	4,27,709	3.7967
<b>Total</b>	<b>38,503</b>	<b>1,12,65,070</b>	<b>100.00</b>



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### Top Ten (10) Members of the Company as on March 31, 2022:

Name of the Members	No. of shares held	% to paid-up capital	Category
3M Company	84,48,802	74.9999	FPR
Bright Star Investments Pvt Ltd	1,66,700	1.4797	LTD
SBI Equity Hybrid Fund	1,30,000	1.1540	MUT
HDFC Life Insurance Company Limited	90,061	0.7994	QIB
UTI Flexi Cap Fund	70,892	0.6293	MUT
L&T Mutual Fund Trustee Ltd	56,500	0.5015	MUT
AXIS Mutual Fund Trustee Limited	47,148	0.4185	MUT
Ashoka India Opportunities Fund	46,580	0.4134	FPC
IDFC Flexi Cap Fund	39,565	0.3512	MUT
Govind Lal M Parikh	39,115	0.3472	PUB
<b>Total</b>	<b>91,35,363</b>	<b>81.0945</b>	

### Distribution Schedule as on March 31, 2022:

Category (Amount)	Total Shares	No. of Cases	% to Cases	Amount (Rs.)	% to Amount
1-5000	7,39,782	38,088	98.9221	73,97,820	6.5670
5001-10000	1,21,598	167	0.4337	12,15,980	1.0794
10001-20000	1,27,587	93	0.2415	12,75,870	1.1325
20001-30000	95,897	38	0.0986	9,58,970	0.8512
30001-40000	66,970	19	0.0493	6,69,700	0.5944
40001-50000	54,262	12	0.0311	5,42,620	0.4816
50001-100000	3,66,112	50	0.1298	36,61,120	3.2499
100001 and above	96,92,862	36	0.0934	9,69,28,620	86.0435
<b>Total</b>	<b>1,12,65,070</b>	<b>38,503</b>	<b>100.00</b>	<b>11,26,50,700</b>	<b>100.00</b>

### Dematerialization of Shares and Liquidity:

99.51 % of the total equity capital was held in dematerialized form as on March 31, 2022.

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

### Plant Locations:

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

### Branch Locations:

- No.60-61, Udyog Vihar, Phase IV, Gurgaon, Haryana- 122001.
- No.636/1, Seshachalam Centre, 11th Floor, Anna Salai, Nandanam, Chennai-600 035.
- No. 2, UpperWood Street, Kolkata-700 017.
- No.11111, 1st Floor, Building 11, Solitaire Corporate Park, Chakala, Andheri, Ghatkopar Link Road, Andheri (East), Mumbai – 400 009
- UrbanWrk, Unit No 503, 5<sup>th</sup> Floor, Westport, Pancard Club Road, Baner, Pune 411045.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### *Commodity Price Risks or Foreign Exchange Risks and Hedging Activities:*

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

### *Directors and Officers (D&O) Insurance for Directors:*

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

### *Other Disclosures:*

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

### *Address for correspondence:*

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

Corporate Office: WeWork Prestige Central, 3<sup>rd</sup> floor, 36 Infantry Road, Tasker Town, Bengaluru 560001 (w.e.f. May 1, 2021).

*Designated e-mail id for redressal of investor complaints: [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com)*

### *Compliance Officer:*

Ms. Vidya Sarathy (w.e.f. May 11, 2022): Inquiries, if any, may be addressed to the Compliance Officer.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### CEO / CFO CERTIFICATION

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

- A. We have reviewed Financial Statements and the Cash Flow Statement for the year ending March 31, 2022 and that to the best of our knowledge and belief, we state that:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- B. We further state that to the best of our knowledge and belief there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
1. Significant changes in internal control over financial reporting during the financial year;
  2. Significant changes in Accounting Policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
  3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

*On behalf of the Board of Directors*

Place: Bengaluru  
Date: May 27, 2022

**Ramesh Ramadurai**  
*Managing Director*  
DIN: 07109252

**Vidya Sarathy**  
*Chief Financial Officer*

### CODE OF CONDUCT

The Company's Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct is available on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. Requisite annual affirmations of compliance with respective codes have been made by the Directors and Senior Management of the Company for the period April 01, 2021 to March 31, 2022.

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

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

I hereby confirm that:

The Company has obtained from the Directors and Senior Management Personnel affirmation that they have complied with the above code for, and in respect of, the year ended March 31, 2022.

Place : Bengaluru  
Date : May 27, 2022

**Ramesh Ramadurai**  
*Managing Director*  
DIN: 07109252

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### CERTIFICATE OF COMPLIANCE

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

*On behalf of the Board of Directors*

Place: Bengaluru  
Date : May 27, 2022

**Ramesh Ramadurai**  
*Managing Director*  
DIN: 07109252

**Amit Laroya**  
*Director*  
DIN: 00098933

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

To

The Members of  
3M India Limited  
Bengaluru

I have examined the compliance of the conditions of Corporate Governance by 3M India Limited for the year ended 31<sup>st</sup> March, 2022 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

Place : Bengaluru  
Date : May 27, 2022

**Vijayakrishna K.T**  
*Practising Company Secretary*  
FCS- 1788 CP-980  
UDIN: F001788D000411956



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

3M INDIA LIMITED

Plot No 48-51, Hosur Road, Electronics City,  
Bengaluru, Karnataka, 560100

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March, 2022 has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director Messrs.	DIN	Date of appointment in the Company
1	Amit Laroya	00098933	01/10/2013
2	Bharat Dhirajlal Shah	00136969	27/03/2015
3	Radhika Govind Rajan	00499485	27/05/2016
4	Biren Chandrakant Gabhawala	03091772	05/08/2014
5	Yun Jin	09474323	04/02/2022
6	Ramadurai Ramesh	07109252	27/03/2015
7	James Ernest Falteisek	08792857	01/09/2020
8	Mamta Janak Gore	08792863	01/09/2020

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

Place : Bengaluru  
Date : May 27, 2022

**Vijaykrishna K.T**  
Practising Company Secretary  
FCS- 1788 CP-980  
UDIN: F001788D000412101

# ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

## BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT 2021-22

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Company:	L31300KA1987PLC013543
2. Name of the Company:	3M INDIA LIMITED
3. Year of incorporation:	July 04, 1987
4. Registered office address:	Plot Nos. 48-51, Electronics City, Hosur Road, Bengaluru - 560 100
5. Corporate address:	WeWork Prestige Central 3 <sup>rd</sup> floor, 36 Infantry Road, Bengaluru - 560001
6. E-mail:	<a href="mailto:investorhelpdesk.in@mmm.com">investorhelpdesk.in@mmm.com</a>
7. Telephone:	Corp Office: +91-80-2223 1414 Reg Office: +91 80 4559 4300
8. Website:	<a href="https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/">https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/</a>
9. Financial year for which reporting is being done:	2021-22
10. Whether shares listed on recognised Stock Exchange(s)	Yes, BSE Limited and National Stock Exchange of India Limited
11. Authorised Capital	Rs. 11,26,50,700 (divided into 1,12,65,070 Equity Shares of Rs. 10/- each)
12. Paid-up Capital	Rs. 11,26,50,700 (divided into 1,12,65,070 Equity Shares of Rs. 10/- each)

#### II. Products/services

13. Sector(s) in which the Company is engaged:	3290 – Other manufacturing N.E.C.(as per NIC 2008)
--	--

#### Number of business activities:

S. No.	Main Activity group code	Description of Main Activity group	Business Activity Code	Description of Business Activity	% of Turnover of the Company
1	C	Manufacturing	C13	Other manufacturing including jewellery, musical instruments, medical instruments sports goods, etc. activities	60%
2	G	Trade	G1	Wholesale Trading	37%
3	N	Support service to Organizations	N7	Other support services to organizations	2%

## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

14. Top 3 Products/Services sold by the Company by Turnover (including both manufactured and traded):

S.No.	Product/Service	NIC Code	% of total Turnover contributed	Brand(s) associated with the product/service and % of total Turnover contributed by the Brand(s)			
				Brand 1	Contribution to % of total Turnover	Brand 2	Contribution to % of total Turnover
1	3M™ Scotchkote™ 226N Slow 8G and 11G Fusion Bonded Epoxy Coating	25920	2.78	3M™	2.78	-	-
2	983-71 Ylw Consp 50.8MMX50M (Yellow Conspicuity Tape)	13946	1.65	3M™	1.65	-	-
3	4090 WHITE DG 1230mm x 45.72m (Diamond Grade Cude Type 11 white sheeting)	13946	1.15	3M™	1.15	-	-

15. What is the contribution of exports to total turnover of the Company in percentage: 0.77%

### III. Operations

16. Location of top 3 plants (in case of manufacturing businesses) or operations/offices (in case of non-manufacturing) in India by contribution to turnover:

a. **National:**

State	Karnataka	Gujarat	Maharashtra
Turnover (%)	24.70	16.76	58.54
District	Bengaluru	Ahmedabad	Pune
Category A	Yes	Yes	No
Category B	No	No	No
Category C	Yes	Yes	Yes
Category D	No	No	No

Categories are as follows:

Category A: In or within 50 km of protected areas like National Parks, Wild life Sanctuaries, Biosphere Reserves, Wetlands, etc.

Category B: In or within 50 km of Biodiversity Hotspots

Category C: In high water-stressed zones defined as “Over-exploited” or “critical” by the Central Groundwater Board

Category D: Within Coastal Regulation Zones

b. **International:** There are no international operations

Location of top 3 plants (in case of manufacturing businesses) or operations/offices (in case of non-manufacturing businesses) in foreign countries by contribution to Turnover

Country	Turnover (%)
Not Applicable	Not Applicable

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

### IV. Employees

17. Details as at the end of financial year:

a. **Employees (including differently abled):**

S.No.	Particulars	Total	Male (%)		Female (%)		Other (%)	
			No.	%	No.	%	No.	%
1.	Permanent	1132	991	87.5	141	12.5	-	-
2.	Other than Permanent	-	-	-	-	-	-	-
	<b>Total</b>	<b>1132</b>	<b>991</b>	<b>87.5</b>	<b>141</b>	<b>12.5</b>	<b>-</b>	<b>-</b>

b. **Differently abled Employees:**

S.No.	Particulars	Total	Male (%)		Female (%)		Other (%)	
			No.	%	No.	%	No.	%
1.	Permanent	-	-	-	-	-	-	-
2.	Other than Permanent	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

c. **Workmen (including differently abled):**

S.No.	Particulars	Total No. of Workmen	Male (%)		Female (%)		Other (%)	
			No.	%	No.	%	No.	%
1.	<b>Permanent</b>							
a.	Unskilled	-	-	-	-	-	-	-
b.	Semi-skilled	290	284	97.9	6	2.1	-	-
c.	Skilled	-	-	-	-	-	-	-
d.	Highly Skilled	-	-	-	-	-	-	-
2.	<b>Other than Permanent</b>							
a.	Unskilled	568	526	92.6	42	7.4	-	-
b.	Semi-skilled	-	-	-	-	-	-	-
c.	Skilled	-	-	-	-	-	-	-
d.	Highly Skilled	-	-	-	-	-	-	-
	<b>Total</b>	<b>858</b>	<b>810</b>	<b>94.4</b>	<b>48</b>	<b>5.6</b>	<b>-</b>	<b>-</b>

d. **Differently abled Workmen:**

S. No.	Particulars	Total No. of Workmen	Male (%)		Female (%)		Other (%)	
			No.	%	No.	%	No.	%
1.	<b>Permanent</b>							
a.	Unskilled	-	-	-	-	-	-	-
b.	Semi-skilled	-	-	-	-	-	-	-
c.	Skilled	-	-	-	-	-	-	-
d.	Highly Skilled	-	-	-	-	-	-	-
2.	<b>Other than Permanent</b>							
a.	Unskilled	1	1	0.2	-	-	-	-
b.	Semi-skilled	-	-	-	-	-	-	-
c.	Skilled	-	-	-	-	-	-	-
d.	Highly Skilled	-	-	-	-	-	-	-
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

### 18. Participation/Inclusion/Representation of women (including differently abled):

	Total	No. of Females (including differently abled)		No. of females who are differently abled persons	
		No.	%	No.	%
Board of Directors	8	2	25	0	NA
Key Management Personnel	3	1	33	0	NA

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

### 19. (a) Names of subsidiary / associate companies

S.No.	Name of the Company	CIN	Holding/Subsidiary/ Associate/Joint Venture	% of shares held	Does the Company participate in the Business Responsibility initiatives of the parent company?
1	3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED	U31909PY1989PTC001156	Subsidiary	100	Yes

### (b) Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

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

## VI. CSR Details:

### 20. (a) (i) Whether CSR is applicable as per section 135: Yes

(ii) Turnover (Rs. In Lakhs): 311,301.92

(iii) Net worth (Rs. In Lakhs): 248,878.12

### (b) Net Profits for last three financial years:

(Rs. In Lakhs)

Financial year ended	March 31, 2022	March 31, 2021	March 31, 2020
Profit before tax	35,969.60	20,244.08	32040.31
Net Profit computed u/s 198 adjusted as per rule 2(1)(f) of the Companies (CSR Policy) Rules, 2014	26,617.51	14,930.09	21897.25

### 21. Average net profit of the Company for last three financial years (as defined in explanation to sub-section (5) section 135 of the Act (in Rs.)

### 22. Prescribed CSR Expenditure (two per cent. of the amount as in item 21 above)

### 23. (a) Total amount spent on CSR for the financial year (in Rs.)

#### (b) Amount spent in local area (in Rs.)

#### (c) Manner in which the amount spent during the financial year as per the format:

The detailed report on CSR activities is annexed as "Annexure F". Refer Annexure F for point no. 21, 22 and 23.

# ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Name your Company's policy/policies that cover each principle and its core elements of the NGRBCs.	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board?*	Y	-	-	-	-	-	-	-	-
c. Web Link of the Policies	<a href="https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local//">https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local//</a>								
2. Do the enlisted policies extend to your value chain partners?	Y	-	-	-	-	-	-	-	-
3. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trust) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your Company and mapped to each principle									

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

### 4. Details of review of NGRBCs by the Company:

Subject for Review	Review undertaken by	Frequency
Performance against above policies and follow up action	Board Committee Any other Committee or CEO	Assessment is an ongoing exercise and is an inherent part of corporate function.
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Board Committee Any other Committee or CEO	

### Stakeholder Engagement

- Describe the process of identifying key stakeholder groups of the Company: Leadership Team Members identify key stakeholder for the Company.
- What are the channels through which stakeholders can access information about the Company on issues relevant to them: Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website. Available at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/) and forms part of Annual report. The Global sustainability report can be accessed at <http://www.3m.com/sustainabilityreport>.
- If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The Company does not consider the Principles material to its business	-	-	-	-	-	-	-	-	-
The Company is not at a stage where it is in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
The Company does not have the financial or/human and technical resources available for the task	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	Y	-	-

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

# ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

**PRINCIPLE 1:** Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.

Your Company is committed to doing business the right way and 3M’s Code of Conduct embodies the Company’s core values. The principles in the Code of Conduct remain consistent with 3M’s longstanding business conduct principles, its values, and shared ethical standards for conducting business with uncompromising integrity. The Code is built on six principles of Be Good, Be Honest, Be Fair, Be Loyal, Be Accurate and Be Respectful, which applies to all 3M employees, third party customers and vendors who act on the Company’s behalf. Violations of the law and 3M’s Code of Conduct will result in discipline, up to and including termination from employment.

The Company believes that no sale or business advantage is worth the sacrifice of its unblemished corporate reputation. Every employee is required to undergo several legal and compliance courses to learn about specific ethical issues and how to conduct business fittingly. Bribery and corruption are strictly prohibited in all business transactions. All third parties undergo a due-diligence process and commitments are secured to not violate anti-bribery laws.

The Company understands and encourages a culture of transparency through its ‘**Speak Up**’ program – establishing a whistleblower protection policy, multiple reporting channels, providing the option of anonymity, ensuring all complaints are investigated and strictly discouraging any form of retaliation, through its **non-retaliation policy**. The Company has partnered with a third-party vendor to provide a secure and independent hotline service for reporting ethical concerns anonymously.

Your Company’s Code of Conduct also provides guidelines and obligations for respectful behaviour at the workplace, that is free from discrimination and harassment. The **Respectful Workplace Principle** ensures that people are treated with dignity and respect in any 3M workplace. Under the Company’s POSH (Prevention of Sexual Harassment) policy which aligns with the Government of India’s Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted specific Internal Committees at each of its locations to address complaints and concerns around sexual harassment.

During the year under review, the Company has ensured that employees continue to uphold the highest standard of ethical behaviour while working in an uncertain environment owing to the pandemic. The collective efforts of 3M employees around the world have enabled 3M Company to be named as one of the World’s Most Ethical Companies by **Ethisphere®** for the ninth straight year. This award is a testament to 3M’s commitment to do the right thing and its dedication to integrity and governance.

### Essential Indicators

1. Details of fines/penalties/punishment/award/compounding fees/ settlement amount paid in proceedings with regulators/ law enforcement agencies imposed on your Company by regulatory/ judicial institutions in the financial year.

### Monetary

	NGRBC Principle	Adjudicating Authority	Case Name	CNR No.	Brief of the Judgement/ Award	Has an appeal been preferred? (Yes/No)
Penalty/Punishment/Fine Award Compounding fee	-	-	-	-	-	-

### Non-Monetary

	NGRBC Principle	Adjudicating Authority	Case Name	CNR No.	Brief of the Judgement/ Award	Has an appeal been preferred? (Yes/No)
Imprisonment Punishment	-	-	-	-	-	-

## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

2. Details of the Appeal/ Revision preferred in cases where fines/ penalties have been impugned.

Case Name	NGRBC Principle	Adjudicating Authority	CNR No.	Details
-	-	-	-	-

3. Number of complaints / cases of bribery/corruption received/ registered in the financial year.

	Current Financial Year	Previous Financial Year
Number of complaints / cases of bribery, corruption registered with law enforcement agencies against the Company or lodged with the Company internally	-	-

4. Details of disclosure of interest involving members of Board

	Current Financial Year	Previous Financial Year
a) Number of instances of disclosure of interest by the Directors	-	-
b) Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-

### Leadership Indicators

1. Have full details of non-disputed fines/penalties imposed on your Company by regulatory and judicial bodies in the financial year been made available in public domain. Not Applicable
2. Provide details of such instances (up to 3) where corrective actions have been taken on the above punishment/fines/penalties imposed. Not Applicable
3. Provide details of such instances (up to 3) where corrective measures were taken on the complaints / cases of corruption and conflicts of interest. Not Applicable

### PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

The Company recognizes the importance of respecting the social and physical environment, and ensuring product safety, stewardship, and compliance. Over the years, the concept of product stewardship has evolved from mandatory regulatory compliance to corporate responsibility and then business opportunity through sustainable product innovation. The Company’s approach is to support innovation and growth through product safety, stewardship, regulatory compliance and protect people in our value chain, the environment and 3M businesses by ensuring our products are safe and compliant.

Your Company is committed to reduce to its use of new plastics made from petroleum. To this end, by 2025, 3M Company aims to reduce dependence on virgin fossil-based plastic by 125 million pounds globally. To achieve this, 3M is innovating products and packaging in its consumer business group to use recycled content and bio-based plastics to decrease overall plastics use.

3M’s Life Cycle Management process ensures that Environmental, Health, Safety and Regulatory considerations, including all intended and anticipated uses and disposal, are integrated into the development and commercialization of 3M products. Product stewardship audits are a critical component of the life cycle management process, and these are driven by the Company around the world. These audits evaluate, among other elements, product hazard and risk assessment, chemical control, life cycle management and consumer product safety. The goal of these audits is to assure that businesses are meeting corporate standards and to share best practices globally.

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Your Company’s Sustainability Value Commitment embeds sustainability thinking at the core of 3M’s innovation process. It requires all products entering 3M’s new product commercialization process to demonstrate how they drive impact for the greater good. This formal requirement is designed to insert sustainability into the pipeline of every new product 3M launches each year. This is achieved through multiple pathways – incorporate more sustainable materials and processes in new products and formulation of existing products; sustainable products and solutions to help customers be more sustainable in their operations or product use and products that enable new business models and market shifts. Products should have sustainable attributes such as recyclable, increased durability, reduced greenhouse gas emissions. These attributes must be measurable and be substantiated like % of recycled content included, % of energy savings, % of water savings and lastly, the products must communicate how they drive the greater good i.e., improves water quality, reduces pollution, improves accessibility, contributes to UN Sustainable Development Goals (UN SDGs).

With these mandatory checks in place 3M is shifting not only its thought process but also enabling customers to make more sustainable choices.

### Essential Indicators

1. Has the Company conducted Life Cycle Assessments (LCA) for any or all of its top 3 brands/ products manufactured? Yes. Based on the annual turnover data, the Company’s top selling product is 3M™ Scotchkote™ 226N Epoxy 11 G bearing SKU IA280100008 which contributes to 2.78% of total sales of the Company and is manufactured at the Company’s Ahmedabad plant. 3M has internal LCA resources using the authorized external tool GaBi. 3M™ Scotchkote™ is manufactured at 3M India Ahmedabad using a 3M intermediate from 3M Cordova. Evaluation of Scotchkote includes raw material acquisition and production (including packaging of the final product). This includes material processing, transportation of raw materials, manufacturing, packaging, and waste disposal of used packaging from raw materials. Product distribution and storage, use, and end-of-life disposal are excluded from the study.

This evaluation has not been conducted in accordance with the requirements of any international standards and is intended only to be used as supporting documentation for internal decision making.

Potential environmental impacts were calculated using the GaBi product sustainability software and the results are presented using CML2001.

NIC Code*	Product/Service	% of total Turnover contributed	Life Cycle Assessment conducted in the Current Financial Year (Yes/No)	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)
25920	3M™ Scotchkote™ 226N Slow 8G and 11G Fusion Bonded Epoxy Coating	2.78%	Yes	No	No

2. List 3 of your products or services whose design has incorporated social or environmental concerns and/ or risks and briefly describe the actions taken to mitigate the adverse environmental and social impacts in production and disposal as identified in the LCA or any other means.

The 3M EHS and Product Stewardship organization measures progress toward raw material usage and waste reduction goals for sites within its global manufacturing footprint. The results and raw data are used to identify, quantify, and prioritize projects to improve, utilizing Lean Six Sigma (LSS) methodology. 3M’s Chemicals Management Policy reflects the evolving values of 3M and its stakeholders. Under this policy, 3M has identified specific chemicals whose use in products and manufacturing processes is subject to restrictions or specific management actions. The detailed Life Cycle Management process identifies the risks involved in every stage of the life of the product. The goal is to identify risks and mitigate or communicate them appropriately to the stakeholders so that they are well managed as per the regulatory & internal requirements. The following are the products launched in the year 2021 and 2022, identified to address the environmental concerns. The risk assessment reviews indicate that the following products have multiple environmental advantages.



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Product / Service	Action Taken
1. 3M™ Multipurpose Shiner	This product provides new, glossy (wet) look to the automotive plastic, rubber and aluminum components. While competitive products use silicone based formulations, 3M™ multipurpose Shiner uses naturally sourced materials to provide the same effect. It is 100% biodegradable and silicone-free.
2. Scotch-Brite™ Sponge Wipes	These are the wipes used in the homecare market segment. The sponges are made of 100% biodegradable cellulose material. It is used to clean soiled or dirty surfaces at home. A small quantity of antimicrobial agent is used in order to protect the product until the product package is opened for use.
3. 3M™ Integrated Absorptive Barrier (IAB)	3M™ Integrated Absorptive Barrier is a complete vehicle acoustic solution which contains a tunable barrier membrane with specialized surface treatments forming a unique “Super Absorptive- Barrier” combination. It is a springy lightweight product with 3D moldabilities. It has improved sound transmission loss & absorptive properties combined to deliver enhanced noise reduction capabilities across a frequency spectrum. This product aligns with several Green Chemistry principles such as less hazardous chemical synthesis (it is RoHS & ELV compliant too), use of renewable feedstocks and safer solvents & auxiliaries.

3. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the Company, respectively.

	Current Financial Year	Previous Financial Year
R&D	None	NA
Capex	None	NA

4. Describe the processes in place to safely collect, reuse, recycle and dispose after sale and at the end of life of your products, separately for (a) Plastics (including packaging) (b) E-waste and (c) other waste:

3M has a sound process for addressing waste related concerns and achieve compliance with to regulatory requirements.

**Plastic Waste:** Under the Environment Protection Act 1986, the Ministry of Environment, Forest and Climate Change notified and amended the Plastic Waste Management Rules, 2016, providing for collection, segregation, processing, treatment and disposal of the plastic waste in an environmentally sound manner. The rules emphasize on Polluter’s Pay Principle through mandates such as the Extended Producer Responsibility (EPR) where Brand Owners must collect and take back the plastic waste generated due to their products either individually or collectively through waste collection agencies such as Producer Responsibility Organizations (PRO). 3M India Limited, is registered as a Brand Owner with the Central Pollution Control Board, and has partnered with a PRO for the end-of-life management of product plastic packaging waste. 3M India’s EPR action plan is executed by the selected PRO in a planned and systematic manner in designated states. The PRO, which recycles all types of plastic waste, has a pan-India presence through tie-ups with municipal corporations, logistic partners for the collection and transportation of plastic waste, and a wide network of collection centers managed through numerous collection partners located across India. Collection of Multi Layered Packaging (MLP) and Non MLP Waste in these centers is done through waste collectors, aggregators, traders, societies and more, with the waste collected being segregated in two categories: recyclable & nonrecyclable. Plastic waste, which can be recycled, is channelized to registered plastic waste recyclers for recycling operations, with conversion into recycled plastic granules which are further used for manufacturing plastic products, making it truly circular. The non-recyclable plastic waste material is redirected to co-processing activities in cement kilns or for road construction. As part of compliance, EPR data is submitted to the CPCB every quarter.

**Hazardous Waste:** Hazardous Waste Management Rules are notified to ensure safe handling, generation, processing, treatment, package, storage, transportation, use reprocessing, collection, conversion, and offering for sale, destruction and disposal of hazardous waste. Every occupier of the facility who is engaged in handling, generation, collection, storage, packaging, transportation, use, treatment, processing, recycling, recovery, pre-processing, co-processing, utilization, offering for sale, transfer or disposal of the hazardous and other wastes is required to obtain an authorization from the State Pollution Control Board. 3M India sites

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have authorization issued through respective state pollution control boards. Hazardous waste generated at site is collected, labelled and stored in hazardous waste storage areas and is further handed over to SPCB authorized facilities for co-processing, incineration, recycling /recovery etc. as specified in the consent form within 90 days from the date of waste generation. As a part of compliance requirement, Annual return in Form 4 is submitted to SPCB by 30th June every year.

**Biomedical Waste:** According to Biomedical waste (management & handling) rules, every occupier of an institution generating biomedical waste shall take all steps to ensure that such waste is handled without any adverse effect to human health and the environment. Every occupier of an institution generating, collecting, receiving, storing, transporting, treating and /or handling Biomedical Waste requires authorization from the Pollution Control Board. 3M India has obtained this authorization for various categories of biomedical waste. Biomedical waste generated at site is recorded, segregated and post basic treatment handed over to authorized biomedical waste handling entity - Maridi Bio Industries Ltd on a periodic basis.

**E-Waste:** E-Waste (Management) Rules, 2016 rules is applicable for every manufacturer, producer, consumer, bulk consumer, collection centers, dealers, e-retailer, refurbisher, dismantler and recycler involved in manufacture, sale, transfer, purchase, collection, storage and processing of e-waste or electrical and electronic equipment listed in Schedule I, including their components, consumables, parts and spares which make the product operational .The responsibility of disposal of e-waste has been assigned to Producers of notified Electrical & Electronic Equipment (EEE) under the principle of Extended Producer Responsibility (EPR). Under EPR regime producers of EEE are, given annual e-waste collection and recycling targets based on the generation from previously sold EEE. 3M India does not have obligation for reporting as the Company’s products do not fall under the Schedule-I of the said rules. The Company encourages end users of electrical and electronic products to dispose such products in an environment-friendly and responsible manner. For this purpose, end users of 3M’s electrical and electronic products are instructed to contact e-waste recyclers in India, authorized by Central Pollution Control Board (CPCB) under Ministry of Environment, Forest & Climate Change (MoEF & CC), Government of India. 3M India has published the details of authorized e-waste recyclers on its corporate website through user instructions manuals.

### Leadership Indicators

1. Percentage of input material (by value of all inputs) to total inputs sourced from suppliers:

Current Financial Year		Previous Financial Year
Adhering to national and international codes/ certifications/labels/ standards (refer Q 4, Section B)	3M mandates all its suppliers to oblige and comply with 3M policies. There are Supplier Responsibility codes which provide guidance towards Labor, Health & Safety, Ethics, Environment & Management Systems to the suppliers; Pulp & Paper Sourcing Policy; Responsible Mineral Policy; RoHS specifications; Anti-bribery; Compliance to local regulations, etc. Compliance with the law and other requirements, which includes adherence to the SRC, is included in our contracts and purchase order terms and conditions as an expectation of doing business with 3M.	NA
Adhering to internal standards /guidelines		
Directly sourced from MSMEs/ small producers	80%	NA
Sourced directly from within the district and neighboring districts		

2. Describe the improvements in environmental and social impacts of product and processes due to R&D and Capex Investments in specific technologies: Not Applicable
3. Percentage of recycled or reused input material to total raw material (by value) used in: Not Applicable

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### PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Your Company is committed to creating a workplace where employees can thrive, reach their full potential while making a difference in the world. 3M believes well-being is holistic taking in to account all dimensions of health - physical emotional mental, financial and social.

The Company rewards employees for excellence and follows a ‘pay for performance’ philosophy. 3M offers a competitive-based pay, and a wide range of benefits to protect employees through medical insurance, accident and life insurance. Physical well-being is also promoted through Annual Medical Checkups. Additionally, ongoing support through well-being programmes run throughout the year.

Your Company’s work culture promotes a flexible, diverse and inclusive environment, one that supports the emotional well-being of all employees. 3M introduced a flexible work model called Work Your Way which empowers employees to choose their working arrangement to bring about greater work-life balance. Other initiatives such as everyday recognition through Everyday Wins, Employee Assistance Programme, which supports our employees through 24/7 counselling needs are some of the ways to create a caring work environment that promotes emotional engagement.

#### Financial Well Being

The Company recognizes that in addition to competitive pay, employees might also need support to understand financial planning and its implications as they traverse through different stages in their lives and careers. To facilitate this, the Company conducts regular awareness programmes, provides consultative support and tax planning as part of its benefits administration.

#### Mental Well Being

Your Company’s efforts in Learning and Career Development support employees through their entire life cycle in the organization – from Hire to Retire. Whether it is in creating a great onboarding experience, supporting employees to settle in 3M, helping employees transition to becoming first time supervisors, sharpen their skills as experienced supervisors or in supporting leaders through organisational transformation, the Company’s efforts are designed keeping the aspirations of employees at the forefront, aligning that with the needs of the organisation.

#### Social Well Being

At 3M, diversity and inclusion are essential to innovation. Your Company seeks and values differences in people – in thinking, experience, ethnicity, sexual orientation, age, gender, personalities and styles. Embracing the different skills, life experiences and abilities of its people is what drives the Company forward and keeps it relevant. This is achieved through intensive training on Diversity and Inclusion, Allyship, Equity and Social Justice and by aligning policies and practices accordingly. Employees are also encouraged to give back to communities as it acts as a powerful driver, creating a sense of belonging. Employees actively participate in Corporate Social Responsibility (CSR) through personal volunteering.

#### Essential Indicators

##### 1. a. Details of measures for the well-being of employees (including differently abled):

Category	Total	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No.	%	No.	%	No.	%	No.	%	No.	%
<b>I. Permanent</b>											
a. Male	991	-	100	-	100	-	-	-	3.5	-	-
b. Female	141	-	100	-	100	-	3.5	-	-	-	1
c. Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1132</b>	-	<b>100</b>	-	<b>100</b>	-	<b>3.5</b>	-	<b>3.5</b>	-	-
<b>II. Other than Permanent</b>											
a. Male	313	-	100	-	-	-	-	-	-	-	-
b. Female	31	-	100	-	-	-	-	-	-	-	-
c. Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>344</b>	-	<b>100</b>	-	-	-	-	-	-	-	-

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### b. Details of welfare measures for differently abled employees:

Category	Total	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No.	%	No.	%	No.	%	No.	%	No.	%
<b>I. Permanent</b>											
a. Male	-	-	-	-	-	-	-	-	-	-	-
b. Female	-	-	-	-	-	-	-	-	-	-	-
c. Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-
<b>II. Other than Permanent</b>											
a. Male	-	-	-	-	-	-	-	-	-	-	-
b. Female	-	-	-	-	-	-	-	-	-	-	-
c. Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-

### c. Details of welfare measures for workmen (including differently abled):

Category	Total	% of workmen covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No.	%	No.	%	No.	%	No.	%	No.	%
<b>I. Permanent</b>											
a. Male	-	-	-	-	-	-	-	-	-	-	-
b. Female	-	-	-	-	-	-	-	-	-	-	-
c. Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-
<b>II. Other than Permanent</b>											
a. Male	-	-	-	-	-	-	-	-	-	-	-
b. Female	-	-	-	-	-	-	-	-	-	-	-
c. Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-

### d. Details of welfare measures for differently workmen:

Category	Total	% of workmen covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No.	%	No.	%	No.	%	No.	%	No.	%
<b>I. Permanent</b>											
a. Male	-	-	-	-	-	-	-	-	-	-	-
b. Female	-	-	-	-	-	-	-	-	-	-	-
c. Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-
<b>II. Other than Permanent</b>											
a. Male	-	-	-	-	-	-	-	-	-	-	-
b. Female	-	-	-	-	-	-	-	-	-	-	-
c. Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

2. Details of statutory dues (PF, Gratuity, ESI) deducted and deposited with the authorities approved by government, for Current financial year and previous financial year.

Statutory Dues	Current Financial Year			Previous Financial Year		
	No. of employees and workmen eligible for deduction	Deducted as prescribed	Deposited	No. of employees and workmen eligible for deduction	Deducted as prescribed	Deposited
PF	1132	Yes	Yes	1147	Yes	Yes
Gratuity	1132	Yes	Yes	1147	Yes	Yes
ESI	6	Yes	Yes	10	Yes	Yes

3. Mechanism available to receive and redress grievances for the following categories of employees and workmen:

Mechanism	
Permanent Workmen	Yes
Other than Permanent Workmen	Yes
Permanent Employees	Yes
Other than Permanent Employees	Yes

Employees and Workmen can report their concerns initially to their direct management, regional integrity officer/human resources manager and also through ethics point help.

4. Number of Complaints made by employees and workmen:

	Current Financial Year		Previous Financial Year	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	-	-	-	-
Working Conditions	8	1	-	-
Health & Safety	-	-	-	-
Discrimination workplace	13	4	-	-
Child Labour	-	-	-	-
Forced Labour/Involuntary Labour	-	-	-	-
Wages	-	-	-	-
Child Labour	-	-	-	-

5. Percentage of membership of employees and workmen in association(s) or unions recognised by the Board: Not Applicable
6. Details of safety related incidents during the current financial year:

Safety Incident/Number	Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-man hours worked)	0	0
Accidents at the workplace	0	0
Fatalities caused	0	0
Permanent Disability caused	0	0
Temporary disability caused	0	0



## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

### Leadership Indicators

1. a. Details of training to employees and workmen (% to total no. of employees/workmen in the category):

Category	Current Financial Year				Previous Financial Year					
	Total	On Health and safety measures		On Skill up-gradation		Total	On Health and safety measures		On Skill up-gradation	
		No.	%	No.	%		Total	No.	%	No.
Employees and Workmen										
Permanent	991	716	72	799	902	-	-	-	-	-
Other than permanent	141	11	9	135	178	-	-	-	-	-
<b>Total</b>	<b>1132</b>	<b>827</b>	<b>73</b>	<b>934</b>	<b>1080</b>	-	-	-	-	-

- b. Details of training imparted to the differently abled employees and workmen (% to total no. of differently abled employees/workmen in the category): Not applicable
2. Provide the corrective actions taken for children/adolescents identified as employed in your establishments and value chain: Not applicable
3. Provide the corrective actions taken for forced/involuntary labour identified in your establishments and value chain: Not applicable
4. Provide the actions taken to prevent adverse consequences to the complainant in discrimination and harassment cases: Not applicable
5. Percentage of accident-affected employees/workmen rehabilitated and placed in suitable employment: Not applicable
6. Provide the corrective actions taken on the outcomes of health and safety audits of your establishments, including value chain partners:

### Environment Health & Safety

All three Manufacturing Facilities of 3M India are certified by ISO 45001, a standard for management systems of Occupational Health and Safety Standards. 3M India facilities undergo audits by certification bodies such as Underwriters Laboratories for ISO 14001, ISO 45001 and Global Risk Consultants for fire safety audits. 3M India facilities also undergo rigorous 3M Internal Corporate Audits. All the findings identified are tracked by the site through a CAMMS database and gaps are closed in due course with proper controls using the hierarchy of controls of Elimination, Substitution, Admin Controls, personal protective equipment and management oversight.

Our Ahmedabad and Bengaluru manufacturing sites received 3M Company’s CEO’s EHS award. 3M India Bengaluru plant received the second place in Karnataka State Level Safety award under Large Category Industries at a Function organized by Department of Factories, Boilers, Industrial Safety and Health, Government of Karnataka.

3M EHS Cultural Excellence Programme rolled out by 3M Corporate is our functional 3M Execution Model and lays out the Manufacturing Excellence Principles.

Each section of the framework focuses on various aspects of Environment, Health and Safety and provides the basis to address EHS risks and compliance obligations applicable to all workers and their 3M operations. Progress against each of these parameters is assessed through an internal audit framework, giving the Company the confidence to maintain sustained & functional Environment, Health and Safety management systems.

## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

Core EHS	Environment	Ergonomics	Industrial Hygiene
Occupational Medicine	Process Hazard Management	Radiation Protection	Safety
EHS Management Self-Assessment	EHS Element Owner Content		

### PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

The Company’s stakeholder engagement strategy continues to evolve and it looks to its stakeholders to help increase understanding, broaden awareness, seek technical input and expertise and evaluate potential collaborations and partnerships. These engagements help the Company stay relevant and respond to the needs of the market and communities.

The Company believes that stakeholder engagement should be based on candid and authentic dialogue - grounded in 3M’s Principles - and should contribute to the evolution of its strategic priorities. In recent years many of the Company’s key stakeholders - shareholder, customers, investors, suppliers, representatives of civil society, and employees - have been increasingly asking about different aspects of sustainability performance of the Company. When it comes to strategic planning, collaborations, environmental and social goal setting, and reporting, the Company seeks and relies on both internal and external input to drive meaningful, enduring change on environmental, social, and governance (ESG) challenges globally. With employees, the Company is committed to retaining the highest level of talent by being a company that employees are proud to work in. Accordingly, it is imperative that the Company ensures that the workplace is safe, healthy and inclusive based on human rights, diversity and equity principles and employees are rewarded with competitive benefits and compensation apart from professional development.

With investors and shareholders, the Company is committed to delivering good financial performance, ensure timely concise and transparent disclosures, respond to queries and uphold the highest standards of corporate ethics and values.

With customers and partners, the Company is committed to bringing the 3M promise to life through innovative products and solutions of high quality with sustainability attributes to address and solve environmental and social challenges.

With the Government, regulators, non-profit organisations, the Company seeks to engage in meaningful dialogue, participate in initiatives and collaborations for impact, and comply with laws, regulations and policies.

With academic institutions, the Company seeks to engage in technical research and promote STEM education and advancement of women in STEM fields.

With suppliers, the Company supports collaborative efforts to deliver business results, identify, and amplify sustainability initiatives and respect the human rights of workers.

## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

### Essential Indicators

- List stakeholder groups identified as key for your Company as described in Section B, Q. 5, and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group	Channels of communication	Frequency	Whether environment and social issues discussed
Business – Customers, Suppliers, Investors		Email, Newspaper, Advertisement, Community Meetings, Website, Seminars, conferences and events	Annually/ Half yearly/ Quarterly	Yes
Government and Regulators and Trade bodies	No			
Civil Society				

### Leadership Indicators

- Provide details of instances as to how the inputs received from stakeholders were incorporated into policies and activities of the Company.

Consultations with external and internal stakeholders both at the global and country level were instrumental in developing the Sustainability Strategy.

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

- Improving the infrastructure and learning environment in Government Anganwadis, part of Govt. of India’s ICDS program, to help children under the age of 6 years be school ready in cities such as - Kolkata, Bengaluru, Pune, Ahmedabad, Chennai, Delhi, Gurgaon, and Mumbai.
- Supporting the primary education of first-generation girl children in Government Schools in rural areas in Ambegaon district, Pune.
- Providing food and essentials kits to vulnerable communities affected by economic disruption due to COVID-19.
- Supporting initiatives to enhance access to quality healthcare through medical equipment to hospitals and mobile health clinics in rural communities.

#### PRINCIPLE 5: Businesses should respect and promote human rights

3M Company respects international human rights principles, including the United Nations Declaration of Human Rights, the United Nations Guiding Principles for Business and Human Rights (UNGPs), the European Human Rights Convention, the International Labor Organizations’ Declaration on Fundamental Principles and Rights at Work, the OECD, and the UN Convention Against Corruption.

3M Company is committed to upholding human and workplace rights in all 3M operations globally. This commitment is embodied in 3M’s Human Resource Principles, which respect the dignity and worth of all individuals, encourage the initiative of each employee, challenge individual capabilities, and provide equal opportunity for development.

The Company’s culture has always emphasized integrity and fairness alongside innovation and excellence, and it will continue to respect and help employees develop their diverse talents. 3M will continue to recognise its responsibility with regard to:

**Safe and Healthy Workplace** – Assuring that 3M provides a safe and healthy workplace to all employees, and that the 3M workplace complies with applicable laws, regulations, and policies.

**Respectful Workplace** - Prohibiting unlawful discrimination and harassment and assuring that all employees and anyone doing business with 3M are treated with respect.

**Workplace Security** – Maintaining a workplace that is free from violence, harassment, intimidation or other unsafe or disruptive conditions.

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**Work hours and wages** – Complying with all local applicable laws and regulations relating to wages, work hours, overtime and benefits.

**Child Labor** – Complying with all local applicable laws and regulations relating to hiring minors. 3M sites and operations are expected to have a procedure for verifying the age of employees at the time of hire. If it is determined that any employee is underage, employment must be terminated, and 3M site management should take appropriate remedial steps that include consideration of the child’s best interest.

**Forced Labor** – Prohibiting the use of all forms of forced labor, including indentured labor, bonded labor, military labor, slave labor and any form of human trafficking. 3M will not retain original employee documents (such as government issued identification, passport or work permits) unless employees voluntarily request 3M to safely store them, or where required by law. If 3M retains employee documents, 3M will not deny employee access to the originals of their identity or immigration documents.

Additionally, 3M does not permit the practice of having employees pay recruitment fees or other related fees, in order to obtain employment. This practice can result in employees being forced to work in order to pay off debt incurred as part of securing employment. If an employee has been charged fees to secure employment, those fees shall be repaid to the employee.

Failure to comply with these requirements may result in disciplinary action, up to and including termination of employment.

### Essential Indicators

1. a. Details of remuneration/salary/wages (including differently abled):

	Male		Female		Other	
	Number	Average remuneration/ salary/ wages	Number	Average remuneration/ salary/ wages	Number	Average remuneration/ salary/ wages
Board of Directors	1	3,48,83,442	-	-	-	-
Key Managerial Personnel	2	60,11,741	1	1,08,37,674	-	-
Employees other than BoD and KMP	704	33,62,443	134	28,59,387	-	-
Workmen	284	7,78,931	6	4,46,866	-	-

- b. Details of remuneration/salary/wages of differently abled:

	Male		Female		Other	
	Number	Average remuneration/ salary/ wages	Number	Average remuneration/ salary/ wages	Number	Average remuneration/ salary/ wages
Board of Directors	-	-	-	-	-	-
Key Managerial Personnel	-	-	-	-	-	-
Employees other than BoD and KMP	-	-	-	-	-	-
Workmen	-	-	-	-	-	-

2. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

The Company has an Ethics and Compliance committee, governed by comprehensive frameworks and processes to address grievances. This committee has oversight on Ethics, Compliance as well as 3M Code of Conduct. The Company works with a third party platform called NAVEX to record, monitor and address these issues.

## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

- Describe the internal mechanisms in place to redress grievances related to human rights issues.

We continue to use Ethics Points for any Human Rights issues at 3M. The Company’s Code of Conduct is based primarily on the Code of Conduct of the 3M Company, USA, which is followed by all the entities in the 3M Group worldwide. The Code of Conduct is expected to be adhered by other stakeholders including customers and vendors.

### Leadership Indicators

- Stakeholders groups covered by the grievance redressal mechanism for Human Rights issues:

S. No.	Name of Stakeholder Groups	Whether Vulnerable or Marginalized	Whether covered by grievance redressal mechanisms covered by Human Rights issues
1	Suppliers	No	Yes
2	Contingent workers	No	Yes
3	Communities we support through CSR	No	Yes
4	Customers	No	Yes

- Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints. Not Applicable

### PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

3M Company adopted its Corporate Environmental Policy in 1975 and will continue to demonstrate leadership through its commitment to environmental management and the principles of sustainable development. 3M’s Environmental Management System framework provides structure and consistency for implementing programs and puts the Company in a proactive mode regarding its environmental focus. The Company has extensive global systems in place to identify, track, and manage relevant information on corporate-wide EHS management and performance. This includes covering a full range of environmental compliance and operational performance metrics relevant to 3M operations.

3M has long been a leader in addressing both challenges and opportunities presented by climate change and energy conservation. The Company is committed to innovate to decarbonize industry, accelerate climate solutions, and improve our environmental footprint. This commitment is a part of the Science for Climate pillar of 3M Company’s our Strategic Sustainability Framework. As a science-based company, 3M uses the World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD) GHG Protocol Corporate Accounting and Reporting Standard to set GHG emission reduction targets. 3M’s commitment is to reduce Scope 1 and 2 market-based GHG emissions from our 2019 baseline by at least 50% by 2030, 80% by 2040, and be 100% carbon neutral in its operations by 2050. 3M has also committed to a 2025 goal to help its customers reduce their GHGs by 250 million tons of CO2 equivalent emissions through use of 3M products.

Water is an important raw material supporting the Company’s manufacturing processes. 3M’s Water Stewardship Standard outlines its commitment to water resources that secure social equity, economic growth, and environmental protection. Water resources include water intake, effluent water discharge, and rainwater. 3M’s commitment is to reduce global water usage by 10% by 2022, 20% by 2025, and 25% by 2030, indexed to sales. In addition, 3M has a goal to engage 100% of water-stressed/scarcely communities where 3M manufactures, on community-wide approaches to water management by 2025.

Since 2015, 3M’s goals include to reduce manufacturing waste by an additional 10%, indexed to sales, by 2025 and achieve zero landfill status at more than 30% of manufacturing sites by 2025.

While reducing waste is the first choice, other possibilities, such as reusing, recycling, and composting, can also fuel the circular economy by getting more out of our materials and allowing them to continue into their next life. That means increasing product and process optimization, on-site and offsite recycling, and composting - with a focus on recovery, reuse, and recycling.



## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

### Essential Indicators

#### 1. Details of energy and water consumption by the Company:

Parameter	SI Unit	Current Financial Year	Previous Financial Year
Energy consumed/turnover	KWH / Yr	1,36,30,876	1,17,40,870
Water consumed/turnover	CuM /Yr	71,302	59,635
% water consumed from recycled & harvested sources/Treated Water	%	12.1%	26%
% Water consumed from groundwater Sources	NA	Nil	Nil

#### 2. Air emissions and liquid discharges per unit of production for the 3 major facilities of the Company as reported to regulatory authorities:

	Current Financial Year					Previous Financial Year			
	UOM	Ahmedabad	Bengaluru	Ranjagaon	Total	Ahmedabad	Bengaluru	Ranjagaon	Total
SO <sub>x</sub> Limit (UOM)	mg/Nm <sup>3</sup>	100	100	100		100	100	100	
Actual Measured Value (UOM)	mg/Nm <sup>3</sup>	8.72	4	28.4	41.12	9.36	3.37	26.02	38.75
NO <sub>x</sub> Limit (UOM)	mg/Nm <sup>3</sup>	50	50	50		50	50	50	
Actual Measured Value (UOM)	mg/Nm <sup>3</sup>	9.34	24.9	45	79.24	10.24	28	44.7	82.94
TPM <sub>10</sub> (UOM) Limit	mg/Nm <sup>3</sup>	150	150	150		150	150	150	
Actual Measured Value (UOM)	mg/Nm <sup>3</sup>	65.25	29.5	22.6	117.35	67.93	22.36	25.9	116.19
VOC Permissible Limit (UOM): MA-PA-Phenol	mg/Nm <sup>3</sup>	NA	NA	20		NA	NA	20	
Actual Measured Value (UOM)	mg/Nm <sup>3</sup>	NA	NA	0	0	NA	NA	0	0
VOC Permissible Limit (UOM): EB-Styrene/Toluene/ Xylene, EG-PG	mg/Nm <sup>3</sup>	NA	NA	100		NA	NA	100	
Actual Measured Value (UOM)	mg/Nm <sup>3</sup>	NA	NA	1.87	1.87	NA	NA	2.16	2.16
VOC Permissible Limit (UOM): Non-Methane HC- Paraffin, Acetone, Olifins	mg/Nm <sup>3</sup>	NA	NA	150		NA	NA	150	
Actual Measured Value (UOM)	mg/Nm <sup>3</sup>	NA	NA	0	0	NA	NA	0	0

### Leadership Indicators

#### 1. What are the material environmental risks to the business identified and the mitigation measures adopted by the Company with regard to the following:

Environmental component	Risk(s) identified	Mitigation measures adopted
Land use	-	-
Emissions	-	-
Water	Water Scarcity, Water Sparse locations (Ranjangaon, Ahmedabad and Bengaluru)	Water Management Program and implementation plan
Energy		01) Propane to natural Gas 02) Increase % share of renewable energy
Biodiversity	-	-
Other		

## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

### 2. Percentage of renewable energy consumed to total energy consumed

	Current Financial Year	Previous Financial Year
% age of renewable energy consumed to total energy consumed	21.9%	15.4%

### 3. Provide details of solid waste management relating to the following aspects

	Current Financial Year	Previous Financial Year
%age of non-biodegradable waste to total waste generated	Same as Haz. Waste	Same as Haz. Waste
%age of recyclable waste to total waste generated	83%	81%
%age of hazardous waste to total waste generated	17%	19%

### 4. Briefly describe the solid waste management practices adopted in your establishments.

The Company follows 3M’s Waste Management Standard which applies to all 3M locations and provides a framework for managing all waste types from the time of generation until reused, recycled, treated or disposed. These standard sets a baseline for several core waste programme elements and encourages waste minimization and recycling whenever possible. Per the Standard, each location has to assign a Waste Management Coordinator who is responsible for ensuring that personnel receive applicable waste training. Compliance with all 3M and other regulated waste requirements is evaluated through the internal environmental auditing programme.

Efforts are made to reduce waste generation at source. Waste generated from non-working inventory, quality rejections and production processes is used as alternate fuel in the cement Industry. Waste from all plants is collectively sent for co-processing to cement kilns. This has helped the Company minimize the incineration process and enabling the Company to reduce its carbon footprint by 359 MT of CO2 in 2021.

#### **PRINCIPLE 7:** Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

The Company has established good relationships with various relevant Ministries through its Government Affairs department, which regularly interact with Government officials on regulatory and policy matters. The Company is often invited to provide input on policy drafts and amendments to represent the industry voice.

The Company is also a member of various trade associations and industry bodies in various capacities and regularly engages through committees by providing expertise and recommendations, creating awareness on the Company’s position.

During COVID, the Company also actively participated through special taskforces to drive collaborative effort of the industry to support the Government’s fight against COVID.

#### **Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations: 9
- b. List the top 5 trade and industry chambers/ associations you are a member of/are affiliated to, on the basis of no. of members

S. No.	Name of the trade and industry chambers/ associations	Scope of Entity
1	CII: Confederation of Indian Industries	National
2	AMCHAM: American Chamber of Commerce in India	National
3	NIPM: National Institute of Personnel Management	National
4	ELCITA: Electronic City Industrial Township Authority	Local
5	KEA: Karnataka Employer Association	State

## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

### **PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

3M Company is committed to improve lives and build sustainable communities through social investments and employee engagement around the world. The Company’s our ambition to create a more sustainable future through our people, products, solutions and science advocacy—advancing the UN Sustainable Development Goals and science for the greater good. Spanning the issues of poverty, inequality, climate change, environmental degradation, peace and justice, the SDGs ensure no one is left behind in the pursuit for a sustainable future. As a participant in the United Nations Global Compact, 3M supports the UN Global Compact’s 10 principles in the areas of human rights, labor, environment and anti-corruption.

In India, 3M’s CSR efforts are anchored on three pillars of impact – Education, Community and Environment. COVID was a recent addition as a focus area given the developments over 2020-2021. The Company works with multiple NGO partners to implement several interventions under these pillars.

#### **Education:**

3M India’s education interventions address a continuum of needs to support underprivileged children and enable young people to harness their potential for advancement. Interventions are at multiple levels – early child development and education, grants and supports to young scientists and social entrepreneurs, education of underprivileged girl students and infrastructure support to Government schools.

#### **Community:**

3M India’s community efforts are aimed at improving lives in communities around areas where the Company has a presence, with interventions ranging from skills development and promotion of public health and safety. 3M India’s response to community interventions during times of natural disasters also come under community pillar.

#### **Environment**

In line with 3M’s Global Sustainability Goals, 3M India has contributed to initiatives such as rainwater harvesting to address drinking water needs in rural homes and other water stressed areas. Other interventions include water conservation efforts around city lake development programs.

#### **COVID**

During the pandemic, the Company prioritized CSR contributions with greater focus on COVID related relief and rehabilitation initiatives, to support the Government’s fight against COVID. The Company also assessed the emerging and medium-term needs of the community identifying opportunities to lead support in areas of healthcare and education.

At the onset of the second wave, the Company collaborated with other corporates and industry bodies to support urgent action on equipping Government hospitals with ICU equipment and infrastructure. The support was also extended to pediatric ICU unit in preparation for future pandemic waves. With the Government’s approval of vaccines for the general public, the Company joined hands with various State Governments and local municipal corporations to support community vaccination drives in urban slum locations and rural districts. In addition, the Company initiated a project in Shirur Taluk, Pune to support rural primary healthcare centers with solar infrastructure to ensure uninterrupted power supply. The Company continued to build resilience within communities through healthcare and education initiatives. In some of the aspirational districts, the Company launched mobile health cans offering primary healthcare services in rural communities. The Company also provided digital learning aids to girl students in Government schools in Maharashtra to help them continue their education amidst school closures due to the pandemic.

#### **Essential Indicators**

1. Provide the following information on CSR projects undertaken by your Company. Describe the mechanism to receive and redress grievance of the community.

The Company has established relationships with multiple NGO partners with presence across locations who provide insights on emerging community issues and requests for support on specific challenges. Needs assessment activities are also conducted in partnership with NGO partners through dialogue with local Government authorities on issues around health and education. During COVID, the Company also participated in collaborative efforts with other organizations to quickly respond to the urgent needs of

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

communities. Voices from the community are also captured through planned project site visits which see active participation from employees. These visits provide exposure to the problems faced by communities on ground and also provide valuable feedback on the interventions implemented by the Company. These insights and reports are communicated on a periodic basis to the CSR committee and appropriate actions are undertaken to address issues.

2. Have the benefits derived of the various intellectual properties owned or acquired by your Company based on traditional knowledge been shared equitably? Not Applicable
3. List of adverse orders and case details of intellectual property rights disputes related to traditional knowledge during the FY. Not Applicable. As there were no adverse orders and case.

### Leadership Indicators

1. Provide the following information on CSR projects undertaken by your Company in designated aspirational districts as identified by government bodies:

Kindly refer detailed report on CSR activities annexed as "Annexure F".

2. Details of the benefits derived of the various intellectual properties owned or acquired by your Company based on traditional knowledge shared: None
3. Details of corrective actions taken in intellectual property related cases wherein usage of traditional knowledge is involved: None

### PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Whether it is technology, manufacturing, global capabilities or the 3M brand, the Company is committed to connecting its fundamental strengths to create value for its customers. The Company engages with customers by bringing its technology to them, along with deep domain of expertise and work alongside customers to solve problems.

Many of the Company's products are either specified (designed for the customer) or regulated (meeting specific performance and other requirements). 3M also works through multiple commerce channels, including distribution, direct, retail, and e-commerce. In every channel, the Company maintains a customer-first focus, so that we can be in a position to deliver value when, where, and how they want it. One way we deliver added value to our customers is through comprehensive training and education for many of the industries and markets we serve, including in health care and personal safety. In doing so, we can equip our customers not only with many of the products they need but also knowledge on best practices and applications of these solutions to help maximize their effective use. In addition, this work aligns with our efforts to advance UN Sustainable Development Goals (SDGs) focused on health care and economic growth.

The Company is also committed to support customers in meeting their environmental goals, by providing products and solutions with sustainability attributes. The Company's Sustainability Value Commitment (SVC) requires that 100% of products entering the new product commercialization process to include sustainability attributes that demonstrate how they will drive impact for the greater good. By embedding sustainability into our R&D process, our brands, and the mindset of our customers and suppliers, 3M continues to advance our commitment to improving our business, our planet, and every life.

### Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company follows a global process named Customer Issue Resolution (CIR), to address any issues with the Company's product portfolio. There are many customers who buy from multiple business groups and CIR provides a dedicated web-based system customer complaints are registered on the portal and processed for resolution. The portal captures documents, images etc., performs root cause analysis and ensures the resolution of any type of customer dissatisfaction in a timely and qualitative manner. This tool is integrated with Tableau to track complaint inflow rate and complaint case cycle time to maintain the highest standard of customer experience.

## ANNEXURE ‘C’ TO THE REPORT OF THE BOARD OF DIRECTORS

The Company also administers periodic feedback surveys through an independent service provider and concerns raised are addressed to resolution and communicated through a follow up mechanism to ensure customer satisfaction.

2. Products and services of your business carrying information about environmental and social parameters, Safe and responsible usage and recycling and safe disposal.

3M provides a TDS (Technical Data Sheet) and an MSDS (Material Safety Data Sheet) for each of its products which carries information on product usage, hazard status, storage conditions, shelf life, disposal methodology, etc.

% age of products and services carrying information	
Environmental and social parameters relevant to the product	100
Safe and responsible usage	100
Recycling and safe disposal	100
Not Applicable (Yes/No)	

3. Number of consumer complaints in respect of:

The Company uses a robust Customer Issue Resolution (CIR) process which allows our immediate customers to register and obtain resolution of their complaints. The Company tracks resolution of these complaints on a regular basis, including setting improvement targets. These complaints primarily pertain to transactional issues such as delivery errors, invoice errors, product quality related etc. For end-consumer complaints, the Company can be contacted in multiple ways, viz., our Toll Free Telephone Number 1-800-425-3030, or via e-mail at [3mcustomercontactcenter.in@mmm.com](mailto:3mcustomercontactcenter.in@mmm.com) or directly reach out to us at 3M India Customer Contact Center, 48-51 Electronic City, Hosur Road, Bengaluru, Karnataka -560100. Due to very limited complaints in the nature of non-transactional ones are received via these channels, the Company does not have a formal dashboard at this time.

	Current Financial Year			Previous Financial Year		
	At the Beginning of the year	Received during the year	Pending resolution at end of Year	At the beginning of the year	Received during the year	Pending resolution at end of year
Data privacy						
Advertising						
Delivery of essential Services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

### Leadership Indicators

1. Channels / platforms where information on products and services of the Company can be accessed (provide web link if applicable). [https://www.3mindia.in/3M/en\\_IN/company-in/](https://www.3mindia.in/3M/en_IN/company-in/)

On behalf of the Board of Directors

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Amit Laroya**  
Director  
DIN: 00098933

Place: Bengaluru  
Date: May 27, 2022



## ANNEXURE 'D' TO THE REPORT OF THE BOARD OF DIRECTORS

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

1. The number of permanent employees on the rolls of the Company.	1,132 permanent employees as at March 31, 2022
2. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22.	<p><b>Key Managerial Personnel:</b></p> <ol style="list-style-type: none"> <li>Mr. Ramesh Ramadurai, Managing Director = 19.54</li> <li>Ms. Mamta Gore, Whole-time Director and CFO (upto May 31, 2021) = 4.43</li> <li>Ms. Vidya Sarathy, CFO (from June 1, 2021) = 6.07</li> <li>Mr. V. Srinivasan, Company Secretary = 2.87</li> </ol> <p><b>Independent Directors:</b></p> <ol style="list-style-type: none"> <li>Mr. Bharat Shah = 1.66</li> <li>Mr. Biren Gabhawala = 1.58</li> <li>Ms. Radhika Rajan = 1.45</li> </ol> <p>Median remuneration of employees = Rs.17,85,396 /- for the financial year 2021-22</p> <p>Note: The expression Median means the numerical value separating the higher half of a population from the lower half and the median of a fine list of numbers may be found by arranging all the observations from the lowest value to highest value and picking the middle one and if there is an even number of observations, the median shall be the average of the two middle values.</p>
3. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2021-22.	<p>Managing Director (Mr. Ramesh Ramadurai) = Nil</p> <p>Whole-time Director and CFO (Ms. Mamta Gore) = Nil</p> <p>Chief Finance Officer (Ms. Vidya Sarathy) = Nil</p> <p>Company Secretary (Mr. V. Srinivasan) = 1.8%</p>
4. The percentage increase in the median remuneration of employees in the financial year 2021-22.	4.2%
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year (2020-21) and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>FY 2020-21 = 7.9%</p> <p>FY 2021-22 = 4.2%</p> <p>Average increase in the remuneration of the employees other than the Managerial Personnel and that of the Managerial Personnel is in line with the Industry practice and is within the normal range.</p>
6. Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

On behalf of the Board of Directors

Place: Bengaluru  
Date: May 27, 2022

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Amit Laroya**  
Director  
DIN: 00098933

# ANNEXURE 'E' TO THE REPORT OF THE BOARD OF DIRECTORS

## FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014).

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

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

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

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

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

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

## ANNEXURE 'E' TO THE REPORT OF THE BOARD OF DIRECTORS

(Rs. in Crores)

Sl. No.	Nature of Transactions	Actual value of transactions for the Financial Year 2021-22 (Standalone)
1.	Income from Contract Research	16.11
2.	Sale of Goods	23.89
3.	Re-charge of expenses received	53.15
<b>Total</b>		<b>93.15</b>
1.	Purchases of Materials	1,116.91
2.	Royalty	44.48
3.	Re-charge of expenses paid	1.55
4.	Corporate Management Fee	119.04
<b>Total</b>		<b>1,281.98</b>

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

- (e) Date(s) of approval by the Audit Committee: Omnibus approval for the estimated value of the transactions for the year 2021-2022 was obtained at the Meeting held on May 28, 2020 and review of the actual transactions versus the estimated at the Meetings held on August 12, 2021, November 12, 2021, February 3, 2022 and May 27, 2022.
- (f) Amount paid as advances, if any: **Nil**

*On behalf of the Board of Directors*

Place: Bengaluru  
Date: May 27, 2022

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Amit Laroya**  
Director  
DIN: 00098933

# ANNEXURE ‘F’ TO THE REPORT OF THE BOARD OF DIRECTORS

## ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to the Companies (Corporate Social Responsibility) Rules, 2014)

### 1. A brief outline on CSR Policy and objectives of the Company:

3M improves lives and builds sustainable communities through social investments and employee engagement. In India, 3M’s CSR efforts are anchored on three pillars of impact – Education, Community and Environment. COVID was a recent addition to the Company’s focus areas due to the pandemic during financial year 2020-21 and 2021-22. The Company implements its CSR interventions under these pillars through partnerships with multiple NGO partners.

#### *Education:*

3M India’s education interventions address a continuum of needs to support underprivileged children and young people to harness their potential for advancement. Interventions are at multiple levels:

A national program supporting the development and school readiness of children under the age of 6 years in Government Anganwadis, an after-school program to encourage rural underprivileged girl children with additional support through digital learning aids, encouraging young scientists, social innovators and entrepreneurs with grants, mentorship and networking opportunities to further innovation.

#### *Community:*

3M India’s community efforts are aimed at improving lives in communities around areas where the Company has a presence, with interventions ranging from skills development and promotion of public health and safety. 3M India’s response to community interventions during times of natural disasters also come under the community initiatives.

#### *Environment:*

In line with 3M’s corporate sustainability goals, 3M India has contributed to initiatives such as rainwater harvesting to address drinking water needs in rural homes and support agriculture. Other interventions include water conservation efforts around city lake development programs.

#### *Covid:*

During the COVID outbreak, 3M prioritized CSR contributions with greater focus on COVID related relief and support initiatives, and programs to support the Government’s fight against COVID like community vaccinations.

#### *Objectives:*

- To engage in outcome-based corporate social responsibility programs that will impact and enrich the communities around the Company’s areas of operation.
- To engage 3M India employees to contribute to the Company’s corporate social responsibility initiatives.

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

- Mr. Bharat D Shah, (Independent Director): Chairman
- Mr. Ramesh Ramadurai, (Managing Director): Member
- Ms. Radhika Rajan, (Independent Director): Member
- Ms. Mamta Janak Gore, (Director): Member

### 3. Attendance details of Corporate Social Responsibility Committee Meetings (all Meetings held through VC):

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Bharat D Shah	2	2
Ms. Radhika Rajan	2	2
Mr. Ramesh Ramadurai	2	2
Ms. Mamta Janak Gore	2	2

## ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

4. **Weblink where CSR policy, Composition of Committee and Projects approved by the Board are displayed:**  
CSR policy is been displayed at: [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/).
5. **Details of impact assessment of CSR projects carried out, if any:**  
Company has been conducting internal impact assessments to monitor and evaluate its strategic CSR programmes. The Company takes cognizance of sub-rule (3) of rule 8 of the Companies CSR Policy Rules 2014 and shall initiate steps to conduct impact assessment of CSR projects through an independent agency from the financial year 2022-23, for the applicable projects.
6. **Amount available for set off for the financial year:** NA
7. **Average Net Profit of the Company for last three financial years:** Rs. 34,010.10 Lakhs
8. **Prescribed CSR Expenditure (two per cent (2%) of the amount as in item 7 above) :** Rs. 680.20 Lakhs
9. **Surplus arising out of the CSR Projects/programmes/activities:** NA
10. **Amount required to be set off for the financial year:** NA
11. **Details of CSR spent during the financial year 2021-22:** Rs. 683.62 Lakhs
12. **Amount unspent, if any :** NA
13. **Transferred to unspent CSR account for projects/programmes/activities:** NA
14. **Transferred to any fund specified under schedule VII:** Nil
15. **Details of CSR amount spent against ongoing projects for the financial year:**

1	2	3	4	5	6	7	8	9	10	11	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project	Project duration.	Amount allocated for the project (Rs.).	Amount spent in the current financial Year (Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration No
1	<b>Project Nanhi Kali Girl Child Education</b>	(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Maharashtra: Ambegaon, Pune.	4 years (FY 18-19 FY 19-20 FY 20-21 FY 21-22)	3,83,77,524	50,87,414	NIL	No	K.C. Mahindra Trust	CSR00000511
2.	<b>Smile on Wheels Mobile Health Clinic Intervention in aspirational districts</b>	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation [including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Uttar Pradesh: Siddharth Nagar, Assam: Goalpara Odisha: Belangir Maharashtra: Ranjangaon, Pune	3 years & 3 months (FY 20-21 FY 21-22 FY 22-23 FY 23-24)	4,85,27,262	55,00,000	NIL	No	Smile Foundation	CSR00001634



## ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

3.	<b>Medical Equipment to Sri Shankara Cancer Foundation Hospital</b>	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Karnataka: Bengaluru	2 years (FY 20-21, FY 21-22)	1,38,74,688	21,40,548	NIL	No	United Way of Bengaluru	CSR00000324
4	<b>School Readiness Project (Born Learning for additional centers at multiple locations)</b>	(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Karnataka: Bengaluru  West Bengal: Kolkata  Maharashtra: Mumbai	3 years (FY 19-20 FY 20-21 FY 21-22)	2,79,74,979	66,98,847	NIL	No	United Way of Bengaluru	CSR00000324
<b>Total</b>						<b>12,87,54,453</b>	<b>1,94,26,809</b>				

### 16. Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project (State District)	Amount allocated for the project (Rs.).	Amount spent in the current financial Year (Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
								Name	CSR Registration No
1	<b>ICU Augmentation Programs</b>	(xii) disaster management, including relief, rehabilitation and reconstruction activities	Yes	Karnataka: Bengaluru	55,86,000	55,86,000	No	United Way of Bengaluru	CSR00000324
2.	<b>3M-CII Young Innovators Challenge Awards Program 2021</b>	(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Pan India	35,74,725	35,74,725	No	United Way of Bengaluru	CSR00000324
3.	<b>Community Vaccination Programs</b>	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation <sup>4</sup> [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Pune, Nashik, Ahmednagar  Maharashtra  Bengaluru, Karnataka  Nagapatinam, Madurai, Tamil Nadu	2,69,43,630	2,69,43,630	No	United Way of Bengaluru	CSR00000324
4	<b>Solar Powered Rural PHC Program</b>	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation <sup>4</sup> [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.		Ranjangaon, Pune, Maharashtra	64,10,685	64,10,685	No	Selco Foundation	CSR00002487
5	<b>CSR Management, Monitoring &amp; Evaluation</b>	-	Yes	-	31,12,250	31,12,250	Direct	Nextgen Management	NA

## ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

6	<b>Community Vaccination Bengaluru</b> <b>(3M direct program)</b>	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation <sup>4</sup> [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Bengaluru, Karnataka	15,02,181	15,02,181	Direct	Direct	NA
7	<b>YCARS Online Pilot</b>	ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Bengaluru, Karnataka	18,06,000	18,06,000	No	United Way of Bengaluru	CSR0000324
<b>Total</b>					<b>4,89,35,471</b>	<b>4,89,35,471</b>			

17. Amount spent in Administrative Overheads: NA

18. Amount spent on Impact Assessment, if applicable: NA

19. Total amount spent for the financial year: Rs. 683.62 Lakhs

20. Excess amount for set off, if any: NA

21. Details of Unspent CSR amount for the preceding three financial years: NA

Sl no.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (Rs.)	Amount spent in the reporting Financial Year (Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (Rs.)
				Name of the Fund	Amount (Rs.)	Date of Transfer	

22. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project Duration	Total amount allocated for the project (Rs.)	Amount spent on the project in the reporting Financial Year (Rs.)	Cumulative amount spent at the end of reporting Financial Year (Rs.)	Status of the project – completed/ ongoing
1	NA	Born Learning Year 3 for additional centers at Multiple Locations – Bengaluru Rural (Jigani), Bengaluru Urban (SR Nagar, Kolkata, Mumbai)	FY 18-19	3 years	2,79,74,979	66,98,847	-	Completed
2	NA	Project Nanhi Kali Girl Child Education (Ambegaon, Pune)	FY 18-19	4 years	3,83,77,524	50,87,414	-	Ongoing
3	NA	Smile on Wheels Mobile Health Clinic Intervention in aspirational districts	FY 20-21	3 years	4,85,27,262	55,00,000		Ongoing
<b>Total</b>					<b>11,48,79,765</b>	<b>1,72,86,261</b>		

23. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NA

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). NA

## ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

- (b) Amount of CSR spent for creation or acquisition of capital asset. NA
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA

**24. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). NA**

**Name and CSR registration no. of implementing agency for undertaking CSR activities:**

Sl. No	Name	CSR Registration No.
1	Smile Foundation	CSR00001634
2	Selco Foundation	CSR00002487
3	United Way of Bengaluru	CSR00000324
4	K C Mahindra Education Trust	CSR00000511

*On behalf of the Board of Directors*

**Ramesh Ramadurai**

*Managing Director*

DIN: 07109252

Place : Bengaluru

Date : May 27, 2022

**Bharat D. Shah**

*Chairman, CSR Committee*

DIN: 00136969

Place : London

Date : May 27, 2022

**Amit Laroya**

*Director*

DIN: 00098933

Place : Bengaluru

Date : May 27, 2022

# ANNEXURE 'G' TO THE REPORT OF THE BOARD OF DIRECTORS

Information as per Section 197(12) of the Companies Act, 2013, read with the Rule 5(1)(2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Report of the Directors for the Year Ended March 31, 2022.

Sl. No.	Name	Age Yrs	Designation	Remuneration Rs. (Gross)	Educational Qualifications	Date of joining	Date of leaving	Previous employment and designation
1	2	3	4	5	6	7	8	9
A: Top ten (10) employees in terms of remuneration drawn during the year:								
1	Dr. Kris Sridhar	64	Head-Technical	4,72,77,519	Ph.D.	1-May-17		3M Company, USA - R & D
2	Mr. Ramesh Ramadurai	60	Managing Director	3,48,83,442	IIT-Chemical Engineering, IIM-PG Diploma in Marketing	1-Jun-19		3M China, Business Director - Asia & GCA
3	Mr. Rajiv Gupta	51	Head-Health Care Business	1,82,64,318	BE (Mechanical), MBA	14-Apr-97		JCB India Limited, Sales Manager
4	Mr. Ashutosh Shirodkar	51	Head-Safety & Industrial Business	1,56,11,807	Diploma in Chemical Technology	1-Nov-20		3M Indonesia, Country Sales Leader - SIBG
5	Ms. Priya Menon	49	General Counsel	1,35,33,394	BA LLB (Hons)	3-Aug-20		Wework India Pvt Ltd - General Counsel
6	Mr. Abhijeet Saungkar	58	Head India & SEA Region Application Engineer - Automotive aftermarket Division	1,29,01,537	B.Tech, PGD in Marketing	23-Dec-92		Cravatex Ltd, Production Supervisor
7	Mr. Pawan Kumar Singh	52	Head-Transportation & Electronics	1,14,96,910	B.Tech, M.Plan, MBA	05-Sep-05		CMS Traffic Systems Ltd, Regional Manager-North.
8	Mr. Debasish Gupta	56	Regional/Divisional Sales- Safety and Industrial Business	1,07,19,613	Bachelor of Engineering	1-Sep-17		3M Kenya Limited, Director & General Manager
9	Ms. Radhika Anne	47	Divisional Sales Manager-Medical Solutions Division	1,06,46,333	BE-ECE, Osmania university; PGDCM- IIMC	01-Apr-03		Johnson & Johnson Ltd, Product Manager- Mktg
10	Mr. Girish Appu	49	Head Manufacturing Operation	1,03,75,214	BE (Mechanical), PGDM (IIMK)- specialization in Operations & Finance	30-Dec-09		Motorola India Ltd, Manufacturing & Lean Leader
B: Other employees drawing a remuneration of not less than Rs. 1.02 Crores p.a. and employed throughout the year other than A								
1	Mr. Milind Joglekar	51	Head Taxation	1,02,01,654	BCom, ACMA, DFM.	16-Jun-14		Lenovo India Pvt Ltd, Head Taxation India Region
C: Employees drawing a remuneration of not less than Rs. 8.50 Lakhs p.m. and employed for part of the year other than A & B								
1	Ms. Vidya Sarathy	56	CFO (w.e.f June 1, 2021)	1,08,37,674	Bsc, FCA, FCS, CMA (Inter), Dipl in IFRS from ACCA (UK)	29-Apr-21		Sud-Chemie India Pvt Ltd, Clairiant Group USA, CFO and Company Secretary
2	Ms. Mamta Gore	57	Whole-time Director & CFO	79,14,456	CA, Retail Management from IIM	1-Mar-18	31-May-21	3M Gulf, Finance Manager
3	Ms. Shreya Bhagwanth	46	Head - Asia Total Rewards and Services	47,96,456	BA (Economics), Post Graduate Diploma in PM & IR	17-Sep-18		Siemens Ltd, HR Business Partner - Corporate Function
4	Mr. Mohan Begur Vasanthakumar	62	Lean Six Sigma	17,74,031	BE Mechanical, MBA, ICWA Inter	01-Jan-13	31-May-21	3M Singapore, Lean Six Sigma

## Notes

- Remuneration includes salary, bonus, allowances, o's contribution to superannuation funds, medical reimbursements, leave travel assistance, 3M US Stock option payments, excludes contribution to provident funds and value of perquisites as per Income Tax Rules.
- No one listed above is related to any of the Directors of the Company and all the above appointments are/were on contractual basis.
- Other terms and conditions are as per rules of the Company and, where required, according to sanctions from the Government.
- Employees whose remuneration cost cross-charged/reimbursed by another 3M group entity are not considered in the above list.
- None of the above employees holds shares of the Company except Ms. Shreya Bhagwanth, Head- Human Resources, who holds 4 shares of the Company.

On behalf of the Board of Directors

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Amit Laroya**  
Director  
DIN: 00098933

Place: Bengaluru  
Date: May 27, 2022

## ANNEXURE 'H' TO THE REPORT OF THE BOARD OF DIRECTORS

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

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

#### CONSERVATION OF ENERGY

Your Company is committed to continually improving energy efficiency, leveraging engineering expertise, driving site level improvements, supporting Company sustainability priorities and protecting 3M's reputation.

Several actions and initiatives were undertaken to drive energy efficiency in all its manufacturing operations.

#### HVAC

- ❖ A campaign was run to optimize the HVAC (Heating, Ventilation and Air Conditioning) usage including maintaining the comfort room air conditioning at a default 24 deg C.
- ❖ Cleaning the fins of chiller condensers with advanced chemicals to improve heat transfer and save on electrical energy consumption.
- ❖ Air balancing of Air Handling Units (AHU) to optimise operations and save energy.
- ❖ Switching off the chiller and running on only AHUs at non- critical areas during nighttime to take advantage of reduced temperature.

#### Compressed Air

- ❖ Cooling the air intake of the air compressor to save on electricity consumption. Curbing the compressed air leakage through compressed air audits.
- ❖ Installation of variable frequency drive air compressors.
- ❖ Reducing the pressure setting of air compressor by 0.5 bar, post reducing the line leakages, to reduce electricity consumption.

#### Lighting

- ❖ Lighting automation introduced at warehouses to auto switch ON-OFF.
- ❖ Replacement of conventional lights with LED lights.

#### Ovens

- ❖ Optimization of the oven temperature to improve specific fuel consumption.
- ❖ Optimization of the exhaust of driers and addition of energy efficient blower.
- ❖ Replacement of propane gas with natural gas for ovens.

#### Renewable Energy

- ❖ Continued initiatives with respect to onsite roof top solar installation and offsite solar power purchase through open access route to increase our renewable energy share.

### TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

#### A. Research & Development

1. Specific areas in which Research & Development were carried out by the Company.	<i>Safety &amp; Industrial Business:</i> <ul style="list-style-type: none"><li>❖ New product range of structural adhesive, acrylics with superior elongation properties introduced in India.</li><li>❖ Launch of 3M™ Ceramic Coating – A high performing Ceramic Coating was introduced in the Indian market, which provides long lasting gloss and hydrophobicity to car surfaces, like painted panels and glass.</li><li>❖ Launch of 3M™ Performance Spray Gun – Dubbed the lightest spray gun in the world, the product provides 360-degree coverage, easy clean up, and faster cycle time improving productivity. This product is targeted at body repair applications in Auto Aftermarkets and industrial markets spray applications.</li><li>❖ 3M™ Abrasives solutions for robotic sanding and band finishing of mobile phone frames for electronics customers.</li></ul>
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## ANNEXURE ‘H’ TO THE REPORT OF THE BOARD OF DIRECTORS

		<p><i>Transportation &amp; Electronics Business:</i></p> <ul style="list-style-type: none"> <li>❖ Launched 3M™ Instant Microbe Removing Wipes which help quickly remove 99.9% of microbes from hard, nonporous surfaces, including viruses such as SARS-CoV-2 (COVID-19), bacteria and spores, without using any chemicals.</li> <li>❖ Spec-in of 3M™ Glass Bubble grades in Composites application for renowned space center.</li> <li>❖ Played a pivotal role in supporting India auto manufacturers transition to the Bharat Stage 6 auto emission norms with solutions like Interam™ and catalyst support mats.</li> <li>❖ In 2021, the Company set up a dedicated Emissions Solutions application engineering lab at the Bengaluru R&amp;D Center. This lab will have the capability to test vehicle emission applications for catalyst support mats for Bharat Stage 6 &amp; 6.2 norms. This lab will also be relevant to the Indian Auto OEMs (Original Equipment Manufacturer) implementing indigenous powertrain &amp; after treatment design.</li> <li>❖ Introduced the new MuPhony 1.0 product line to meet the auto industry’s push towards light weighted vehicle noise management solutions. The Company has also developed the next version, MuPhony 2.0 was also developed which addresses emerging vehicle NVH (noise, vibration and harshness) needs.</li> <li>❖ Introduced 3M™ Exterior and Interior Trim films which address the aesthetic needs of the automotive market. These solutions are environmentally friendly and eliminate the need for chrome plating, helping designers choose from a wide variety of appearances.</li> <li>❖ 3M™ pavement marking solutions (3M™ Raised Pavement Markers, 3M™ Stamark™ pavement marking tape etc.) were introduced to enhance road safety for black spot applications across various states.</li> </ul> <p><i>Health Care Business:</i></p> <ul style="list-style-type: none"> <li>❖ Introduced the new mini auto reader which helps reduce the cycle time for sterilization validation for customers.</li> <li>❖ A patent was acquired for surgical instrument cleaning solution formulations.</li> </ul> <p><i>Consumer Business:</i></p> <ul style="list-style-type: none"> <li>❖ Launched 3M™ 9513 Respirator - KN95 with comfortable 3D Design &amp; 3M™ Advanced Electrostatic Media certified to filter up to 95% airborne particulates and allergens.</li> <li>❖ Launched Meguiar’s range of products for DIFM (Do-It-For-Me – Service Center mode ) and DIY (Do It Yourself) segment.</li> <li>❖ Scotch Brite™ Toilet Bowl &amp; Rim brush with Caddy was introduced for the Indian market.</li> </ul>
2.	Benefits derived as a result of the above Research & Development	<ul style="list-style-type: none"> <li>❖ New products and applications were developed to meet Indian customer requirements based on insights gathered from the market.</li> <li>❖ Provided cost effective solutions to our customers and end users.</li> <li>❖ Enabled business growth through customised solutions for Indian customers.</li> </ul>

## ANNEXURE ‘H’ TO THE REPORT OF THE BOARD OF DIRECTORS

3.	Future plan of action	<ul style="list-style-type: none"> <li>❖ Considering the increased demand and need from industrial customers in India towards Robotics and Automation, the Company will be setting up a dedicated Customer technical center (CTC) to develop proof of concepts and processes to solve manufacturing needs.</li> <li>❖ Development of products specific to the Indian market, especially in the areas of Vehicular emissions, adhesives and tapes, abrasive products for industrial and consumer markets.</li> <li>❖ Build capabilities in technology and product development to serve the needs of Indian customers.</li> <li>❖ Investments to enhance lab capabilities to support new products &amp; applications development for road safety for the Indian market.</li> </ul>
4.	<b>Expenditure on Research &amp; Development: (Rs. in Lakhs)</b> <ul style="list-style-type: none"> <li>a) Capital: 398.30</li> <li>b) Revenue: 4,240.02</li> <li>c) Total: 4,638.31</li> <li>d) Total Research &amp; Development expenditure as a percentage of total turnover: 1.51%</li> </ul>	

### B. Technology absorption, adaptation and innovation

#### 1. *Efforts Made:*

Your Company’s technical team has been continuously working on the adoption and modification of specific parent company products for local market requirements and redesigning these products to create new market opportunities in India. Technology development capabilities relevant to the local market requirements are being developed at the R&D center to support long term growth. Internal practices and procedures are in place for adoption of new technologies from the parent company in financial year 2021-22. A virtual symposium on sustainability was conducted for customers with the support of the parent sustainability organisation to provide awareness to customers in India on the Company’s sustainability priorities, goals, and initiatives.

#### 2. *Benefits Derived:*

New products have been introduced in all the four business segments. Several products launched were developed with technical knowledge and expertise in the India laboratory while leveraging the global knowledge base. To create intellectual property protection for the Company several local and global patents were filed from technologies developed in India. The focus on local market innovation also led to the creation of unique technical skills and laboratory capabilities relevant to the market.

#### 3. *Technology Imported in the Last 5 years:*

Technologies and knowhow from the parent company include those in the areas of pressure sensitive adhesives and coatings, corrosion protection coatings, automotive products, retro reflective technology, infection prevention for healthcare, and nonwovens for consumer, industrial and safety needs. No technology was imported from other companies other than from the 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. 4,448.16 Lakhs for the financial year 2021-22 (PY: Rs. 2,969.87 Lakhs).

## ANNEXURE 'H' TO THE REPORT OF THE BOARD OF DIRECTORS

### FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

The Company had entered into a contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for carrying out contract research activities. During the period under review, Company received an amount of **Rs. 1,610.75 Lakhs** (PY: Rs. 1,345.01 Lakhs) for contract research and **Rs. 4,649.75 Lakhs** (PY: Rs. 2,092.42 Lakhs) for Support Services / Corporate Management Fees.

2. *Foreign Exchange Earnings and Outgo:*

During the period under review, Foreign Exchange Earnings were **Rs. 9,314.92 Lakhs** (PY: Rs. 9,103.07 Lakhs) and Foreign Exchange Outgo was **Rs.139,518.16 Lakhs** (PY: Rs. 117,007.88 Lakhs).

*On behalf of the Board of Directors*

Place: Bengaluru  
Date: May 27, 2022

**Ramesh Ramadurai**  
*Managing Director*  
DIN: 07109252

**Amit Laroya**  
*Director*  
DIN: 00098933

# ANNEXURE 'I' TO THE REPORT OF THE BOARD OF DIRECTORS

## FORM No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2022

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

To

The Members  
3M India Limited

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

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by 3M India Limited for the financial year ended on 31.03.2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - (h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
  - (j) Circulars/Guidelines issued thereunder;
- (vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.

## ANNEXURE 'I' TO THE REPORT OF THE BOARD OF DIRECTORS

(vii) The other general laws as may be applicable to the Company including the following:

### (1) Employer/Employee Related Laws & Rules:

- The Factories Act, 1948
- The Employees State Insurance Act, 1948
- The Employees Provident Funds & Miscellaneous Provisions Act, 1952
- Contract Labour (Regulation and Abolition) Act, 1970
- The Minimum Wages Act, 1948
- The Payment of Wages Act, 1936
- The Payment of Gratuity Act, 1972
- The Payment of Bonus Act, 1965
- The Maternity Benefit Act, 1961
- The Equal Remuneration Act, 1976
- The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
- The Karnataka Labour Welfare Fund Act, 1965
- The Apprentices Act, 1961
- The Industrial Employment Standing Orders Act, 1946
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013
- The Karnataka Industrial Establishments (National & Festival) Holidays Act, 1963
- The Karnataka Public Safety (Measures) Enforcement Act, 2017
- Karnataka Shops & Commercial Establishment Act, 1961

### (2) Environment Related Acts & Rules:

- The Environment Protection Act, 1986
- The Water (Prevention & Control of Pollution) Act, 1974
- The Air (Prevention & Control of Pollution) Act, 1981
- Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

### (3) Economic/Commercial Laws & Rules:

- The Competition Act, 2002
- The Indian Contract Act, 1872
- The Sales of Goods Act, 1930
- The Forward Contracts (Regulation) Act, 1952
- The Indian Stamp Act, 1899
- The Transfer of Property Act, 1882
- The Patents Act, 1970
- The Trade Marks Act, 1999
- The Explosives Act, 1884
- Legal Metrology Act, 2009

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

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.



## ANNEXURE 'I' TO THE REPORT OF THE BOARD OF DIRECTORS

Further, I report that as per the details and documents provided before me, the Company has installed the Structured Digital Database (SDD) in software format with the required details as prescribed in Regulation 3(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 during the year 2021-22, and represented that there is a robust prevailing system for tracking of sharing the Un-published Price Sensitive Information (UPSI).

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013 and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

Place : Bengaluru  
Date : May 27, 2022

**Parameshwar G Bhat**  
Practising Company Secretary  
FCS : 8860 CP:11004  
UDIN: F008860D000411867

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

### 'Annexure'

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

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

Place : Bengaluru  
Date : May 27, 2022

**Parameshwar G Bhat**  
Practising Company Secretary  
FCS : 8860 CP:11004

## ANNEXURE ‘J’ TO THE REPORT OF THE BOARD OF DIRECTORS

### SECRETARIAL COMPLIANCE REPORT OF 3M INDIA LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

I, Vijayakrishna KT, Practising Company Secretary have examined all the documents and records made available to us and explanation provided by 3M INDIA LIMITED having CIN: L31300KA1987PLC013543 and having its Registered Office at Plot No. 48-51, Electronic City, Hosur Road, Bengaluru – 560 100 (“the listed entity”), the filings/submissions made by the listed entity to the Stock Exchanges, website of the listed entity and other document/filing and as may be relevant, which has been relied upon to make this certification for the Financial Year ended 31<sup>st</sup> March, 2022 (“1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022”) in respect of compliance with the provisions of :

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

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

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and,
- Circulars/Guidelines issued there under;

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

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

Sl. No.	Compliance Requirement (Regulations/Circulars/ Guidelines including specific clause	Deviations	Observations/Remarks of the Practising Company Secretary
NIL			

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

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

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

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

**Vijayakrishna KT**  
Practising Company Secretary  
FCS : 1788 CP: 980  
UDIN: F001788D000404817

Place : Bengaluru  
Date : May 27, 2022

# ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

## DIVIDEND DISTRIBUTION POLICY

### 1. Preamble

- 1.1. 3M India Limited (the **Company**) has formulated this Dividend Distribution Policy (this **Policy**) as required by regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the **Listing Regulations**).
- 1.2. This Policy has been approved by the Board of Directors (**Board**) of the Company at its Meeting held on **February 9, 2017**. This Policy may be reviewed by the Board from time to time. This Policy and all amendments thereto will be updated on the Company's website ([www.3m.com/in](http://www.3m.com/in)) and in the Company's Annual Report.

### 2. Policy

- 2.1. The Board shall consider appropriate financial and other parameters, as well as relevant internal and external factors, when determining the quantum, if any, of dividend to be paid out by the Company, which may include, but shall not be restricted to, all or some of the following as the Board in its discretion considers relevant:
  - (a) Revenues and net profits for the relevant financial year and future outlook;
  - (b) Possible current and future cash flow requirements;
  - (c) Liquidity needs including working capital requirements;
  - (d) Capital expenditure plans and requirements, including for expansion, modernization and upgradation of existing operations and infrastructure;
  - (e) Market expansion plans;
  - (f) Product expansion plans;
  - (g) Expenditure on research and development;
  - (h) Possible organic and inorganic growth opportunities, and other usage of cash;
  - (i) Leverage levels;
  - (j) Any restrictions and covenants in agreements with debenture-holders, lenders and others;
  - (k) Comparative tax efficiency of dividend distribution;
  - (l) Provisions for unforeseen events and contingencies;
  - (m) Strategic priorities and objectives;
  - (n) Macroeconomic conditions, local and international; and
  - (o) Any other methods of delivering value to shareholders.
- 2.2. When deliberating on the recommendation of dividend, the Board will seek to balance the benefit to shareholders of the Company with the comparative advantages of retaining profits in the Company which would lead to greater value creation for all stakeholders.
- 2.3. In the event that the Board proposes to recommend dividend on the basis of parameters and factors in addition to those stated in clause 2.1 and 2.2 above, or to change any of the relevant parameters and factors, the changes along with the rationale for the same shall be disclosed in the Company's annual report and on the Company's website ([www.3m.com/in](http://www.3m.com/in)).
- 2.4. Recommendation and declaration of dividend, if any, would be in accordance with the Listing Regulations and the Companies Act, 2013 read with the Rules issued there under.
- 2.5. The shareholders of the Company may expect dividend when the Board, on a consideration of such parameters and factors as it considers relevant, is of the view that it would be in the best interests of the Company and its shareholders as a whole to recommend dividend, and the shareholders approve such dividend at the Annual General Meeting. The Board may not recommend dividend where the future outlook, possible future cash flow requirements, growth opportunities, capital expenditure, macroeconomic conditions or other factors, including as mentioned in clause 2.1 above, in the opinion of the Board, do not warrant recommending any dividend.
- 2.6. The Board's recommendation of dividend would be in the discretion of the Board. Any declaration of dividend pursuant to the Board's recommendation would be subject to the approval of the shareholders at the Annual General Meeting as required by the Companies Act, 2013.
- 2.7. The Board intends that retained earnings, if any, of the Company shall be used in furtherance of the business objectives and operations of the Company.
- 2.8. The Company presently has only one class of shares, being equity shares of face value of INR 10 each.

# ANNEXURE 'L' TO THE REPORT OF THE BOARD OF DIRECTORS

## Details of Subsidiaries, Associates and Joint Ventures

### Form AOC 1

[Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

#### Statement containing as on March 31, 2022 salient features of the Financial Statement of Subsidiaries/ Associate Companies/Joint Ventures

##### PART A: Subsidiaries

(Rs. in Lakhs)

Name of the Subsidiary	Financial year ended	Currency	Closing exchange rate	Average exchange rate	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities
3M Electro & Communication India Private Limited*	March 31, 2022	INR	1	-	50.00	19,909.16	25,630.50	25,630.50

(Rs. in Lakhs)

Investments	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend	% of share holding	Country
Nil	26,313.50	782.21	202.61	579.60	Nil	100	India

Note: \* became a subsidiary with effect from December 27, 2018

##### Part B: Associates and Joint Ventures

Nil

On behalf of the Board of Directors

Place: Bengaluru  
Date: May 27, 2022

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Amit Laroya**  
Director  
DIN: 00098933

# INDEPENDENT AUDITORS' REPORT

**To the Members of 3M India Limited**

**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the standalone financial statements of 3M India Limited (the "Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Description of Key Audit Matter

#### Revenue Recognition

See note 3(h) and 19 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The products of the Company are mainly sold through distributors, modern trade and direct sale channels amongst others. Revenue from sale of goods is recognised when control of the product is transferred to the customer i.e. on delivery to customer. The Company tracks proof of delivery and reverses the value of goods not delivered by the balance sheet date.</p> <p>We identified revenue recognition as a key audit matter given it is a key performance indicator of the Company. Pressure to achieve targets, earning expectations or incentive schemes linked to performance could create an incentive for revenue to be overstated or recognised before control has been transferred.</p>	<p>To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>● Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.</li> <li>● Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis.</li> <li>● Tested the design, implementation and operating effectiveness of the Company's general IT controls and key application controls over the Company's IT systems which govern revenue recognition in the general ledger accounting system.</li> <li>● Performed substantive testing of selected samples of revenue transactions, recorded during the year by testing the underlying documents.</li> <li>● Analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.</li> <li>● Independent confirmation on a sample basis of customer balances at the balance sheet date.</li> <li>● Obtaining supporting documentation, on a sample basis for sales transactions recorded near to balance sheet date to determine whether revenue was recognised in the correct period.</li> <li>● Tested, on a sample basis, manual journal entries relating to revenues to identify and inquire on unusual items, if any.</li> </ul>



## INDEPENDENT AUDITORS' REPORT

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

## INDEPENDENT AUDITORS' REPORT

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 15, 34 and 36 to the standalone financial statements.

## INDEPENDENT AUDITORS' REPORT

- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in note 43 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 43 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The Company has neither declared nor paid any dividend during the year.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

*for B S R & Co. LLP*  
*Chartered Accountants*  
Firm Registration No: 101248W/W-100022

**Vikash Gupta**  
*Partner*  
Membership Number: 064597  
UDIN: 22064597AJSPPS1347

Place : Bengaluru  
Date : 27 May 2022

**Annexure A to the Independent Auditor's Report on the  
Standalone Financial Statements for the year ended 31 March 2022**

(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by Management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, amounts deducted/ accrued in the books of account in respect

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

of undisputed statutory dues including Goods and Services tax ('GST'), Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. The Company does not have liability in respect of Service Tax, Duty of Excise, Sales Tax and Value Added Tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us, and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, and on the basis of our examination of the records, statutory dues relating to Income-tax, Sales-tax, Service-tax, Duty of Customs, Duty of excise and Value added tax as at 31 March 2022 which have not been deposited by the Company on account of any dispute are mentioned in Appendix-1.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of accounts, in the tax assessments under the Income-tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.  
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.  
(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.  
(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.  
(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary (as defined under the Act). Further, the Company does not hold any investment in any associate or joint venture (as defined under the Act) during the year ended 31 March 2022.  
(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary (as defined under the Act). Further, the Company does not hold any investment in any associate or joint venture (as defined under the Act) during the year ended 31 March 2022.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company.  
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanation given to us, no fraud by the Company or on the Company or has been noticed or reported during the course of our audit.  
(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.  
(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.



## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on the information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.  
(b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act, are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi)(a) of the Order is not applicable to the Company.  
(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.  
(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.  
(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: 22064597AJSPPS1347

Place : Bengaluru  
Date : 27 May 2022

## Appendix-1 to the Annexure A to the Independent Auditors' Report

Statute / Nature of dues	Demand amount (Rs. in lakhs)	Payment under protest	Net amount (Rs. in lakhs)	Period to which it pertains	Forum where the dispute is pending
Income tax	28,289.87	5,777.18	22,512.69	2005-2006, 2010-2011 to 2018-19	Commissioner of Income Tax (Appeals)
	399.35	322.17	77.18	2006-2007	Assessing Officer
	491.51	434.13	57.38	2007-2008	High Court
	582.08	460.84	121.24	2008-2010	Income Tax Appellate Tribunal
Sales tax/ Value added tax/Central Sales tax	10,865.47	1,883.31	8,982.16	2003-2009 and 2010-2018	Appellate Authority up to Commissioner's level
	1,439.79	644.71	795.08	2009-2012	Sales Tax Appellate Tribunal
Excise (including service tax)	994.91	-	994.91	2010-2014, 2016-17 and 2018	Commissioner- Appeals
	2,209.81	129.33	2,080.48	2007-2018	Customs, Excise and service tax appellate tribunal
Custom duty	1,961.51	-	1,961.51	2005-2010	Customs, Excise and service tax appellate tribunal
	16,387.03	577.01	15,810.02	2011-2014	Directorate of Revenue Intelligence

### Annexure B to the Independent Auditors' report on the standalone financial statements of 3M India Limited for the period ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2 (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Opinion

We have audited the internal financial controls with reference to financial statements of 3M India Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

### Meaning of Internal Financial controls with Reference to Standalone financial statements

A Company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to standalone financial statements include those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

### Inherent Limitations of Internal Financial controls with Reference to Standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: 22064597AJSPPS1347

Place : Bengaluru  
Date : 27 May 2022

# STANDALONE BALANCE SHEET

(Rs. in lakhs)

	Note	As at 31 March 2022	As at 31 March 2021
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	26,502.51	22,380.14
(b) Capital work-in-progress	4	2,259.78	2,349.66
(c) Right - of - use assets	39	2,520.34	2,408.94
(d) Other intangible assets	5	56.17	34.12
<b>(e) Financial assets</b>			
(i) Investments	6	50,480.00	50,480.00
(ii) Loans	8	13.69	21.96
(iii) Other financial assets	9	687.65	818.06
(f) Deferred tax assets (net)	35	2,735.23	2,560.83
(g) Income tax assets (net)	35	13,021.35	10,754.96
(h) Other non-current assets	10	5,104.61	5,800.13
<b>Total non-current assets</b>		<b>103,381.33</b>	<b>97,608.80</b>
<b>(2) Current assets</b>			
(a) Inventories	11	45,347.77	43,027.05
<b>(b) Financial assets</b>			
(i) Trade receivables	7	48,857.75	46,050.86
(ii) Cash and cash equivalents	12	120,653.96	93,715.39
(iii) Loans	8	29.07	35.01
(iv) Other financial assets	9	2,593.09	2,723.80
(c) Other current assets	10	4,874.85	8,501.86
<b>Total current assets</b>		<b>222,356.49</b>	<b>194,053.97</b>
<b>Total assets</b>		<b>325,737.82</b>	<b>291,662.77</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	13	1,126.51	1,126.51
(b) Other equity	14	247,751.61	221,024.23
<b>Total equity</b>		<b>248,878.12</b>	<b>222,150.74</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Lease liabilities	39	682.22	1,030.90
(b) Provisions	15	5,005.92	3,831.83
<b>Total non-current liabilities</b>		<b>5,688.14</b>	<b>4,862.73</b>
<b>(2) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Lease liabilities	39	1,761.80	1,256.62
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	16	3,991.00	1,937.18
- Total outstanding dues of creditors other than micro and small enterprises	16	46,198.00	44,865.67
(iii) Other financial liabilities	17	6,142.69	6,788.07
(b) Other current liabilities	18	3,531.48	2,777.63
(c) Provisions	15	5,400.57	4,744.63
(d) Current tax liabilities (net)	35	4,146.02	2,279.50
<b>Total current liabilities</b>		<b>71,171.56</b>	<b>64,649.30</b>
<b>Total liabilities</b>		<b>76,859.70</b>	<b>69,512.03</b>
<b>Total equity and liabilities</b>		<b>325,737.82</b>	<b>291,662.77</b>
Significant accounting policies	3		

See accompanying notes to the standalone financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

Director

[DIN: 00098933]

**Vidya Sarathy**

Chief Financial Officer

## STANDALONE STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

	Note	Year ended 31 March 2022	Year ended 31 March 2021
<b>I. Income</b>			
Revenue from operations	19	307,830.08	242,036.39
Other income	20	3,471.84	2,686.77
<b>Total income</b>		<b>311,301.92</b>	<b>244,723.16</b>
<b>II. Expenses</b>			
Cost of materials consumed	21	130,084.69	93,820.92
Purchases of stock-in-trade	22	62,193.44	53,534.70
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(853.23)	2,086.59
Employee benefit expenses	24	34,940.51	33,677.10
Finance costs	25	363.56	243.22
Depreciation and amortisation expense	4, 5 and 39	5,327.62	5,967.54
Other expenses	26	43,275.73	35,149.01
<b>Total expenses</b>		<b>275,332.32</b>	<b>224,479.08</b>
<b>III. Profit before tax</b>		<b>35,969.60</b>	<b>20,244.08</b>
<b>IV. Tax expense :</b>			
(i) Current tax	35	9,563.45	6,123.41
(ii) Deferred tax credit	35	(211.36)	(809.42)
<b>Total tax expenses</b>		<b>9,352.09</b>	<b>5,313.99</b>
<b>V. Profit for the year</b>		<b>26,617.51</b>	<b>14,930.09</b>
<b>VI. Other comprehensive income</b>			
Items that will not be reclassified subsequently to the statement of profit or loss			
Remeasurements of net defined benefit (liability) / asset	30	146.83	(341.30)
Income tax relating to items that will not be reclassified subsequently to profit or loss	35	(36.96)	85.90
<b>Other comprehensive income, net of tax</b>		<b>109.87</b>	<b>(255.40)</b>
<b>VII. Total comprehensive income for the year</b>		<b>26,727.38</b>	<b>14,674.69</b>
<b>VIII. Earnings per share (Nominal value of Rs. 10 each)</b>	27		
- Basic (in Rs.)		236.28	132.53
- Diluted (in Rs.)		236.28	132.53
Significant accounting policies	3		

See accompanying notes to the standalone financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

Director

[DIN: 00098933]

**Vidya Sarathy**

Chief Financial Officer



## STANDALONE STATEMENT OF CHANGES IN EQUITY

### A. Equity share capital

For the year ended 31 March 2022

(Rs.in lakhs, except for number of shares)

Equity shares of Rs. 10 each issued, subscribed and fully paid up	Number of shares	Amount
At 1 April 2021	11,265,070	1,126.51
Changes in Equity Share Capital due to prior period errors	-	-
<b>At 31 March 2022</b>	<b>11,265,070</b>	<b>1,126.51</b>

For the year ended 31 March 2021

Equity shares of Rs. 10 each issued, subscribed and fully paid up	Number of shares	Amount
At 1 April 2020	11,265,070	1,126.51
Changes in Equity Share Capital due to prior period errors	-	-
<b>At 31 March 2021</b>	<b>11,265,070</b>	<b>1,126.51</b>

### B. Other equity

(Rs. in lakhs)

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity attributable to equity holders of the Company
		Surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Remeasurement of the net defined benefit liability / (asset), net of tax		
Balance as at 1 April 2020	1,126.51	949.90	32.25	206,084.46	(717.07)	206,349.54	207,476.05
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
<b>Changes in equity for the year ended 31 March 2021</b>							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(255.40)	(255.40)	(255.40)
Profit for the year	-	-	-	14,930.09	-	14,930.09	14,930.09
<b>Balance as at 31 March 2021</b>	<b>1,126.51</b>	<b>949.90</b>	<b>32.25</b>	<b>221,014.55</b>	<b>(972.47)</b>	<b>221,024.23</b>	<b>222,150.74</b>
<b>Balance as at 1 April 2021</b>	<b>1,126.51</b>	<b>949.90</b>	<b>32.25</b>	<b>221,014.55</b>	<b>(972.47)</b>	<b>221,024.23</b>	<b>222,150.74</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
<b>Changes in equity for the year ended 31 March 2022</b>							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	109.87	109.87	109.87
Profit for the year	-	-	-	26,617.51	-	26,617.51	26,617.51
<b>Balance as at 31 March 2022</b>	<b>1,126.51</b>	<b>949.90</b>	<b>32.25</b>	<b>247,632.06</b>	<b>(862.60)</b>	<b>247,751.61</b>	<b>248,878.12</b>

See accompanying notes to the standalone financial statements

As per our report of even date attached

for **B S R & Co. LLP**

for and on behalf of the Board of Directors

Chartered Accountants

Firm registration number: 101248W/W-100022

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

Director

[DIN: 00098933]

**Vidya Sarathy**

Chief Financial Officer

# STANDALONE STATEMENT OF CASH FLOW

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash flow from operating activities</b>		
Profit before tax	35,969.60	20,244.08
<b>Adjustments for:</b>		
Depreciation and amortisation expense	5,327.62	5,967.54
Bad debts and allowance for doubtful trade receivables (net)	(350.05)	527.67
Liabilities no longer required written back (net)	(131.38)	(75.24)
Unrealised exchange loss on foreign currency transactions (net)	(33.88)	66.47
Gain on disposal of property, plant and equipment	(159.63)	(159.75)
Interest income	(2,726.19)	(1,976.53)
Finance costs	363.56	243.22
	<b>38,259.65</b>	<b>24,837.46</b>
<b>Movements in working capital:</b>		
Increase in trade payables	3,532.74	9,675.33
Increase / (decrease) in provisions	1,976.86	(632.65)
Increase in other financial liabilities and other liabilities	148.86	3,941.18
Decrease / (increase) in trade receivables	(2,457.94)	4,106.70
(Increase) in inventories	(2,320.72)	(1,922.93)
Decrease/ (increase) in loans, other financial assets and non-current assets	4,331.74	(948.45)
<b>Cash generated from operations activities</b>	<b>43,471.19</b>	<b>39,056.64</b>
Income tax paid, (net of refund)	(10,106.62)	(7,851.22)
<b>Net cash generated from operating activities (A)</b>	<b>33,364.57</b>	<b>31,205.42</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(6,999.06)	(4,041.72)
Proceeds from sale of property, plant and equipment	204.75	230.08
Interest received	2,474.39	2,221.40
<b>Net cash used in from investing activities (B)</b>	<b>(4,319.92)</b>	<b>(1,590.24)</b>
<b>Cash flow from financing activities</b>		
Payment of lease liability (including interest thereon)	(2,106.08)	(2,476.50)
<b>Net cash used in financing activities (C)</b>	<b>(2,106.08)</b>	<b>(2,476.50)</b>

## STANDALONE STATEMENT OF CASH FLOW

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	26,938.57	27,138.68
Cash and cash equivalents at the beginning of the year	93,715.39	66,576.71
<b>Cash and cash equivalents at the end of the year</b>	<b>120,653.96</b>	<b>93,715.39</b>
<b>Cash and cash equivalents comprise of (refer note 12):</b>		
Cash on hand	0.02	0.25
Balances with banks:		
- in current accounts	11,653.94	4,715.14
- deposits accounts (original maturity of less than three months)	109,000.00	89,000.00
	<b>120,653.96</b>	<b>93,715.39</b>

### Debt reconciliation statement in accordance with Ind AS 7

#### Reconciliation of lease liability (Non-current and Current)

Opening balance	2,287.52	4,177.08
Addition to lease liability (refer note 39)	2,062.11	343.72
Interest cost	200.47	243.22
Payment of lease liability (including interest thereon)	(2,106.08)	(2,476.50)
<b>Closing balance</b>	<b>2,444.02</b>	<b>2,287.52</b>

Significant accounting policies (refer note 3)

See accompanying notes to the standalone financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

Director

[DIN: 00098933]

**Vidya Sarathy**

Chief Financial Officer

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in four operating segments: Safety & Industrial, Transportation & Electronics, Health Care and Consumer. In India, the Company has manufacturing facilities at Ahmedabad, Bengaluru, Pune and has a R&D Center in Bengaluru. 3M India's four business segments bring together common or related 3M technologies that enhance the development of innovative products and services and provide efficient sharing of business resources. The Company is a public limited Company domiciled in India with its registered office situated at Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560 100 and is listed on the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange Ltd (NSE).

## 2. Basis of preparation

### A. Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 27 May 2022.

Details of the Company's significant accounting policies are included in Note 3.

### B. Functional & presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

### C. Basis of measurement

The financial statements have been prepared on the historical cost basis.

### D. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### *Judgments*

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 39 - leases: whether an arrangement contains a lease and lease classification.

#### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2023 is included in the following notes:

- Note 3(b), 4 and 5 - useful life of property, plant and equipment and other intangible assets;
- Note 6 to 9 and 38 - impairment of financial assets;
- Note 30 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(f) and 11 - provision for inventories; and
- Note 15 and 34 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

### E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 29 - share-based payment arrangements and
- Note 38 - financial instruments

### 3. Significant accounting policies

#### (a) Financial instruments

##### i. *Recognition and initial measurement*

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

##### ii. *Classification and subsequent measurement*

###### *Financial assets*

On initial recognition, a financial asset is classified as measured at-

###### *Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### *Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

###### *Financial liabilities*

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### iii. *Derecognition*

#### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

#### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of profit and loss.

### iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

## (b) Property, plant and equipment

### i. *Recognition and measurement*

Items of property, plant and equipment, are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of profit and loss.

### ii. *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### iii. *Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the Statement of profit and loss.

Leasehold improvements are amortised over the period of lease or the estimated useful life (3-10 years) whichever is lower. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful lives
Buildings	10/ 20 and 30 years
Plant and machinery	3 / 7/ 10 and 15 years
Furniture and fixtures	10 years
Office equipment	5 years
Data processing equipment	3 years
Vehicles	5 years

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Depreciation/amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that the estimates of useful lives as given above best represent the period over which management expects to use these assets and are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 for some assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Capital work in progress includes cost of property, plant & equipment under installation/ under development as at the balance sheet date.

### (c) *Intangible assets*

#### *Internally generated : Research and development*

Expenditure on research activities is recognised in Statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

#### *Others*

Other intangible assets are stated at acquisition cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of profit and loss. The amortisation rates used are:

<b>Asset</b>	<b>Useful lives</b>
Computer software	3 years

### (d) Investment in subsidiaries

Investment in equity shares in subsidiaries is carried at cost, less impairment, if any, in the financial statements.

### (e) Impairment

#### (i) *Financial assets*

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in the Statement of profit and loss.

The Company at end of each reporting period evaluates, if any indicators are present which might require Company to impair its financial assets.

#### (ii) *Non -financial assets*

##### *Intangible assets and property, plant and equipment*

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units (CGUs) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### (f) Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. The costs of raw materials and traded goods are ascertained on First-In-First-Out basis, whereas manufactured work-in-progress and finished goods are ascertained on weighted average method.

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for inventory obsolescence is ascertained regularly based on estimated usage of the products.

### (g) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the balance sheet date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### (h) Revenue recognition

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Customers have the contractual right to return goods. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Company has determined that the revenues as disclosed in Note 19 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

- Interest income is recognized using the effective interest rate (EIR) method.
- Dividend income on investments is recognised when the right to receive dividend is established.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### (i) Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of profit and loss in the periods during which the related services are rendered by employees.

#### *Provident fund*

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

#### *Superannuation*

The Company makes contribution to the Superannuation Scheme for certain employees participating in the scheme, a defined contribution scheme, administered by fund manager, based on a specified percentage of eligible employees' salary. The Company's obligation to the scheme is restricted to the contributions to the scheme.

#### *Defined benefit plans*

##### *Gratuity*

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Company accounts for the liability of Gratuity Benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in Statement of profit and loss under 'Other Comprehensive Income' in the year in which they arise.

##### *Compensated absences*

The Company provides for the encashment/ availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses / gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

### (j) Share-based payments

The fair value of the amount payable to employees in respect of share appreciation rights (SARs) and restricted stock units (RSUs) which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The Company measures compensation expense for SARs at their fair value determined using Black-Scholes Model and RSUs based on fair market value of shares of 3M Company, USA as on the date of the reporting. Any change in the fair value of the liability are recognised in the Statement of profit and loss.

### (k) Income taxes

#### i. *Current tax*

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

#### ii. *Deferred tax*

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

### (l) Borrowing costs

Borrowing costs attributable to the assets acquired on leases are expensed in the period in which they incur in the statement of profit and loss.

### (m) Provisions and contingent liabilities

#### i. *General*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### ii. *Contingent liabilities*

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### iii. *Onerous contracts*

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

### (n) Leases

The Company has applied Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *As a lessee*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, in Statement of profit and loss and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (o) Segment reporting

##### *Operating segments*

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

#### (p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

#### (q) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit/ loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### (r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

#### (s) Recent Indian Accounting Standards :

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

##### **Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

### **Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its standalone financial statements.

### **Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its standalone financial statements.

### **Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

### **Ind AS 116 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 4 Property, plant and equipment and capital work-in-progress

(Rs. in lakhs)

Particulars	Freehold land *	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Vehicles	Leasehold improvements	Total
<b>Gross block</b>									
Balance at 01 April 2020	227.95	15,281.51	24,010.40	1,705.28	840.84	58.26	2.87	590.19	42,717.30
Additions	-	201.26	1,433.58	159.80	42.49	-	-	-	1,837.13
Disposals	-	(0.76)	(477.95)	(36.84)	(56.67)	(1.25)	-	(548.68)	(1,122.15)
<b>Balance at 31 March 2021</b>	<b>227.95</b>	<b>15,482.01</b>	<b>24,966.03</b>	<b>1,828.24</b>	<b>826.66</b>	<b>57.01</b>	<b>2.87</b>	<b>41.51</b>	<b>43,432.28</b>
Additions	-	524.61	6,894.57	100.77	-	-	-	-	7,519.95
Disposals	-	(103.86)	(1,176.78)	(92.87)	(15.51)	-	-	-	(1,389.02)
<b>Balance at 31 March 2022</b>	<b>227.95</b>	<b>15,902.77</b>	<b>30,683.82</b>	<b>1,836.14</b>	<b>811.15</b>	<b>57.01</b>	<b>2.87</b>	<b>41.51</b>	<b>49,563.21</b>
<b>Accumulated Depreciation</b>									
Balance at 01 April 2020	-	3,185.53	12,816.97	1,039.29	747.01	58.26	2.87	590.09	18,440.02
Depreciation for the year	-	651.04	2,712.06	250.74	50.10	-	-	-	3,663.94
Disposals	-	(0.09)	(408.62)	(36.65)	(56.53)	(1.25)	-	(548.68)	(1,051.82)
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>3,836.48</b>	<b>15,120.41</b>	<b>1,253.38</b>	<b>740.58</b>	<b>57.01</b>	<b>2.87</b>	<b>41.41</b>	<b>21,052.14</b>
Depreciation for the year	-	709.01	2,408.83	199.06	35.57	-	-	-	3,352.47
Disposals	-	(84.72)	(1,156.67)	(87.00)	(15.51)	-	-	-	(1,343.90)
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>4,460.77</b>	<b>16,372.57</b>	<b>1,365.44</b>	<b>760.64</b>	<b>57.01</b>	<b>2.87</b>	<b>41.41</b>	<b>23,060.71</b>
<b>Carrying value (net)</b>									
As at 31 March 2021	227.95	11,645.53	9,845.62	574.86	86.08	-	-	0.10	22,380.14
As at 31 March 2022	227.95	11,442.01	14,311.25	470.70	50.51	-	-	0.10	26,502.51

\*Title deeds of the freehold land is in the name of the Company

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Capital work-in-progress	
Balance at 31 March 2020	663.79
Additions during the year	3,466.85
Capitalised during the year	1,780.98
<b>Balance at 31 March 2021</b>	<b>2,349.66</b>
Additions during the year	7,476.58
Capitalised during the year	7,566.46
<b>Balance at 31 March 2022</b>	<b>2,259.78</b>

(Rs. in lakhs)

## Capital work-in-progress aging schedule

	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31 March 2022</b>					
Projects in progress	2,000.79	215.40	43.59	-	2,259.78
Projects temporarily suspended	-	-	-	-	-
	<b>2,000.79</b>	<b>215.40</b>	<b>43.59</b>	<b>-</b>	<b>2,259.78</b>

	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31 March 2021</b>					
Projects in progress	2,305.72	43.94	-	-	2,349.66
Projects temporarily suspended	-	-	-	-	-
	<b>2,305.72</b>	<b>43.94</b>	<b>-</b>	<b>-</b>	<b>2,349.66</b>

## Capital work-in-progress whose completion is overdue:

	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31 March 2022</b>					
Fire Suppression System	43.59	-	-	-	43.59
	<b>43.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43.59</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 5 Other intangible assets

(Rs. in lakhs)

Particulars	Computer Software
<b>Balance at 1 April 2020</b>	<b>196.64</b>
Additions	15.71
Disposals	-
<b>Balance at 31 March 2021</b>	<b>212.35</b>
<b>Balance at 1 April 2021</b>	<b>212.35</b>
Additions	46.50
Disposals	(14.98)
<b>Balance at 31 March 2022</b>	<b>243.87</b>
<b>Accumulated depreciation as on 1 April 2020</b>	<b>161.87</b>
Amortisation for the year	16.36
Disposals	-
<b>Balance at 31 March 2021</b>	<b>178.23</b>
<b>Accumulated depreciation as on 1 April 2021</b>	<b>178.23</b>
Amortisation for the year	24.45
Disposals	(14.98)
<b>Balance at 31 March 2022</b>	<b>187.70</b>
<b>Carrying value (net)</b>	
<b>As at 31 March 2021</b>	<b>34.12</b>
<b>As at 31 March 2022</b>	<b>56.17</b>

### 6 Investments

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
<b>Non current investment</b>		
<b>Unquoted, carried at cost less provision for other than temporary impairment</b>		
<b>Investment in equity instruments of subsidiary;</b>		
3M Electro & Communication India Private Limited [100% Subsidiary] [500,000 equity shares of Rs. 10/- each fully paid up]	50,480.00	50,480.00
	<u>50,480.00</u>	<u>50,480.00</u>
Aggregate book value of unquoted investment	58,470.00	58,470.00
Aggregate amount of impairment in value of investment	7,990.00	7,990.00
Net investment carried at cost	<u>50,480.00</u>	<u>50,480.00</u>

Refer note 40 for disclosures with respect to section 186(4) of Companies Act, 2013.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 7 Trade receivables

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Considered good		
Trade receivables - secured*	716.93	575.26
Trade receivables - unsecured	48,475.36	46,025.63
Less: Provision for impairment	(334.54)	(550.03)
	<b>48,857.75</b>	<b>46,050.86</b>
Credit impaired	3,595.63	3,849.85
Less: Provision for impairment	(3,595.63)	(3,849.85)
	-	-
	<b>48,857.75</b>	<b>46,050.86</b>
Of the above, trade receivables from related parties are as below (also refer note 31):		
Total trade receivables from related parties	315.57	1,030.38
Loss allowance	-	-
<b>Net trade receivables</b>	<b>315.57</b>	<b>1,030.38</b>

\*These are secured against deposits taken from customers.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 38.

#### Trade receivables Ageing Schedule

(Rs. in lakhs)

As at 31 March 2022	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	48,306.10	822.76	63.43	-	-	-	49,192.29
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	40.99	709.32	1,361.78	150.37	2,262.46
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	327.46	673.01	332.69	1,333.17
<b>Total</b>	<b>48,306.10</b>	<b>822.76</b>	<b>104.42</b>	<b>1,036.78</b>	<b>2,034.80</b>	<b>483.06</b>	<b>52,787.92</b>

As at 31 March 2021	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	44,352.85	2,037.51	210.53	-	-	-	46,600.89
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	651.92	1,860.59	157.08	201.36	2,870.95
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	676.53	143.63	158.74	978.90
<b>Total</b>	<b>44,352.85</b>	<b>2,037.51</b>	<b>862.45</b>	<b>2,537.12</b>	<b>300.71</b>	<b>360.10</b>	<b>50,450.74</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

8	Loans	(Rs. in lakhs)	
		As at 31 March 2022	As at 31 March 2021
	<b>Non current</b>		
	<b>Unsecured, considered good</b>		
	Loans to employees	13.69	21.96
		<u>13.69</u>	<u>21.96</u>
	<b>Current</b>		
	Loans to employees - unsecured	29.07	35.01
		<u>29.07</u>	<u>35.01</u>
		<u>42.76</u>	<u>56.97</u>
9	Other financial assets	(Rs. in lakhs)	
		As at 31 March 2022	As at 31 March 2021
	<b>Non current</b>		
	<b>Unsecured, considered good</b>		
	Security deposits	687.65	818.06
		<u>687.65</u>	<u>818.06</u>
	<b>Unsecured, considered doubtful</b>		
	Security deposits	41.24	41.24
	Less : Provision for impairment	(41.24)	(41.24)
		<u>-</u>	<u>-</u>
		<u>687.65</u>	<u>818.06</u>
	<b>Current</b>		
	<b>Unsecured, considered good</b>		
	Interest accrued but not due	424.63	172.83
	Security deposits	353.01	638.36
	Receivables from related parties (refer note 31)	1,794.77	1,891.93
	Others receivables	20.68	20.68
		<u>2,593.09</u>	<u>2,723.80</u>
	<b>Unsecured, considered doubtful</b>		
	Receivables from related parties (refer note 31)	135.21	-
	Less : Provision for impairment	(135.21)	-
		<u>-</u>	<u>-</u>
		<u>2,593.09</u>	<u>2,723.80</u>
		<u>3,280.74</u>	<u>3,541.86</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 10 Other assets

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
<b>Non current</b>		
Capital advances	799.01	1,316.93
Prepayments	28.88	-
Payments under protest*		
Unsecured, considered good	4,276.72	4,483.20
Unsecured, considered doubtful	178.93	178.93
Less: Allowance for doubtful advances	(178.93)	(178.93)
	<u>4,276.72</u>	<u>4,483.20</u>
	<u>5,104.61</u>	<u>5,800.13</u>
<b>Current</b>		
Prepayments	507.28	864.01
Advance for supply of goods	892.01	817.14
Balances with government authorities		
Unsecured, considered good	3,475.56	6,820.71
Unsecured, considered doubtful	540.90	540.90
Less : Allowance for doubtful receivables	(540.90)	(540.90)
	<u>3,475.56</u>	<u>6,820.71</u>
	<u>4,874.85</u>	<u>8,501.86</u>
	<u>9,979.46</u>	<u>14,301.99</u>

\*These payments represents deposits given to government authorities against the ongoing litigations.

### 11 Inventories\*

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Raw materials [Including in - transit Rs. 9,023.85 (2021: Rs. 6,689.78 lakhs)]	19,363.07	17,811.31
Packing materials	791.54	875.80
Work-in-progress	1,629.64	1,351.19
Finished goods	7,159.42	7,488.28
Stock-in-trade [Including in - transit Rs. 5,794.42 (2021: Rs. 4,851.85 lakhs)]	16,404.10	15,500.47
	<u>45,347.77</u>	<u>43,027.05</u>

\* Refer note 3(f) for mode of valuation of inventories

The provision for write down of inventories to net realisable value during the year amounted to Rs. 364.24 lakhs (31 March 2021 : Rs 814.22 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 1,895.02 lakhs (31 March 2021 : Rs. 2,001.79 lakhs). The write down, reversal and provision for obsolete stock are included in the costs of materials consumed or changes in inventories of finished goods and work-in-progress.

### 12 Cash and cash equivalents

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Cash on hand	0.02	0.25
<i>Balances with banks</i>		
- In current accounts	11,653.94	4,715.14
- Deposit accounts (original maturity of less than three months)	109,000.00	89,000.00
	<u>120,653.96</u>	<u>93,715.39</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 13 Equity share capital

(Rs. in lakhs except for number of shares)

	As at 31 March 2022	As at 31 March 2021
<b>Authorised :</b>		
Equity shares	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2021 : 11,265,070 equity shares of Rs. 10/- each)]	<u>1,126.51</u>	<u>1,126.51</u>
<b>Issued, subscribed and paid up:</b>		
Equity shares fully paid up	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2021 : 11,265,070 equity shares of Rs. 10/- each)]	<u>1,126.51</u>	<u>1,126.51</u>

#### (a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the year	11,265,070	1,126.51	11,265,070	1,126.51
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	<u>11,265,070</u>	<u>1,126.51</u>	<u>11,265,070</u>	<u>1,126.51</u>

#### (b) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (c) Shares held by holding Company

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
3M Company, USA	8,448,802	844.88	8,448,802	844.88

#### (d) Details of shareholders holding more than 5 % of total number of equity shares

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	8,448,802	75%	8,448,802	75%

(e) There has been no buyback of shares, issues of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

#### (f) Shares held by promoters at the end of the year

Promoter Name	As at 31 March 2022		
	Number of shares	% total of shares	% Change during the year
3M Company, USA (Holding Company)	8,448,802	75%	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Promoter Name	As at 31 March 2021		
	Number of shares	% total of shares	% Change during the year
3M Company, USA (Holding Company)	8,448,802	75%	-

### 14 Other equity (Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
(i) Securities premium	949.90	949.90
(ii) General reserve	32.25	32.25
(iii) Remeasurement of defined benefit plans, net of tax effect	(862.60)	(972.47)
(iv) Retained earnings	247,632.06	221,014.55
	<u>247,751.61</u>	<u>221,024.23</u>

#### Nature and purpose of other equity

##### (i) Securities premium reserve:

Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

##### (ii) General reserve:

General reserve comprises of the reserve generally available to the shareholders of the Company

##### (iii) Other comprehensive income:

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' and subsequently not reclassified to the Statement of profit and loss and will be reclassified to retained earnings.

##### (iv) Retained earnings:

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Statement of profit and loss to retained earnings.

### 15 Provisions (Rs. in lakhs)

	As at 31 March 2022		As at 31 March 2021	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 30)	-	3,752.78	-	3,213.48
Compensated absences	147.36	1,162.56	57.83	527.78
Others (refer note 36)				
Provision for asset retirement obligation	-	90.58	-	90.57
Sales tax, service tax and other litigations	2,081.29	-	2,300.47	-
Provision for sales return and volume rebate	3,171.92	-	2,386.33	-
	<u>5,400.57</u>	<u>5,005.92</u>	<u>4,744.63</u>	<u>3,831.83</u>

### 16 Trade payables (Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro and small enterprises (Refer note (a) below)	3,991.00	1,937.18
Total outstanding dues of creditors other than micro and small enterprises*	46,198.00	44,865.67
	<u>50,189.00</u>	<u>46,802.85</u>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Note (a)

1.	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	- Principal	3,991.00	1,937.18
	- Interest	0.78	4.33
2.	The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year		
	- Interest	22.05	27.79
	- Principal	44,663.27	10,524.28
3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
4.	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.78	4.33
5.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	4.72	25.99

Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

\* Includes due to related party (refer note 31)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 38.

### Trade payables Ageing Schedule

31 March 22

(Rs. in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	3,991.00	-	-	-	3,991.00
(ii) Others	45,771.36	249.76	62.11	114.77	46,198.00
(iii) Disputed dues – Micro and small enterprises	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>49,762.36</b>	<b>249.76</b>	<b>62.11</b>	<b>114.77</b>	<b>50,189.00</b>

31 March 21

(Rs. in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	1,937.18	-	-	-	1,937.18
(ii) Others	44,824.95	23.47	7.37	9.88	44,865.67
(iii) Disputed dues – Micro and small enterprises	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>46,762.13</b>	<b>23.47</b>	<b>7.37</b>	<b>9.88</b>	<b>46,802.85</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 17 Other financial liabilities (Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Deposits from customers	1,033.58	846.50
Creditors for capital goods	306.30	346.69
Employee benefit obligation	3,843.12	5,252.45
Other payables	959.69	342.43
	<u>6,142.69</u>	<u>6,788.07</u>

The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 38.

### 18 Other current liabilities (Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Advance from customers	333.74	249.68
Statutory liabilities	3,197.74	2,527.95
	<u>3,531.48</u>	<u>2,777.63</u>

### 19 Revenue from operations (Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products		
Finished goods	185,951.03	145,439.21
Traded goods	115,428.27	92,985.73
Sale of services*	6,260.50	3,437.43
Other operating revenue		
Scrap sales	190.28	174.02
	<u>307,830.08</u>	<u>242,036.39</u>

\* Sale of services includes income from contract research Rs. 1,610.75 lakhs (31 March 2021 : Rs. 1,345.01 lakhs) and management support service fee of Rs. 4,649.75 lakhs (31 March 2021 : Rs. 2,092.42 lakhs). Also refer note 28 and 31.

### Disaggregation of revenue from operations: (Rs. in lakhs)

Business Segments	Year ended 31 March 2022	Year ended 31 March 2021
Safety and Industrial	105,118.82	90,245.49
Transportation and Electronics	115,947.10	87,642.35
Health Care	45,280.51	30,309.56
Consumer	38,748.57	31,286.00
Others	2,735.08	2,552.99
<b>Total</b>	<u>307,830.08</u>	<u>242,036.39</u>

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.

### Reconciliation of revenue from sale of products with the Contracted Price

<b>Contracted Price</b>	<b>316,797.97</b>	<b>252,956.64</b>
Less: Reduction towards sales return and variable consideration components	(8,967.89)	(10,920.25)
<b>Revenue recognised</b>	<u><b>307,830.08</b></u>	<u><b>242,036.39</b></u>

The reduction towards variable consideration comprises of scheme discounts, incentives etc.

No entity individually accounted for more than 10% of the revenues during the years ended 31 March 2022 and 31 March 2021.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 20 Other income

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income from financial assets carried at amortised cost	2,726.19	1,976.53
Liabilities no longer required written back (net)	131.38	75.24
Bad debts and allowance for doubtful trade receivables (net)	350.05	-
Gain on disposal of property, plant and equipment (net)	159.63	159.75
Miscellaneous income	104.59	475.25
	<b>3,471.84</b>	<b>2,686.77</b>

### 21 Cost of materials consumed

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Inventory of materials at the beginning of the year (refer note 11)	18,687.11	14,677.59
Add: Purchases (also refer note 31)	131,552.19	97,830.44
Less: Inventory of materials at the end of the year (refer note 11)	(20,154.61)	(18,687.11)
	<b>130,084.69</b>	<b>93,820.92</b>

### 22 Purchases of stock-in-trade

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Abrasive	12,366.00	8,918.84
Fusion bonded epoxy coating	2,398.00	1,826.49
Medical surgical and dental products	12,830.00	7,636.89
Self adhesive films	14,386.00	12,156.17
Others	20,213.44	22,996.31
	<b>62,193.44</b>	<b>53,534.70</b>

Also refer note 31.

### 23 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Opening inventory		
- Finished goods	7,488.28	8,268.94
- Stock-in-trade	15,500.47	16,502.54
- Work-in-progress	1,351.19	1,655.05
	<b>24,339.94</b>	<b>26,426.53</b>
Closing inventory		
- Finished goods	7,159.42	7,488.28
- Stock-in-trade	16,404.10	15,500.47
- Work-in-progress	1,629.64	1,351.19
	<b>25,193.16</b>	<b>24,339.94</b>
<b>Decrease / (increase) in inventory</b>	<b>(853.22)</b>	<b>2,086.59</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

<b>24 Employee benefit expenses</b>		<i>(Rs. in lakhs)</i>	
	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>	
Salaries, wages and bonus	31,129.86	28,780.02	
Contribution to provident and other funds (refer note 30)	2,068.73	1,941.19	
Share based payment expenses (refer note 29)	(129.42)	1,230.66	
Staff welfare expenses	1,871.34	1,725.23	
	<b>34,940.51</b>	<b>33,677.10</b>	
<b>25 Finance costs</b>		<i>(Rs. in lakhs)</i>	
	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>	
Finance costs on finance lease obligations	200.47	243.22	
Interest on income tax matters	143.30	-	
Others	19.79	-	
	<b>363.56</b>	<b>243.22</b>	
<b>26 Other expenses</b>		<i>(Rs. in lakhs)</i>	
	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>	
Consumption of stores and spares	775.98	678.51	
Power and fuel	1,355.91	1,208.23	
Water charges	43.65	50.60	
Rent (refer note 39)	279.44	195.07	
Repairs and maintenance			
- Plant and machinery	855.23	726.44	
- Building	166.41	379.44	
- Others	236.98	134.40	
Insurance	289.92	262.52	
Rates and taxes	1,705.37	291.50	
Communication expenses	197.18	204.23	
Travel and conveyance	675.88	227.61	
Legal and professional charges (refer note (a) below)	1,726.07	1,229.26	
Selling, distribution and advertisement expenses	5,172.03	5,131.63	
Commission	382.14	212.51	
Freight outward	6,472.55	5,476.37	
Royalty (refer note 28 (a) and 31)	4,448.16	2,969.87	
Corporate management fees (refer note 28 (b)(i) and 31)	11,904.41	10,327.30	
Directors' commission and sitting fees	83.60	64.40	
Provision for doubtful debts (net)	-	527.67	
Provision for doubtful advances (net)	135.21	-	
Exchange loss on foreign currency transactions (net)	1,218.20	232.87	
Expenditure towards corporate social responsibility activities (refer note 33)	683.62	868.15	
Miscellaneous expenses	4,467.79	3,750.43	
	<b>43,275.73</b>	<b>35,149.01</b>	

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### (a) Payment to auditors # (Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
As auditors:		
Audit and limited review fee	108.00	102.00
Tax audit fee	9.00	8.00
Others	1.25	7.25
Reimbursement of out-of-pocket expenses	5.91	3.86
<b>Total</b>	<b>124.16</b>	<b>121.11</b>

# Excluding goods and service tax.

### 27 Earnings per share (Rs. in lakhs except for number of shares)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit attributable to equity shareholders	26,617.51	14,930.09
Weighted average number of equity shares outstanding during the year	11,265,070	11,265,070
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	236.28	132.53
Diluted earnings per share (Rs.)	236.28	132.53

### 28 Inter Company agreements and arrangements

a) *Intellectual property agreement* – The Company has entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from 1 July 2006 to 30 June 2009. These payments have been reinstated with effect from 1 July 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective 1 July 2013. Accordingly, the Company has incurred an expenditure of **Rs. 4,448.16 lakhs** for the year ended 31 March 2022 (31 March 2021: Rs. 2,969.87 lakhs) and disclosed as Royalty under other expenses (refer note 26).

b)(i) *Support services and corporate management fees* - In order to avail economies of scale, the Company has entered into inter-company services support services agreement with 3M Global Service Center Management Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from 1 April 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company for the services received from all the 3M group companies in the areas of Laboratory, Technical assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009, 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Company has incurred the following expenditure:

	Year ended 31 March 2022	Year ended 31 March 2021
Corporate management fee	11,904.41	10,327.30
- Foreign services employees expense are included in employee costs amounting to	154.85	237.25



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The Company has accrued an amount of **Rs. 2,301.53 lakhs** (31 March 2021 : Rs. 2,874.34 lakhs) in respect of estimated liability for the above services during period 1 January 2022 to 31 March 2022, the actual liability would be ascertained by December 2022.

- (ii) The support service agreement enables the Company to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its affiliates. Accordingly the Company has recharged **Rs. 375.98 lakhs** (31 March 2021 : Rs. 750.38 lakhs).
  - (iii) The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of **Rs. 4,649.75 lakhs** (31 March 2021 : Rs. 2,092.42 lakhs).
- c) Contract research agreement – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for carrying out contract research activities. During the year, Company has recognized an income of **Rs. 1,610.75 lakhs** (31 March 2021 : Rs. 1,345.01 lakhs).

### 29 Employee stock option plan

#### A. Description of share based payment arrangements

##### i) *Share purchase plan (equity-settled)*

3M Company, USA, the parent Company has offered ‘General Employees Stock Purchase Plan’ to all the employees of the Company, under which the employees of the Company are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Company deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Company during the year has deducted for remittance a sum of **Rs. 409.89 lakhs** (2021: Rs. 336.40 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of **Rs. 38.55 lakhs** (2021: Rs. 24.98 lakhs) is pending remittance to the holding Company and the same is included under ‘Other financial liabilities’ (refer note 17).

##### ii) *Stock appreciation rights and Restricted stock units (cash-settled)*

3M Company, USA has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Company are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock appreciation rights (SARs) / restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan. The exercise price of SARs will be based on the grant letter and RSUs will be Nil. As of the year end a sum of **Rs. 1,307.91 lakhs** (2021: Rs. 2,220.61 lakhs) is liability and the same is included under ‘Other financial liabilities’ (refer note 17).

#### B. Measurement of fair values

The Company measures compensation expense for stock appreciation rights (SARs) at their fair value determined using Black - Scholes Model and restricted stock units (RSUs) based on fair market value of shares of 3M Company, USA as on 31 March 2022.

The fair value of the cash settled SARs and the inputs used in the measurement of fair value at grant date and measurement date of the SARs are as follows:

	As at 31 March 2022	As at 31 March 2021
Fair value (in \$)	20.52	35.08
Share price (in \$)	148.88	192.68
Expected volatility (%)	21.84%	22.57%
Expected life (years)	6.92 years	6.90 years
Expected dividends (%)	2.94%	2.84%
Risk free interest rate (%)	1.92%	0.77%

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behaviour of the employee who receives the SAR. Expected volatility during the expected term is based on historical volatility of the observed market prices of the 3M Company USA's publicly traded equity shares particularly over the historical period commensurate with the expected term.

### C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2022 is set out below:

	As at 31 March 2022		As at 31 March 2021	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
<b>Stock appreciation right</b>				
Outstanding at the beginning	65,762	-	62,788	-
Granted	3,962	-	7,039	-
Forfeited and expired	4,117	-	2,063	-
Exercised	1,480	-	2,002	-
Outstanding at the end	<u>64,127</u>	<u>-</u>	<u>65,762</u>	<u>-</u>
<b>Exercisable at the end</b>	<b>56,906</b>		<b>54,641</b>	
<b>Restricted stock unit</b>				
Outstanding at the beginning	7,331	-	7,281	-
Granted	5,447	-	2,865	-
Forfeited and expired	371	-	1,427	-
Exercised	1,759	-	1,388	-
Outstanding at the end	<u>10,648</u>	<u>-</u>	<u>7,331</u>	<u>-</u>
<b>Exercisable at the end</b>	<b>6,703</b>		<b>4,832</b>	

### D. Expense recognised in Statement of profit and loss

An amount of **Rs. 129.42 lakhs** has been credited (31 March 2021: Rs. 1,230.66 lakhs has been debited) to the Statement of profit and loss for the year and included under Employee benefit expenses.

### E. The weighted average share price at the date of exercise with regards to SARs and RSUs exercised during the year is **USD 165.13** and **USD 160.73** respectively (31 March 2021: USD 167.13 and USD 181.05 respectively)

The above disclosures have been made to the extent information is available with the Company.

## 30 Employee benefits

### (a) Defined contribution plan

The Company offers its employees defined contribution plans in the form of Provident Fund (PF), Superannuation Fund (SF), Employees' State Insurance (ESI). Contribution to SF is made to 3M India Ltd Employees Superannuation Fund Trust. Other contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has recognised the following amounts in the Statement of profit and loss, which are included in contribution to provident and other funds:

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Benefits (contribution to)	Year ended 31 March 2022	Year ended 31 March 2021
Provident fund	1,266.47	1,251.41
Superannuation fund	115.58	111.33
Employee State Insurance Corporation	0.56	0.53
	<u>1,382.61</u>	<u>1,363.27</u>

### (b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company contributes all ascertained liabilities towards gratuity to the 3M India Ltd Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2022 and 31 March 2021, the plan assets have been primarily invested in insurer managed funds.

(Rs. in lakhs)

A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation	As at 31 March 2022	As at 31 March 2021
Obligation at the beginning of the year	5,113.46	4,883.23
Current service cost	467.61	434.51
Interest cost	341.74	282.14
Actuarial loss / (gains) - experience	31.51	117.31
Actuarial (gain) / loss - demographic assumptions	-	(11.29)
Actuarial loss / (gains) - financial assumptions	(176.41)	444.01
Benefits paid	(175.66)	(1,036.45)
<b>Obligation at the end of the year</b>	<u>5,602.25</u>	<u>5,113.46</u>
B. Reconciliation of opening and closing balances of the fair value of plan assets	As at 31 March 2022	As at 31 March 2021
Plan assets at the beginning of the year	1,899.98	2,588.97
Interest income on plan assets	123.23	138.73
Contribution by the Company	-	-
Remeasurements- Return on plan assets excluding amounts included in interest income	1.93	208.73
Benefits paid	(175.66)	(1,036.45)
<b>Plan assets at the end of the year</b>	<u>1,849.47</u>	<u>1,899.98</u>
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet	As at 31 March 2022	As at 31 March 2021
Present value of obligation at the end of the year	5,602.25	5,113.46
Fair value of plan assets at the end of the year	(1,849.47)	(1,899.98)
<b>Net defined benefit obligation</b>	<u>3,752.78</u>	<u>3,213.48</u>
D. Expenses recognized in the Statement of profit and loss	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	467.61	434.51
Interest cost	341.74	282.14
Interest income on plan assets	(123.23)	(138.73)
	<u>686.12</u>	<u>577.92</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

<b>E. Remeasurements recognized in Other comprehensive income</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Actuarial losses on defined benefit obligation	(144.90)	550.03
Actuarial losses / (gains) on plan assets	(1.93)	(208.73)
	<u>(146.83)</u>	<u>341.30</u>

<b>F. Investment details of plan assets</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Government securities	0.00%	0.00%
High quality corporate bonds (including public sector bonds)	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Cash (including FD's and Special deposits)	0.98%	0.35%
Fund balance with Insurance companies	99.02%	99.65%
	<u>100.00%</u>	<u>100.00%</u>

<b>G. Assumptions</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Discount rate (per annum)	7.10%	6.80%
Rate of escalation in salary (per annum)	Production - 10% Others - 6%	Production - 10% Others - 6%
Retirement age (in years)	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates		
Under 30 years	Staff - 20% Production - 1%	Staff - 20% Production - 1%
31-34 years	Staff - 10% Production - 1%	Staff - 10% Production - 1%
35-50 years	Staff - 5% Production - 0.5%	Staff - 5% Production - 0.5%
51-54 years	Staff - 1%	Staff - 1%
55-60 years	Production - 0%	Production - 0%

(Rs. in lakhs)

<b>H. Sensitivity analysis</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
A. Discount rate		
Effect on defined benefit obligation due to 1% increase in discount rate	(529.82)	(509.73)
Effect on defined benefit obligation due to 1% decrease in discount rate	623.83	603.68
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate on production and other	616.18	594.46
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate on production and other	(534.02)	(512.48)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

I. Maturity profile of defined benefit obligation	Amount
1. March 31, 2023	372.74
2. March 31, 2024	253.84
3. March 31, 2025	629.74
4. March 31, 2026	386.23
5. March 31, 2027	429.83
6. March 31, 2028 to March 31, 2032	3,222.14

### Notes :

- The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- As per the best estimate of the management, contribution of Rs. Nil (31 March 2022: Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2023.

The Compensated absences are unfunded defined benefit obligation. Refer note-14 of the financial statements for the current and non current obligations.

### 31 Related party transaction

Names of related parties and nature of relationship:

i) Holding company	3M Company, USA	
ii) Wholly owned subsidiary	3M Electro & Communication India Private Limited	
iii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M China Limited	3M Lanka Private Limited
	3M Thailand Limited	Dyneon B.V.
	3M France S.A	3M Belgium S.A./N.V.
	3M Gulf Limited	3M Singapore Pte. Ltd.
	3M Asia Pacific Pte. Ltd	Sumitomo 3M Limited
	P.T. 3M Indonesia	3M Taiwan Limited
	3M APAC RDC Pte Limited	3M Technologies (S) Pte Ltd
	3M Australia Pty. Limited	3M Philippines, Inc.
	3M Canada Company	3M Medical Devices & Mtl Mfg (Sh) Co. Ltd
	3M Do Brasil Limitada	3M International Trading (Shanghai) Co., Ltd
	3M EMEA, GmbH	3M Panama Pacifico S Der L.
	3M Peru S.A	3M Panama S.A
	3M Hong Kong Limited	3M Vietnam Limited
	3M Innovation Singapore Pte Limited	3M Japan Ltd
3M Italia S.P.A.	3M Germany Hilden GmbH	
3M Malaysia Sdn. Bhn.	3M Innovation (Thailand) Co. Ltd.	



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	3M Korea Limited	3M UK Holdings Limited
	3M Korea Health & Safety Ltd	3M Wendt GmbH
	3M Korea High Tech, Korea	3M Winterthur Technologies AG
	3M United Kingdom PLC	KCI Medical India Private Limited
	3M ESPE Dental AG	Cuno 3M Poland
	Dyneon GmbH	3M Russia
	3M Unitek Corporation	3M Sanayi As Ticaret
	3M Material Tech(Guangzhou) Co., Limited	Emfi S.A.
	3M Wroclaw SP. Z O.O.	3M Matl Tech Suzhou Co Ltd
	3M South Asia Manufacturing Company Private Limited	3M Material Tech Hefei Co Ltd
	3M Saudi Arabia	Winterthur Tech Taican Co Ltd
	3M Speciality Materials (Shanghai) Co. Ltd.	3M Health Care Ltd, Japan
	Trimodal Softech Solutions Private Limited	Capital Safety Products India Private Limited
	3M Global Service Management Company	3M Wendt GmbH
	3M New Zealand	
iv) Post employment benefit plan entities	3M India Ltd Employees Gratuity Fund Trust	3M India Limited Employees Superannuation Fund Trust
v) Key management personnel	<p><b>Executive Directors</b></p> <p>Ramesh Ramadurai (Managing Director)</p> <p>B V Shankaranarayana Rao (Whole- time Director) (upto 13 May 2020)</p> <p>Mamta Gore (Chief Financial Officer upto 31 May 2021) (Whole-time Director effective 01 September 2020 upto 31 May 2021) (Director effective 01 June 2021 upto 27 May 2022)</p> <p>Vidya Sarathy (Chief Financial Officer effective 01 June 2021) (Whole-time Director effective 01 June 2022)</p> <p><b>Non-executive Directors</b></p> <p>Amit Laroya</p> <p>Bharat D. Shah</p> <p>Biren Gabhawala</p> <p>Radhika Rajan</p> <p>James Ernest Falteisek</p> <p>Sadhana Kaul (Resigned effective 05 May 2020)</p> <p>Jongho Lee (Resigned effective 03 February 2022)</p> <p>Yun Jin (effective from 04 February 2022)</p> <p><b>Others</b></p> <p>V. Srinivasan (Company Secretary) (Resigned effective 10 May 2022)</p>	

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The details of the amounts due to or due from related parties are as follows:

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Trade payables</b>		
3M Company, USA	13,789.23	11,107.25
3M APAC RDC Pte Limited	379.99	756.49
3M Australia Pty. Limited	-	8.39
3M Canada Company	205.54	810.00
3M China Limited	555.23	404.88
3M Do Brasil Limitada	21.87	74.76
3M Electro & Communication India Private Limited	246.59	-
3M EMEA, GmbH	2,720.67	2,709.33
3M Hong Kong Limited	15.93	243.16
3M Innovation Singapore Pte Limited	4,827.53	6,506.74
3M International Trading (Shanghai) Co., Ltd.	8.34	-
3M Korea Limited	737.89	1,113.06
3M Korea High Tech, Korea	-	71.19
3M Technologies (S) Pte Ltd	21.07	67.03
3M Innovation (Thailand) Co. Ltd.	32.41	3.44
P.T. 3M Indonesia	221.73	190.18
3M Vietnam Limited	-	8.01
3M Malaysia Sdn. Bhn.	0.77	6.70
3M New Zealand	-	0.27
3M Panama Pacifico S Der L.	56.59	17.13
3M Philippines, Inc.	18.11	-
3M Singapore Pte. Ltd.	303.61	193.13
3M Speciality Materials (Shanghai) Co. Ltd.	773.49	615.14
3M Taiwan Limited	181.50	2.96
3M Thailand Limited	17.75	38.67
3M Medical Devices & Mtl Mfg (Sh) Co. Ltd	0.09	-
3M Unitek Corporation	-	15.13
Dyneon B.V.	21.83	22.90
3M Material Tech Hefei Co Ltd	1,037.37	389.17
Winterthur Tech Taican Co Ltd	91.03	82.15
Emfi S.A	277.97	255.55
3M Wendt GmbH	0.71	3.41
3M Health Care Ltd, Japan	809.17	2,121.80
	<b>27,374.02</b>	<b>27,838.02</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Trade receivables</b>		
3M Company, USA	138.04	63.85
3M Electro & Communication India Private Limited	11.98	0.23
3M EMEA, GmbH	-	168.14
3M Hong Kong Limited	28.73	11.23
3M Innovation Singapore Pte Limited	-	63.47
3M Korea Limited	-	3.36
3M Malaysia Sdn. Bhn.	-	12.63
3M Philippines, Inc.	-	1.06
3M Sanayi As Ticaret	24.29	165.11
3M Thailand Limited	3.08	231.12
3M Vietnam Limited	73.30	99.33
P.T. 3M Indonesia	14.66	3.96
3M Peru S.A	-	0.78
3M Innovation (Thailand) Co. Ltd.	-	170.07
3M Technologies (S) Pte Ltd	18.97	32.34
3M Australia Pty. Limited	-	0.15
Sumitomo 3M Limited	2.52	3.55
	<b>315.57</b>	<b>1,030.38</b>
<b>Other financial assets</b>		
3M Company, USA	353.85	344.35
3M China Limited	58.25	161.74
3M Electro & Communication India Private Limited	81.82	136.37
3M Philippines, Inc.	138.08	207.49
3M Thailand Limited	42.60	53.29
3M Lanka Private Limited	10.01	10.24
Trimodal Softech Solutions Private Limited	13.86	18.07
3M Global Service Management Company	1,153.76	780.63
3M International Trading (Shanghai) Co., Ltd.	57.65	37.07
3M South Asia Manufacturing Company Private Limited	20.11	142.67
	<b>1,929.98</b>	<b>1,891.93</b>

Details of the related party transactions entered into by the Company are as follows:

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Remuneration paid to Key management personnel #</b>		
Ramesh Ramadurai	377.05	307.97
B V Shankaranarayana Rao	-	131.03
Mamta Gore	92.87	468.27
Vidya Sarathy	108.38	-
V. Srinivasan	60.11	52.18
	<b>638.41</b>	<b>959.45</b>

# Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Sitting fees and commission paid to Key management personnel</b>		
Bharat D. Shah	29.60	21.80
Biren Gabhawala	28.20	21.60
Radhika Rajan	25.80	21.00
	<u>83.60</u>	<u>64.40</u>
<b>Sales of products (net of returns)</b>		
3M Company, USA	129.59	88.16
3M Gulf Limited	3.63	-
3M Thailand Limited	1,027.33	549.18
3M Malaysia Sdn. Bhn.	131.83	121.13
3M Korea Limited	60.88	40.99
P.T. 3M Indonesia	95.49	64.63
3M EMEA, GmbH	10.47	173.62
3M China Limited	45.95	0.37
3M Innovation (Thailand) Co. Ltd.	281.74	-
3M Electro & Communication India Private Limited	3.52	3.05
3M Hong kong Limited	54.59	23.97
3M Technologies (S) Pte Ltd	80.03	108.17
3M Taiwan Limited	-	3.78
3M Philippines, Inc.	0.29	3.38
3M Russia	0.05	-
3M Australia Pty. Limited	86.80	343.17
3M Vietnam Limited	300.98	289.61
3M Sanay AS Ticaret	24.29	186.90
3M Singapore Pte. Ltd.	-	33.87
Sumitomo 3M Limited	27.36	11.49
3M Saudi Arabia	-	334.47
3M Asia Pacific Pte. Ltd	24.35	83.52
3M Peru S.A	-	0.78
3M New Zealand	-	35.98
	<u>2,389.17</u>	<u>2,500.22</u>
<b>Contributions during the year</b>		
3M India Ltd Employees Superannuation Fund Trust	115.58	111.33
	<u>115.58</u>	<u>111.33</u>
<b>Income from contract research</b>		
3M Company, USA	1,610.75	1,345.01
	<u>1,610.75</u>	<u>1,345.01</u>
<b>Income from management support services</b>		
3M Global Service Management Company	4,496.91	1,936.75
3M South Asia Manufacturing Company Private Limited	12.81	132.24
3M Lanka Private Limited	9.88	10.24
Capital Safety Products India Private Limited	-	2.02
KCI Medical India Private Limited	81.59	-
Trimodal Softech Solutions Private Limited	48.55	11.17
	<u>4,649.75</u>	<u>2,092.42</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Reimbursement of expenses received</b>		
3M Global Service Management Company	-	1,300.26
P.T. 3M Indonesia	-	361.03
3M Korea Limited	280.87	290.41
3M Singapore Pte. Ltd.	-	48.14
3M Thailand Limited	95.12	107.99
3M China Limited	-	50.09
3M Electro & Communication India Private Limited	289.27	677.31
	<u>665.25</u>	<u>2,835.23</u>
<b>Purchase of materials (net of returns)</b>		
3M Company, USA	42,977.08	28,644.41
3M APAC RDC Pte Limited	3,771.18	3,389.81
3M Australia Pty. Limited	33.64	21.50
3M Film Construction (Shanghai) Co. Ltd.	149.14	-
3M Belgium S.A./N.V.	10.57	21.38
3M Canada Company	287.68	1,432.94
3M China Limited	1,808.43	1,743.32
3M Do Brasil Limitada	508.47	242.38
3M EMEA, GmbH	6,057.38	5,769.12
3M ESPE Dental AG	1,135.32	346.14
3M France S.A	588.22	183.70
3M Germany Hilden GmbH	606.01	1,540.13
3M Hong Kong Limited	1,232.95	590.36
3M Innovation (Thailand) Co. Ltd.	166.00	46.51
3M Innovation Singapore Pte Limited	32,572.44	29,601.26
3M International Trading (Shanghai) Co. Ltd.	15.72	-
3M Italia S.P.A.	14.26	16.60
3M Japan Ltd	-	213.60
3M Korea Health & Safety Ltd	-	0.86
3M Vietnam Limited	68.05	37.32
3M Korea Limited	2,287.66	1,176.10
3M Malaysia Sdn. Bhn.	30.07	13.61
3M Material Tech(Guangzhou) Co., Limited	110.61	434.15
3M Matl Tech Suzhou Co Ltd	6.78	-
3M New Zealand	-	3.63
3M Panama S.A	343.32	218.39
3M Philippines, Inc.	26.93	0.54
3M Speciality Materials (Shanghai) Co. Ltd.	2,666.01	2,204.28
3M Taiwan Limited	124.08	99.07
3M Technologies (S) Pte Ltd	7.27	39.28
3M Thailand Limited	314.63	429.20
3M United Kingdom PLC	206.52	178.16
3M Unitek Corporation	136.44	135.38



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
3M Winterthur Technologies AG	1,939.48	802.17
3M Wroclaw SP. Z O.O.	924.90	2,039.60
3M Material Tech Hefei Co Limited	2,350.11	2,200.68
3M International Trading (Shanghai) Co., Ltd	-	110.18
3M Korea Hightech Limited	5.42	455.84
3M Singapore Pte. Ltd.	427.44	410.28
3M Wendt Gmbh	7.44	21.28
3M Electro & Communication India Private Limited	546.13	2.12
3M Medical Devices & Mtl Mfg (Sh) Co. Ltd	0.16	-
Emfi S.A.	673.46	695.08
P.T. 3M Indonesia	15.48	122.13
3M Health Care Limited, Japan	6,534.08	-
Cuno 3M Poland	3.86	-
Sumitomo 3M Limited	-	6,777.23
	<b>111,690.82</b>	<b>92,409.73</b>
<b>Corporate management fees</b>		
3M Global Service Management Company	11,904.41	10,327.30
	<b>11,904.41</b>	<b>10,327.30</b>
<b>Royalty</b>		
3M Company, USA	4,448.16	2,969.87
	<b>4,448.16</b>	<b>2,969.87</b>
<b>Recharges of expenses paid</b>		
3M Company, USA	66.08	50.44
3M Gulf Limited	88.77	186.81
	<b>154.85</b>	<b>237.25</b>

### 32 Segment Reporting

In accordance with Ind AS 108 'Operating segments', segment information are included in the consolidated financial statement of the Company and therefore no separate disclosure on segment information has been given in these standalone financial statement.

### 33 Corporate social responsibility

Details of CSR expenditure in accordance with Section 135 of the Companies Act, 2013.

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
a) amount required to be spent by the Company during the year	680.20	865.03
b) amount of expenditure incurred	683.62	868.15
c) shortfall at the end of the year	-	-
d) total of previous years shortfall	-	-
e) reason for shortfall	Nil	Nil
f) nature of CSR activities	Education and Community	Education and Community
g) details of related party transactions	Nil	Nil

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 34 Contingent liabilities and commitments:

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
a) Guarantees:		
- Issued by Company's bankers	5,955.41	5,679.48
b) Claims against the Company not acknowledged as debts:		
- Income tax demand (including interest) (refer note (i) below)	29,762.80	17,174.20
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	11,527.32	2,880.51
- Service tax matters (refer note (v) below)	1,442.06	917.01
- Central excise duty matters (refer note (vi) below)	1,217.13	1,217.13

#### Notes:

- (i) Income tax matters mainly relate to intercompany charges.
- (ii) The Company during the year 2012-13 had received an order from The Commissioner of Customs demanding differential duty, interest and penalty of Rs.1,961.50 lakhs, contending the availment of concessional import duty in respect of some of its products for which a demand notice was served on the Company for payment of the above amount. The Company has filed an appeal against the order including for obtaining a stay against any recovery proceedings that may be initiated and accordingly no liability has been recognised in the books.
- (iii) The Company was issued a Show Cause Notice dated 8 December 2016 by the Directorate of Revenue Intelligence (DRI) in relation to levy of customs duty on inter-company transactions for import of goods and services and hence proposing to demand differential duty of customs covering the transactions during the period 8 December 2011 to 7 February 2014. The Company has received an order in original on 1 October 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to Rs.7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of Rs.1,000 lakhs. The Company has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of Rs.577 lakhs which is not included in the amount above.
- (iv) Sales tax cases primarily pertains to Maharashtra Value Added Tax Act, 2002 and Karnataka Value Added Tax Act, 2003. These are pertaining to the years from 2003-04 to 2017-18. These cases are with respect to the applicable rate of tax for various products and matters pertaining to declaration forms.
- (v) Service tax matters relates to cases with respect to manner of apportionment of credit availed by the Company without registering as an Input service distributor.
- (vi) Excise matters relates to penalty for allegedly dealing in goods liable to confiscation under Rule 26 of the Central Excise Act.
- (vii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement in the previous year. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Capital commitments	As at 31 March 2022	As at 31 March 2021
Estimated value of contracts in capital account remaining to be executed	3,031.26	2,031.25

During the year ended 31 March 2022, no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 35 Tax expenses

#### (a) Amount recognised in Statement of profit and loss (Rs. in lakhs)

	31 March 2022	31 March 2021
Current tax	9,563.45	6,123.41
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	(211.36)	(809.42)
<b>Tax expense for the year</b>	<b>9,352.09</b>	<b>5,313.99</b>

Note: The Company elected to exercise the option permitted under section 115BBA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

#### (b) Reconciliation of effective tax rate (Rs. in lakhs)

	31 March 2022	31 March 2021
Profit before tax	35,969.60	20,244.08
Tax at statutory income tax rate 25.168% (31 March 2021 - 25.168%)	25.168% 9,052.83	25.168% 5,095.03
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>		
Non-deductible expenses	0.57% 204.54	1.08% 219.34
Others	0.26% 94.72	0.00% (0.38)
<b>Income tax expense</b>	<b>26.00% 9,352.09</b>	<b>26.25% 5,313.99</b>

#### (c) Deferred tax assets and liabilities are attributable to the following: (Rs. in lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets)/liabilities net	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Property, plant and equipment	-	-	728.35	844.34	728.35	844.34
Employee benefits expense	1,360.84	1,056.16	-	-	(1,360.84)	(1,056.16)
Provisions	2,102.74	2,349.01	-	-	(2,102.74)	(2,349.01)
	<b>3,463.58</b>	<b>3,405.17</b>	<b>728.35</b>	<b>844.34</b>	<b>(2,735.23)</b>	<b>(2,560.83)</b>

#### (d) Movement in temporary differences (Rs. in lakhs)

Particulars	Balance as at 1 April 2020	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2021
Property, plant and equipment	1,102.25	(257.91)	-	844.34
Employee benefits expense	(772.30)	(197.96)	(85.90)	(1,056.16)
Provisions	(1,995.46)	(353.55)	-	(2,349.01)
	<b>(1,665.51)</b>	<b>(809.42)</b>	<b>(85.90)</b>	<b>(2,560.83)</b>

(Rs. in lakhs)

Particulars	Balance as at 1 April 2021	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2022
Property, plant and equipment	844.34	(115.99)	-	728.35
Employee benefits expense	(1,056.16)	(341.64)	36.96	(1,360.84)
Provisions	(2,349.01)	246.27	-	(2,102.74)
	<b>(2,560.83)</b>	<b>(211.36)</b>	<b>36.96</b>	<b>(2,735.23)</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### (e) Details of income tax assets and income tax liabilities (Rs. in lakhs)

	31 March 2022	31 March 2021
Income tax assets (net)	13,021.35	10,754.96
Current tax liabilities (net)	<u>(4,146.02)</u>	<u>(2,279.50)</u>
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b><u>8,875.33</u></b>	<b><u>8,475.46</u></b>

### (f) The gross movement in the current income tax asset / (liability) (Rs. in lakhs)

	31 March 2022	31 March 2021
Net current income tax asset / (liability) at the beginning of the year	8,475.46	6,747.65
Income tax paid	10,106.62	7,851.22
Interest on income tax matters	(143.30)	-
Current income tax expense	<u>(9,563.45)</u>	<u>(6,123.41)</u>
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b><u>8,875.33</u></b>	<b><u>8,475.46</u></b>

### 36 Movement in provisions (Rs. in lakhs)

Particulars	1 April 2021	Addition	Utilisation/ reversals	31 March 2022
a) Asset retirement obligation	90.57	0.01	-	90.58
b) Sales tax, service tax and other litigations	2,300.47	62.09	281.27	2,081.29
c) Provision for sales return and volume rebate	2,386.33	3,171.92	2,386.33	3,171.92
	<u>4,777.37</u>	<u>3,234.02</u>	<u>2,667.60</u>	<u>5,343.79</u>

(Rs. in lakhs)

Particulars	1 April 2020	Addition	Utilisation/ reversals	31 March 2021
a) Asset retirement obligation	90.57	-	-	90.57
b) Sales tax, service tax and other litigations	2,191.49	120.51	11.53	2,300.47
c) Provision for sales return and volume rebate	3,729.20	2,386.33	3,729.20	2,386.33
	<u>6,011.26</u>	<u>2,506.84</u>	<u>3,740.73</u>	<u>4,777.37</u>

### 37 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt is debt as considered under long-term, short-term borrowings and lease liabilities. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2022 and 31 March 2021 was as follows -

(Rs. in lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability	2,444.02	2,287.52
Debt	-	-
<b>Total</b>	<b><u>2,444.02</u></b>	<b><u>2,287.52</u></b>
Total equity	248,878.12	222,150.74
<b>Debt to total equity ratio</b>	<b>0.98%</b>	<b>1.03%</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 38 Financial Instruments - Fair values and risk management

#### A. Accounting classification and fair values

- Fair value through other comprehensive income (FVTOCI) - Where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- Fair value through profit or loss (FVTPL) - Where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.
- Amortised cost - Where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2022

(Rs. in lakhs)

	Carrying amount					Total carrying amount
	Note	Mandatorily at FVTPL - others	FVOCI- debt instruments	FVOCI- equity instruments	Amortised cost	
<b>Financial assets not measured at fair value</b>						
Trade receivables	7	-	-	-	48,857.75	48,857.75
Loans	8	-	-	-	42.76	42.76
Other financial assets	9	-	-	-	3,280.74	3,280.74
Cash and cash equivalents	12	-	-	-	120,653.96	120,653.96
		-	-	-	<b>172,835.21</b>	<b>172,835.21</b>
<b>Financial liabilities not measured at fair value</b>						
Lease liabilities	39	-	-	-	2,444.02	2,444.02
Trade payables	16	-	-	-	50,189.00	50,189.00
Other financial liabilities	17	-	-	-	6,142.69	6,142.69
		-	-	-	<b>58,775.71</b>	<b>58,775.71</b>

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2021

(Rs. in lakhs)

	Carrying amount					Total carrying amount
	Note	Mandatorily at FVTPL - others	FVOCI- debt instruments	FVOCI- equity instruments	Amortised cost	
<b>Financial assets not measured at fair value</b>						
Trade receivables	7	-	-	-	46,050.86	46,050.86
Loans	8	-	-	-	56.97	56.97
Other financial assets	9	-	-	-	3,541.86	3,541.86
Cash and cash equivalents	12	-	-	-	93,715.39	93,715.39
		-	-	-	<b>143,365.08</b>	<b>143,365.08</b>
<b>Financial liabilities not measured at fair value</b>						
Lease liabilities	39	-	-	-	2,287.52	2,287.52
Trade payables	16	-	-	-	46,802.85	46,802.85
Other financial liabilities	17	-	-	-	6,788.07	6,788.07
		-	-	-	<b>55,878.44</b>	<b>55,878.44</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

### B. Financial Risk Management

The Company has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### i. Risk management framework

The Company's principal financial liabilities comprise finance lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that are derived directly from its operations.

#### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

##### (a) Financial assets that are not credit impaired

The Company has financial assets which are in the nature of cash and cash equivalents, loans to employees, unbilled revenue from related party, interest accrued on fixed deposits and receivables from related parties which are not credit impaired. These are contractually agreed with either banks, related parties or employees where the probability of default is negligible.

##### (b) Financial assets that are credit impaired

Trade receivables

The Credit services team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available. Sale limits are established for each customer and reviewed yearly.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

The maximum exposure to credit risk for trade receivables by geographic region is as follows: *(Rs. in lakhs)*

	Carrying amount as at	
	31 March 2022	31 March 2021
India	52,463.75	49,420.36
Other regions	324.17	1,030.38
	<u>52,787.92</u>	<u>50,450.74</u>

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows: *(Rs. in lakhs)*

	Carrying amount as at	
	31 March 2022	31 March 2021
Distributors	31,023.85	21,765.47
Other	21,764.07	28,685.27
	<u>52,787.92</u>	<u>50,450.74</u>
Less: Receivables from related party, secured receivables and receivables not considered for credit risk	1,121.57	1,413.61
<b>Net receivables</b>	<u>51,666.35</u>	<u>49,037.13</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Expected credit loss assessment for the Company as at 31 March 2021 and 2022.

The Company has divided all the debtors outstanding for the last twelve quarters into age brackets of not due, 0-90 days, 91-180 days, 181-270 days, 271-365 days and amounts outstanding for more than one year.

The Company has calculated the impairment loss arising on account of past trends in the default rate for time bucket.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Out of the total trade receivables of **Rs. 52,787.92 lakhs** (31 March 2021: 50,450.74 lakhs), the exposure considered for expected credit loss is **Rs. 51,666.35 lakhs** (31 March 2021: Rs. 49,037.13). The balance which is not considered for impairment primarily pertains to intercompany receivables and secured debtors.

The following table provides information about the exposure to credit risk and expected credit loss for trade and other receivables -

(Rs. in lakhs)

	Gross carrying amount	Weighted average loss rate	Loss allowance
<b>31 March 2022</b>			
Current (not past due)	47,701.04	0.61%	289.92
0-90 days	314.83	2.76%	8.70
91-180 days	16.71	25.64%	4.28
181-270 days	38.14	82.92%	31.62
271-360 days	40.99	100.00%	40.99
> 360 days	3,554.64	100.00%	3,554.64
	<b>51,666.35</b>		<b>3,930.17</b>
<b>31 March 2021</b>			
Current (not past due)	44,080.49	1.08%	475.97
0-90 days	1,058.04	3.78%	40.01
91-180 days	7.28	29.00%	2.11
181-270 days	41.47	77.02%	31.94
271-360 days	651.92	100.00%	651.92
> 360 days	3,197.93	100.00%	3,197.93
	<b>49,037.13</b>		<b>4,399.88</b>

Movements in the allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables is as follows: (Rs. in lakhs)

	31 March 2022	31 March 2021
Balance as at 1 April	4,399.88	4,833.37
Utilised during the year	(119.66)	(961.16)
Impairment loss recognised	(350.05)	527.67
Balance as at 31 March	<b>3,930.17</b>	<b>4,399.88</b>

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(Rs. in lakhs)

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
<b>31 March 2022</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	1,761.80	509.23	172.99	-	2,444.02
Trade payables	50,189.00	-	-	-	50,189.00
Other financial liabilities	6,142.69	-	-	-	6,142.69
	<u>58,093.49</u>	<u>509.23</u>	<u>172.99</u>	<u>-</u>	<u>58,775.71</u>
<b>31 March 2021</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	1,256.62	939.26	91.64	-	2,287.52
Trade payables	46,802.85	-	-	-	46,802.85
Other financial liabilities	6,788.07	-	-	-	6,788.07
	<u>54,847.54</u>	<u>939.26</u>	<u>91.64</u>	<u>-</u>	<u>55,878.44</u>

#### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

#### Exposure to currency risk

The summary quantitative data about the Company's unhedged exposure to currency risk as reported to the management is as follows:

(Rs. in lakhs)

	31 March 2022				31 March 2021			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	17,679.25	2,868.92	4,848.60	1,063.80	14,574.43	3,579.52	7,330.26	2,984.69
Trade and other receivables	2,128.86	-	-	-	1,507.82	-	-	-
Net exposure in respect of recognised assets and liabilities	<u>15,550.39</u>	<u>2,868.92</u>	<u>4,848.60</u>	<u>1,063.80</u>	<u>13,066.61</u>	<u>3,579.52</u>	<u>7,330.26</u>	<u>2,984.69</u>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2022</b>				
USD (for 1% movement)	155.50	(155.50)	116.37	(116.37)
EURO (for 1% movement)	28.69	(28.69)	21.47	(21.47)
SGD (for 1% movement)	48.49	(48.49)	36.28	(36.28)
Others (for 1% movement)	10.64	(10.64)	7.96	(7.96)
	<b>243.32</b>	<b>(243.32)</b>	<b>182.08</b>	<b>(182.08)</b>
<b>31 March 2021</b>				
USD (for 1% movement)	130.67	(130.67)	97.78	(97.78)
EURO (for 1% movement)	35.80	(35.80)	26.79	(26.79)
SGD (for 1% movement)	73.30	(73.30)	54.85	(54.85)
Others (for 1% movement)	29.85	(29.85)	22.34	(22.34)
	<b>269.62</b>	<b>(269.62)</b>	<b>201.76</b>	<b>(201.76)</b>

### Impact of Covid 19 pandemic:

The Company has considered internal and external sources of information as of the date of approval of the financial results in determining the possible impact, if any, of the resurgence of the COVID-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. The Company has used the principle of prudence in applying judgements and making estimates. Based on this evaluation, the Company does not expect any material impact on its financial results. However, the eventual outcome of impact of Covid-19 pandemic may be different from those estimated as on the date of approval of these financial statements.

### 39 Leases

The Company has taken vehicles, leasehold improvements, data processing equipment, office premises, warehouse and residential premises. These leases typically run for a period of eleven months to ninety six months, with an option to renew the lease after that date. For certain leases, the Company is restricted from entering into any sub-lease arrangements. Information about leases for which the Company is a lessee is presented below.

#### I Right-of-use assets (Rs. in lakhs)

Particulars	Buildings	Land	Data processing equipment	Vehicles	Total
<b>Balance as at 31 March 2020</b>	<b>2,590.01</b>	<b>366.75</b>	<b>1,225.60</b>	<b>170.09</b>	<b>4,352.45</b>
Additions during the year	-	-	315.83	27.89	343.72
Depreciation charge for the year	1,569.16	5.04	615.21	97.82	2,287.23
De-recognition during the year	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>1,020.85</b>	<b>361.71</b>	<b>926.22</b>	<b>100.16</b>	<b>2,408.94</b>
Additions during the year	1,412.66	-	622.72	26.73	2,062.11
Depreciation charge for the year	1,278.38	1.68	605.44	65.20	1,950.71
De-recognition during the year	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>1,155.13</b>	<b>360.03</b>	<b>943.50</b>	<b>61.69</b>	<b>2,520.34</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### II Lease Liabilities (Rs. in lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Non current	682.22	1,030.90
Current	1,761.80	1,256.62
<b>Total</b>	<b>2,444.02</b>	<b>2,287.52</b>

The Company during the year incurred Rs. 279.44 lakhs (31 March 2021: Rs. 195.07) towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases during the year is Rs. 2,106.08 lakhs (including interest of Rs. 200.47 lakhs) [March 31, 2021: Rs. 2,476.50 Lakhs (including interest of Rs. 243.22 lakhs)].

\* The incremental borrowing rate on the previously considered operating leases is 9%.

### 40 Details of non-current investments (Rs. in lakhs)

	Face value per unit	As at 01 April 2021	Purchase/ addition during the year	Sold / deletion during the year	Impair- ment	As at 31 March 2022
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Investments in subsidiaries (Carried at cost)

#### Equity shares, unquoted

3M Electro & Communication India Private Limited [100% Subsidiary]	Rs. 10	58,470.00	-	-	7,990.00	50,480.00
<b>Total</b>		<b>58,470.00</b>	<b>-</b>	<b>-</b>	<b>7,990.00</b>	<b>50,480.00</b>

	Face value per unit	As at 01 April 2020	Purchase/ addition during the year	Sold / deletion during the year	Impair- ment	As at 31 March 2021
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Investments in subsidiaries (Carried at cost)

#### Equity shares, unquoted

3M Electro & Communication India Private Limited [100% Subsidiary]	Rs. 10	58,470.00	-	-	7,990.00	50,480.00
<b>Total</b>		<b>58,470.00</b>	<b>-</b>	<b>-</b>	<b>7,990.00</b>	<b>50,480.00</b>

- 41 The Boards of Directors of the Company and of 3M Electro & Communication India Private Limited (3M E&C), wholly owned subsidiary of the Company at their Meetings held on 17 September 2021 had approved the Scheme of Amalgamation of 3M E&C with the Company under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Appointed Date fixed under the Scheme was April 01, 2021. The Scheme of Amalgamation of 3M E&C with the Company has been filed with National Company Law Tribunal (NCLT) to amalgamate the wholly owned subsidiary. NCLT Chennai vide its order dated May 25, 2022 has dispensed with convening of the meeting of Equity Shareholders and the Creditors of 3M E&C. 3M E&C will be initiating next steps and filing necessary applications in accordance with the directions of the NCLT. As on the date of approval of these standalone financial statements, the matter is pending with NCLT. Accordingly, no effect has been given to the aforesaid scheme as at 31 March 2022.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 42 Ratio Analysis and its elements

Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reasons for Variance
Current ratio	Current Assets	Current Liabilities	3.12	3.00	4.08%	
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.01	0.01	(4.63%)	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	15.17	8.44	79.75%	Improvement in the ratio is due to increase in profitability in the current reporting period.
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.11	0.07	53.67%	Improvement in the ratio is due to increase in profitability in the current reporting period.
Inventory Turnover ratio	Cost of goods sold	Average Inventory	4.33	3.55	21.94%	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	6.35	4.93	28.80%	Improvement in the ratio is due to the better collection and increase in revenue in the current reporting period
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.00	3.99	0.09%	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	2.04	1.87	8.86%	
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.09	0.06	41.04%	Improvement in the ratio is due to increase in profitability in the current reporting period.
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.15	0.09	69.33%	Improvement in the ratio is due to increase in profitability in the current reporting period.
Return on Investment	Interest (Finance Income)	Investment	-	-	0.00%	

**43** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**44 Other statutory information:**

- i) The Company does not have any Benami property or any proceeding is pending against the Company for holding any Benami property.
- ii) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- iii) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- iv) The Company is not classified as wilful defaulter.
- v) The Company doesn't have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as search or survey.
- vi) The Company has no transactions with the struck off companies.

**45** Mr. V. Srinivasan, Company Secretary and Compliance Officer, (Key Managerial Personnel of the Company) resigned as Company Secretary and Compliance Officer from the closing hours of May 10, 2022 and the Company is taking steps to appoint a Company Secretary. As on the date of approval of these financial statements by the Board, the Company Secretary is not appointed.

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As per our report of even date attached  
for **B S R & Co. LLP**  
*Chartered Accountants*  
Firm registration number: 101248W/W-100022

*for and on behalf of the Board of Directors*

**Vikash Gupta**  
*Partner*  
Membership No: 064597  
Place: Bengaluru  
Date: 27 May 2022

**Ramesh Ramadurai**  
*Managing Director*  
[DIN: 07109252]  
Place: Bengaluru  
Date: 27 May 2022

**Amit Laroya**  
*Director*  
[DIN: 00098933]

**Vidya Sarathy**  
*Chief Financial Officer*

## INDEPENDENT AUDITORS' REPORT

### To the Members of 3M India Limited Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of 3M India Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Description of Key Audit Matter

##### Revenue Recognition

See note 3(i) and 18 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The products of the Group are mainly sold through distributors, modern trade and direct sale channels amongst others. Revenue from sale of goods is recognised when control of the product is transferred to the customer i.e. on delivery to customer. The Group tracks proof of delivery and reverses the value of goods not delivered by the balance sheet date.</p> <p>We identified revenue recognition as a key audit matter given it is a key performance indicator of the Group. Pressure to achieve targets, earning expectations or incentive schemes linked to performance could create an incentive for revenue to be overstated or recognised before control has been transferred.</p>	<p>To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.</li> <li>• Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis.</li> <li>• Tested the design, implementation and operating effectiveness of the Group's general IT controls and key application controls over the Group's IT systems which govern revenue recognition in the general ledger accounting system.</li> <li>• Performed substantive testing of selected samples of revenue transactions, recorded during the year by testing the underlying documents.</li> <li>• Analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.</li> <li>• Independent confirmation on a sample basis of customer balances at the balance sheet date.</li> <li>• Obtaining supporting documentation, on a sample basis for sales transactions recorded near to balance sheet date to determine whether revenue was recognised in the correct period.</li> <li>• Tested, on a sample basis, manual journal entries relating to revenues to identify and inquire on unusual items, if any.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

## INDEPENDENT AUDITORS' REPORT

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures and joint operations to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement

## INDEPENDENT AUDITORS' REPORT

of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and its subsidiary company, none of the directors of the Group companies, is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 14, 33 and 35 to the consolidated financial statements.
  - b) The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022.
  - c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2022.
  - d)
    - (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary company, to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary company incorporated in India or
      - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
    - (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary company shall:
      - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
      - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
    - (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
  - e) The Holding Company and its subsidiary company, have neither declared nor paid any dividend during the year.



## INDEPENDENT AUDITORS' REPORT

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: 22064597AJSPBO7122

Place : Bengaluru  
Date : 27 May 2022

### **Annexure A to the Independent Auditor's Report on the consolidated financial statements for the year ended 31 March 2022**

(Referred to in our report of even date)

- (xxi) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: 22064597AJSPBO7122

Place : Bengaluru  
Date : 27 May 2022

## **Annexure B to the Independent Auditors' report on the Consolidated Financial Statements of 3M India Limited for the period ended 31 March 2022**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements  
under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section  
of our report of even date)**

### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of 3M India Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: 22064597AJSPBO7122

Place : Bengaluru  
Date : 27 May 2022

# CONSOLIDATED BALANCE SHEET

(Rs. in lakhs)

	Note	As at 31 March 2022	As at 31 March 2021
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	28,151.90	24,154.70
(b) Capital work-in-progress	4	2,294.80	2,351.89
(c) Right - of - use assets	38	2,534.90	2,435.01
(d) Other intangible assets	5	56.17	34.12
(e) Financial assets			
(i) Loans	7	14.30	24.86
(ii) Other financial assets	8	713.34	844.99
(f) Deferred tax assets (net)	34	3,284.94	3,079.50
(g) Income tax assets (net)	34	14,186.18	11,984.40
(h) Other non-current assets	9	5,657.03	6,471.33
<b>Total non-current assets</b>		<b>56,893.56</b>	<b>51,380.80</b>
<b>(2) Current assets</b>			
(a) Inventories	10	48,957.94	45,654.77
(b) Financial assets			
(i) Trade receivables	6	52,776.68	48,852.84
(ii) Cash and cash equivalents	11	132,786.45	106,242.29
(iii) Loans	7	31.54	36.18
(iv) Other financial assets	8	2,835.64	3,581.74
(c) Other current assets	9	6,312.62	9,404.41
<b>Total current assets</b>		<b>243,700.87</b>	<b>213,772.23</b>
<b>Total assets</b>		<b>300,594.43</b>	<b>265,153.03</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	12	1,126.51	1,126.51
(b) Other equity	13	217,230.77	189,906.40
<b>Total equity</b>		<b>218,357.28</b>	<b>191,032.91</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	38	683.96	1,043.02
(b) Provisions	14	5,507.18	4,214.91
<b>Total non-current liabilities</b>		<b>6,191.14</b>	<b>5,257.93</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	38	1,773.49	1,269.57
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	15	4,145.89	2,154.83
- Total outstanding dues of creditors other than micro and small enterprises	15	49,698.42	47,883.59
(iii) Other financial liabilities	16	6,495.56	7,170.84
(b) Other current liabilities	17	3,902.56	3,036.73
(c) Provisions	14	5,737.92	5,067.13
(d) Current tax liabilities (net)	34	4,292.17	2,279.50
<b>Total current liabilities</b>		<b>76,046.01</b>	<b>68,862.19</b>
<b>Total liabilities</b>		<b>82,237.15</b>	<b>74,120.12</b>
<b>Total equity and liabilities</b>		<b>300,594.43</b>	<b>265,153.03</b>
Significant accounting policies	3		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

Director

[DIN: 00098933]

**Vidya Sarathy**

Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

	Note	Year ended 31 March 2022	Year ended 31 March 2021
<b>I. Income</b>			
Revenue from operations	18	333,584.17	260,483.14
Other income	19	3,711.51	2,473.73
<b>Total income</b>		<b>337,295.68</b>	<b>262,956.87</b>
<b>II. Expenses</b>			
Cost of materials consumed	20	140,774.54	99,441.00
Purchases of stock-in-trade	21	69,977.05	58,365.23
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(1,683.02)	2,101.44
Employee benefit expenses	23	38,819.21	36,990.48
Finance costs	24	372.04	245.41
Depreciation and amortisation expense	4, 5 and 38	5,511.72	6,184.59
Other expenses	25	46,772.33	37,636.56
<b>Total expenses</b>		<b>300,543.87</b>	<b>240,964.71</b>
<b>III. Profit before tax</b>		<b>36,751.81</b>	<b>21,992.16</b>
<b>IV. Tax expense:</b>			
(i) Current tax	34	9,802.95	6,499.48
(ii) Deferred tax credit	34	(248.25)	(744.97)
<b>Total tax expenses</b>		<b>9,554.70</b>	<b>5,754.51</b>
<b>V. Profit for the year</b>		<b>27,197.11</b>	<b>16,237.65</b>
<b>VI. Other comprehensive income</b>			
Items that will not be reclassified subsequently to the consolidated statement of profit or loss			
Remeasurements of net defined benefit liability / asset	29	170.07	(390.22)
Income tax relating to items that will not be reclassified subsequently to profit or loss		(42.81)	98.21
<b>Other comprehensive income, net of tax</b>		<b>127.26</b>	<b>(292.01)</b>
<b>VII. Total comprehensive income for the year</b>		<b>27,324.37</b>	<b>15,945.64</b>
<b>VIII. Earnings per share (Nominal value of Rs. 10 each)</b>			
- Basic (in Rs.)	26	241.43	144.14
- Diluted (in Rs.)		241.43	144.14
Significant accounting policies	3		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

Director

[DIN: 00098933]

**Vidya Sarathy**

Chief Financial Officer

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### A. Equity share capital

For the year ended 31 March 2022

(Rs. in lakhs, except for number of shares)

Equity shares of Rs. 10 each issued, subscribed and fully paid up	Number of shares	Amount
At 1 April 2021	11,265,070	1,126.51
Changes in Equity Share Capital due to prior period errors	-	-
<b>At 31 March 2022</b>	<b>11,265,070</b>	<b>1,126.51</b>

For the year ended 31 March 2021

Equity shares of Rs. 10 each issued, subscribed and fully paid up	Number of shares	Amount
At 1 April 2020	11,265,070	1,126.51
Changes in Equity Share Capital due to prior period errors	-	-
<b>At 31 March 2021</b>	<b>11,265,070</b>	<b>1,126.51</b>

### B. Other equity

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity
		Surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Remeasurement of the net defined benefit liability / (asset), net of tax		
Balance as at 1 April 2020	1,126.51	949.90	303.98	173,480.65	(773.77)	173,960.76	175,087.27
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
<b>Changes in equity for the year ended 31 March 2021</b>							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(292.01)	(292.01)	(292.01)
Profit for the year	-	-	-	16,237.65	-	16,237.65	16,237.65
<b>Balance as at 31 March 2021</b>	<b>1,126.51</b>	<b>949.90</b>	<b>303.98</b>	<b>189,718.30</b>	<b>(1,065.78)</b>	<b>189,906.40</b>	<b>191,032.91</b>
Balance as at 1 April 2021	1,126.51	949.90	303.98	189,718.30	(1,065.78)	189,906.40	191,032.91
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
<b>Changes in equity for the year ended 31 March 2022</b>							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	127.26	127.26	127.26
Profit for the year	-	-	-	27,197.11	-	27,197.11	27,197.11
<b>Balance as at 31 March 2022</b>	<b>1,126.51</b>	<b>949.90</b>	<b>303.98</b>	<b>216,915.41</b>	<b>(938.52)</b>	<b>217,230.77</b>	<b>218,357.28</b>

See accompanying notes to the consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

Director

[DIN: 00098933]

**Vidya Sarathy**

Chief Financial Officer



# CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash flow from operating activities</b>		
Profit before tax	36,751.81	21,992.16
<b>Adjustments for:</b>		
Depreciation and amortisation expense	5,511.72	6,184.59
Bad debts and allowance for doubtful trade receivables (net)	(379.18)	292.41
Liabilities no longer required written back (net)	(138.44)	(76.79)
Unrealised exchange loss on foreign currency transactions (net)	(37.67)	77.16
Gain on disposal of property, plant and equipment	(159.63)	(159.75)
Interest income	(3,016.88)	(2,237.19)
Finance costs	372.04	245.41
	<b>38,903.77</b>	<b>26,318.00</b>
<b>Movements in working capital:</b>		
Increase in trade payables	4,414.50	10,051.79
Increase/ (decrease) in provisions	2,133.13	(556.71)
Increase in other financial liabilities and other liabilities	225.09	4,126.89
Decrease / (increase) in trade receivables	(3,833.52)	4,035.03
(Increase) in inventories	(3,303.17)	(1,789.08)
Decrease/ (increase) in loans, other financial assets and non-current assets	4,337.11	(1,729.82)
<b>Cash generated from operations activities</b>	<b>42,876.91</b>	<b>40,456.10</b>
Income tax paid (net of refund)	(10,140.20)	(8,348.62)
<b>Net cash from operating activities (A)</b>	<b>32,736.71</b>	<b>32,107.48</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(7,030.55)	(4,151.66)
Proceeds from sale of property, plant and equipment	204.75	239.68
Interest received	2,752.65	2,493.33
<b>Net cash used in from investing activities (B)</b>	<b>(4,073.15)</b>	<b>(1,418.65)</b>
<b>Cash flow from financing activities</b>		
Payment of lease liability (including interest thereon)	(2,119.40)	(2,503.70)
<b>Net cash used in financing activities (C)</b>	<b>(2,119.40)</b>	<b>(2,503.70)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>26,544.16</b>	<b>28,185.13</b>
Cash and cash equivalents at the beginning of the year	106,242.29	78,057.16
<b>Cash and cash equivalents at the end of the year</b>	<b>132,786.45</b>	<b>106,242.29</b>

# CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash and cash equivalents comprise of (refer note 11):</b>		
Cash on hand	0.02	0.25
Other bank balances		
- in current accounts	13,786.43	6,742.04
- deposits accounts (original maturity of less than three months)	119,000.00	99,500.00
	<u>132,786.45</u>	<u>106,242.29</u>
<b>Debt reconciliation statement in accordance with Ind AS 7</b>		
<b>Reconciliation of lease liability (Non-current and Current)</b>		
Opening balance	2,312.59	4,212.84
Addition to lease liability (refer note 38)	2,062.11	358.69
Interest cost	202.15	244.76
Payment of lease liability (including interest thereon)	(2,119.40)	(2,503.70)
<b>Closing balance</b>	<u>2,457.45</u>	<u>2,312.59</u>
Significant accounting policies (refer note 3)		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

Director

[DIN: 00098933]

**Vidya Sarathy**

Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in four operating segments: Safety & Industrial, Transportation & Electronics, Health Care and Consumer. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's four business segments bring together common or related 3M technologies that enhance the development of innovative products and services and provide efficient sharing of business resources. The Company is a public limited Company domiciled in India with its registered office situated at Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560 100 and is listed on the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange Ltd (NSE).

Subsidiary Information:

3M Electro & Communication India Private Limited ('3M E&C' or 'Subsidiary') is a wholly owned subsidiary of 3M India Limited. 3M E&C is a private limited company domiciled in India with its registered office at Plot Nos. 95-97, Sanniyasikuppam, Udhaya Nagar, Thirubhuvanai main road, Thirubhuvanai Post, Pondicherry - 605107. 3M E&C offers a complete range of products that include the Cable jointing kits ranging from 1.1Kv to 132 KV, Heatshinks, Coldshinks, Kastex, Electrical Insulation Tapes, Busbar tubes, DIY Electrical kits, various kinds of water filters, water softeners, Hi flo filters, Wholehouse filters, Zeta +. In India, 3M E&C has manufacturing facilities at Pune. The Company with effect from April 2022, has entered into an agreement with 3M India Limited under purchase finish goods model wherein 3M India Limited would manufacture certain products on behalf of the Company.

These consolidated financial statements comprise the Company and its subsidiary referred to collectively as "the Group".

## 2. Basis of preparation and consolidation

### A. Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Group's Board of Directors on 27 May 2022.

Details of the Group's significant accounting policies are included in Note 3.

### B. Functional & presentation currency

These consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Group's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

### C. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

### D. Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### *Judgments*

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 38 - leases: whether an arrangement contains a lease and lease classification.

#### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2023 is included in the following notes:

- Note 3(d), 4 and 5 - useful life of property, plant and equipment and other intangible assets;
- Note 6 to 8 and 37 - impairment of financial assets;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Note 3(g) and 10 - provision for inventories;
- Note 14 and 33 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 29 - measurement of defined benefit obligations: key actuarial assumptions;

### E. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 28 - share-based payment arrangements and
- Note 37 - financial instruments

### 3. Significant accounting policies

#### (a) Basis of Consolidation

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiary as disclosed in Note 40. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intragroup balances and transactions including unrealized gain /loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

#### (b) Business combination - common control transactions

Business combinations involving entities that are controlled by the Group are accounted for using the pooling of interests method as follows:

1. The assets and liabilities of the combining entities are reflected at their carrying amounts.
2. No adjustments are made to reflect fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonize accounting policies.
3. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
4. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserves.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
6. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

(c) Financial instruments

i. *Recognition and initial measurement*

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. *Classification and subsequent measurement*

*Financial assets*

On initial recognition, a financial asset is classified as measured at-

*Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

*Financial liabilities*

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. *Derecognition*

*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

*Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the consolidated Statement of profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

### (d) Property, plant and equipment

#### i. *Recognition and measurement*

Items of property, plant and equipment, are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

#### ii. *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

#### iii. *Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the consolidated Statement of profit and loss.

Leasehold improvements are amortised over the period of lease or the estimated useful life (3-10 years) whichever is lower. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

<b>Asset</b>	<b>Useful lives</b>
Buildings	10/20 and 30 years
Plant and machinery	3/7/10 and 15 years
Furniture and fixtures	10 years
Office equipment	5 years
Data processing equipment	3 years
Vehicles	5 years

Depreciation/amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that the estimates of useful lives as given above best represent the period over which management expects to use these assets and are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 for some assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Capital work in progress includes cost of property, plant & equipment under installation/under development as at the balance sheet date.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (e) Intangible assets

#### *Internally generated : Research and development*

Expenditure on research activities is recognised in the consolidated Statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the consolidated statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

#### *Others:*

Other intangible assets are stated at acquisition cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the consolidated Statement of profit and loss. The amortisation rates used are:

Asset	Useful lives
Computer software	3 years

### (f) Impairment

#### (i) *Financial assets*

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the consolidated Statement of profit and loss.

The Group at end of each reporting period evaluates, if any indicators are present which might require Group to impair its financial assets.

#### (ii) *Non -financial assets*

##### *Intangible assets and property, plant and equipment*

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units (CGUs) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the consolidated Statement of profit and loss, is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### (g) Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. The costs of raw materials and traded goods are ascertained on First-In-First-Out basis, whereas manufactured work-in-progress and finished goods are ascertained on weighted average method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for inventory obsolescence is ascertained regularly based on estimated usage of the products.

### (h) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the balance sheet date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### (i) Revenue recognition

- Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Customers have the contractual right to return goods. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Group has determined that the revenues as disclosed in Note 18 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

- Interest income is recognized using the effective interest rate (EIR) method.
- Dividend income on investments is recognised when the right to receive dividend is established.

### (j) Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the consolidated Statement of profit and loss in the periods during which the related services are rendered by employees.

#### *Provident fund*

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

#### *Superannuation*

The Group makes contribution to the Superannuation Scheme for certain employees participating in the scheme, a defined contribution scheme, administered by fund manager, based on a specified percentage of eligible employees' salary. The Group's obligation to the scheme is restricted to the contributions to the scheme.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *Defined benefit plans*

#### *Gratuity*

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Group has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Group accounts for the liability of gratuity benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/gains are recognised in Statement of profit and loss under 'Other Comprehensive Income' in the year in which they arise.

#### *Compensated absences*

The Group provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses /gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

#### (k) Share-based payments

The fair value of the amount payable to employees in respect of share appreciation rights (SARs) and restricted stock units (RSUs) which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The Group measures compensation expense for SARs at their fair value determined using Black-Scholes Model and RSUs based on fair market value of shares of 3M Company, USA as on the date of the reporting. Any change in the fair value of the liability are recognised in the consolidated Statement of profit and loss.

#### (l) Income taxes

##### i. *Current tax*

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

##### ii. *Deferred tax*

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in consolidated financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

#### (m) Borrowing costs

Borrowing costs attributable to the assets acquired on leases are expensed in the period in which they incur in the consolidated Statement of profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (n) Provisions and contingent liabilities

#### i. *General*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the consolidated Statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### ii. *Contingent liabilities*

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### iii. *Onerous contracts*

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

### (o) Leases

The Group has applied Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *As a lessee*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, in Statement of profit and loss and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(p) Segment reporting

*Operating segments*

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director of the Group is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. Refer note 31 for segment information presented.

(q) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(r) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit/loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(s) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

(t) Recent Indian Accounting Standards :

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its consolidated financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its consolidated financial statements.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

**Ind AS 116 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 Property, plant and equipment and capital work-in-progress

(Rs. in lakhs)

Particulars	Freehold land*	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Electrical installations	Vehicles	Leasehold improvements	Total
<b>Balance at 01 April 2020</b>	<b>988.72</b>	<b>15,729.89</b>	<b>25,392.17</b>	<b>1,798.33</b>	<b>867.48</b>	<b>58.27</b>	<b>9.97</b>	<b>2.87</b>	<b>590.19</b>	<b>45,437.89</b>
Additions	-	201.26	1,512.08	159.80	42.49	-	-	-	-	1,915.63
Disposals	-	(0.76)	(492.70)	(36.84)	(59.43)	(1.25)	-	-	(548.68)	(1,139.66)
<b>Balance at 31 March 2021</b>	<b>988.72</b>	<b>15,930.39</b>	<b>26,411.55</b>	<b>1,921.29</b>	<b>850.54</b>	<b>57.02</b>	<b>9.97</b>	<b>2.87</b>	<b>41.51</b>	<b>46,213.86</b>
Additions	-	524.61	6,941.99	100.76	-	-	-	-	-	7,567.36
Disposals	-	(103.86)	(1,176.78)	(92.87)	(15.51)	-	-	-	-	(1,389.02)
<b>Balance at 31 March 2022</b>	<b>988.72</b>	<b>16,351.14</b>	<b>32,176.76</b>	<b>1,929.18</b>	<b>835.03</b>	<b>57.02</b>	<b>9.97</b>	<b>2.87</b>	<b>41.51</b>	<b>52,392.20</b>
<b>Accumulated depreciation</b>										
<b>Balance at 01 April 2020</b>	<b>-</b>	<b>3,375.43</b>	<b>13,383.92</b>	<b>1,077.80</b>	<b>765.56</b>	<b>58.27</b>	<b>9.57</b>	<b>2.87</b>	<b>590.09</b>	<b>19,263.51</b>
Depreciation for the year	-	683.07	2,859.93	259.11	53.30	-	-	-	-	3,855.41
Disposals	-	(0.10)	(413.77)	(36.65)	(59.30)	(1.25)	-	-	(548.68)	(1,059.75)
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>4,058.40</b>	<b>15,830.08</b>	<b>1,300.25</b>	<b>759.56</b>	<b>57.02</b>	<b>9.57</b>	<b>2.87</b>	<b>41.41</b>	<b>22,059.16</b>
Depreciation for the year	-	728.20	2,551.67	208.29	36.90	-	-	-	-	3,525.04
Disposals	-	(84.72)	(1,156.67)	(87.00)	(15.51)	-	-	-	-	(1,343.90)
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>4,701.88</b>	<b>17,225.08</b>	<b>1,421.54</b>	<b>780.95</b>	<b>57.02</b>	<b>9.57</b>	<b>2.87</b>	<b>41.41</b>	<b>24,240.30</b>
<b>Carrying value (net)</b>										
<b>As at 31 March 2021</b>	<b>988.72</b>	<b>11,871.99</b>	<b>10,581.47</b>	<b>621.04</b>	<b>90.98</b>	<b>-</b>	<b>0.40</b>	<b>-</b>	<b>0.10</b>	<b>24,154.70</b>
<b>As at 31 March 2022</b>	<b>988.72</b>	<b>11,649.26</b>	<b>14,951.69</b>	<b>507.64</b>	<b>54.08</b>	<b>-</b>	<b>0.40</b>	<b>-</b>	<b>0.10</b>	<b>28,151.90</b>

\*Title deeds of the freehold land is in the name of the Company



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

<b>Capital work-in-progress</b>	
<b>Balance at 31 March 2020</b>	<b>690.85</b>
Additions during the year	3,520.52
Capitalised during the year	1,859.48
<b>Balance at 31 March 2021</b>	<b>2,351.89</b>
Additions during the year	7,556.79
Capitalised during the year	7,613.88
<b>Balance at 31 March 2022</b>	<b>2,294.80</b>

(Rs. in lakhs)

## Capital work-in-progress aging schedule

	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31 March 2022</b>					
Projects in progress	2,035.81	215.40	43.59	-	2,294.80
Projects temporarily suspended	-	-	-	-	-
	<b>2,035.81</b>	<b>215.40</b>	<b>43.59</b>	<b>-</b>	<b>2,294.80</b>

	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>31 March 2021</b>					
Projects in progress	2,307.95	43.94	-	-	2,351.89
Projects temporarily suspended	-	-	-	-	-
	<b>2,307.95</b>	<b>43.94</b>	<b>-</b>	<b>-</b>	<b>2,351.89</b>

## Capital work-in-progress whose completion is overdue:

	To be completed in			Total
	Less than 1 year	1-2 years	2-3 years	
<b>31 March 2022</b>				
Fire Suppression System	43.59	-	-	43.59
	<b>43.59</b>	<b>-</b>	<b>-</b>	<b>43.59</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 Other intangible assets

(Rs. in lakhs)

Particulars	Computer Software
<b>Balance at 1 April 2020</b>	<b>210.92</b>
Additions	15.71
Disposals	-
<b>Balance at 31 March 2021</b>	<b>226.63</b>
Additions	46.50
Disposals	(14.98)
<b>Balance at 31 March 2022</b>	<b>258.15</b>
<b>Accumulated amortisation</b>	
<b>Balance at 1 April 2020</b>	<b>176.15</b>
Amortisation for the year	16.36
Disposals	-
<b>Balance at 31 March 2021</b>	<b>192.51</b>
Amortisation for the year	24.45
Disposals	(14.98)
<b>Balance at 31 March 2022</b>	<b>201.98</b>
Carrying value (net)	
<b>As at 31 March 2021</b>	<b>34.12</b>
<b>As at 31 March 2022</b>	<b>56.17</b>

### 6 Trade receivables

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Considered good		
Trade receivables - secured*	754.55	589.50
Trade receivables - unsecured	52,387.59	48,849.02
Less: Provision for impairment	(365.46)	(585.68)
	<b>52,776.68</b>	<b>48,852.84</b>
Credit impaired	3,706.71	3,994.03
Less: Provision for impairment	(3,706.71)	(3,994.03)
	-	-
	<b>52,776.68</b>	<b>48,852.84</b>
Of the above, trade receivables from related parties are as below (also refer note 30):		
Total trade receivables from related parties	327.41	1,069.18
Loss allowance	-	-
<b>Net trade receivables</b>	<b>327.41</b>	<b>1,069.18</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Trade receivables Ageing Schedule

(Rs. in lakhs)

As at 31 March 2022	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	51,394.95	1,672.88	74.31	-	-	-	53,142.14
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	40.99	714.26	1,383.61	177.00	2,315.86
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	327.46	685.51	377.88	1,390.85
<b>Total</b>	<b>51,394.95</b>	<b>1,672.88</b>	<b>115.30</b>	<b>1,041.72</b>	<b>2,069.12</b>	<b>554.88</b>	<b>56,848.85</b>

As at 31 March 2021	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	45,076.22	4,132.03	213.74	16.53	-	-	49,438.52
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	1.59	651.92	1,893.56	199.10	211.27	2,957.44
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	689.03	188.82	158.74	1,036.59
<b>Total</b>	<b>45,076.22</b>	<b>4,133.62</b>	<b>865.66</b>	<b>2,599.12</b>	<b>387.92</b>	<b>370.01</b>	<b>53,432.55</b>

\* Secured against deposits received from the customers.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 37.

## 7 Loans

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
<b>Non current</b>		
Unsecured, considered good		
Loans to employees	14.30	24.86
	<u>14.30</u>	<u>24.86</u>
<b>Current</b>		
Unsecured, considered good		
Loans to employees	31.54	36.18
	<u>31.54</u>	<u>36.18</u>
	<u>45.84</u>	<u>61.04</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8 Other financial assets

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
<b>Non current</b>		
Unsecured, considered good		
Security deposits	713.34	844.99
	<u>713.34</u>	<u>844.99</u>
Unsecured, considered doubtful		
Security deposits	41.24	41.24
Less : Provision for impairment	(41.24)	(41.24)
	<u>-</u>	<u>-</u>
	<u>713.34</u>	<u>844.99</u>
<b>Current</b>		
Unsecured, considered good		
Interest accrued but not due	484.59	220.36
Security deposits	353.01	641.91
Receivables from related parties (refer note 30)	1,977.36	2,562.65
Others receivables	20.68	156.82
	<u>2,835.64</u>	<u>3,581.74</u>
Unsecured, considered doubtful		
Security deposits	15.40	15.40
Less : Provision for impairment	(15.40)	(15.40)
	<u>-</u>	<u>-</u>
Receivables from related parties (refer note 30)	135.21	-
Less : Provision for impairment	(135.21)	-
	<u>-</u>	<u>-</u>
	<u>2,835.64</u>	<u>3,581.74</u>
	<u>3,548.98</u>	<u>4,426.73</u>

### 9 Other assets

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
<b>Non current</b>		
Capital advances	799.01	1,361.76
Prepayments	28.88	
Payments under protest*		
Unsecured, considered good	4,829.14	5,109.57
Unsecured, considered doubtful	228.79	228.79
Less: Allowance for doubtful advances	(228.79)	(228.79)
	<u>4,829.14</u>	<u>5,109.57</u>
	<u>5,657.03</u>	<u>6,471.33</u>
<b>Current</b>		
Prepayments	547.64	933.30
Advance for supply of goods	999.70	900.58
Balances with government authorities		
Unsecured, considered good	4,765.28	7,570.53
Unsecured, considered doubtful	540.90	540.90
Less : Allowance for doubtful receivables	(540.90)	(540.90)
	<u>4,765.28</u>	<u>7,570.53</u>
	<u>6,312.62</u>	<u>9,404.41</u>
	<u>11,969.65</u>	<u>15,875.74</u>

\*These payments represents deposits given to government authorities against the ongoing litigations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10 Inventories\*

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Raw materials	20,330.90	18,616.13
[Including in - transit Rs. 9,043.67 (2021: Rs. 6,768.63 lakhs)]		
Packing materials	825.79	920.40
Work-in-progress	1,752.77	1,508.80
Finished goods	8,136.84	8,053.80
Stock-in-trade	17,911.64	16,555.64
[Including in - transit Rs. 6,712.27 lakhs (2021: Rs. 5,209.99 lakhs)]		
	<u>48,957.94</u>	<u>45,654.77</u>

\* Refer note 3(g) for mode of valuation of inventories

The provision for write down of inventories to net realisable value during the year amounted to Rs. 421.22 lakhs (31 March 2021 : Rs 865.25 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 2,053.84 lakhs (31 March 2021 : Rs. 2,123.15 lakhs). The write down, reversal and provision for obsolete stock are included in the costs of materials consumed or changes in inventories of finished goods and work-in-progress.

### 11 Cash and cash equivalents

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Cash on hand	0.02	0.25
Balances with banks		
- In current accounts	13,786.43	6,742.04
- Deposit accounts (original maturity of less than three months)	119,000.00	99,500.00
	<u>132,786.45</u>	<u>106,242.29</u>

### 12 Share capital

(Rs. in lakhs except for number of shares)

	As at 31 March 2022	As at 31 March 2021
<b>Authorised :</b>		
Equity shares	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2021: 11,265,070 equity shares of Rs. 10/- each)]		
	<u>1,126.51</u>	<u>1,126.51</u>
<b>Issued, subscribed and paid up:</b>		
Equity shares fully paid up	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2021: 11,265,070 equity shares of Rs. 10/- each)]		
	<u>1,126.51</u>	<u>1,126.51</u>

#### (a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the year	11,265,070	1,126.51	11,265,070	1,126.51
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	<u>11,265,070</u>	<u>1,126.51</u>	<u>11,265,070</u>	<u>1,126.51</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (b) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Shares held by holding Company

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
3M Company, USA	8,448,802	844.88	8,448,802	844.88

### (d) Details of shareholders holding more than 5 % of total number of equity shares

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	8,448,802	75%	8,448,802	75%

(e) There has been no buyback of shares, issues of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

### (f) Shares held by promoters at the end of the year

Promoter Name	As at 31 March 2022		
	Number of shares	% total of shares	% Change during the year
3M Company, USA (Holding Company)	8,448,802	75%	-

Promoter Name	As at 31 March 2021		
	Number of shares	% total of shares	% Change during the year
3M Company, USA (Holding Company)	8,448,802	75%	-

## 13 Other equity

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
(i) Securities premium	949.90	949.90
(ii) General reserve	303.98	303.98
(iii) Remeasurement of defined benefit plans, net of tax	(938.52)	(1,065.78)
(iv) Retained earnings	216,915.41	189,718.30
	<u>217,230.77</u>	<u>189,906.40</u>

### Nature and purpose of other equity

#### (i) Securities premium reserve

Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (ii) General reserve

General reserve comprises of the reserve generally available to the shareholders of the Group.

### (iii) Remeasurement of defined benefit plans, net of tax

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' and subsequently not reclassified to the Statement of Profit and Loss and will be reclassified to retained earnings.

### (iv) Retained earnings

The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Statement of profit and loss to retained earnings.

## 14 Provisions

(Rs. in lakhs)

	As at 31 March 2022		As at 31 March 2021	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 29)	-	4,126.71	-	3,535.60
Compensated absences	161.44	1,289.89	64.35	588.74
Others (refer note 35)				
Provision for asset retirement obligation	-	90.58	-	90.57
Sales tax, service tax and other litigations	2,235.00	-	2,535.28	-
Provision for sales return and volume rebate	3,341.48	-	2,467.50	-
	<u>5,737.92</u>	<u>5,507.18</u>	<u>5,067.13</u>	<u>4,214.91</u>

## 15 Trade payables

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues to micro and small enterprises (Refer note (a) below)	4,145.89	2,154.83
Total outstanding dues to creditors other than micro and small enterprises*	49,698.42	47,883.59
	<u>53,844.31</u>	<u>50,038.42</u>

### Note (a)

- The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:

- Principal	4,145.89	2,154.83
- Interest	1.07	4.36

- The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year

- Interest	24.06	28.80
- Principal	51,258.44	11,504.98

- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- |  |      |       |
|--|------|-------|
| 4. The amount of interest accrued and remaining unpaid at the end of each accounting year  | 1.07 | 4.36  |
| 5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | 5.04 | 28.03 |

\* Includes due to related party (refer note 30)

Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 37.

### Trade payables Ageing Schedule

31 March 22

(Rs. in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and Small Enterprises	4,145.89	-	-	-	4,145.89
(ii) Others	49,227.59	259.97	78.65	132.21	49,698.42
(iii) Disputed dues – Micro and Small Enterprises	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>53,373.48</b>	<b>259.97</b>	<b>78.65</b>	<b>132.21</b>	<b>53,844.31</b>

31 March 21

(Rs. in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and Small Enterprises	2,154.83	-	-	-	2,154.83
(ii) Others	47,802.43	33.47	20.37	27.32	47,883.59
(iii) Disputed dues – Micro and Small Enterprises	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>49,957.26</b>	<b>33.47</b>	<b>20.37</b>	<b>27.32</b>	<b>50,038.42</b>

### 16 Other financial liabilities

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Deposits from customers	1,081.51	868.54
Creditors for capital goods	314.38	348.92
Employee benefit obligation	4,045.43	5,511.16
Other payables	1,054.24	442.22
	<u>6,495.56</u>	<u>7,170.84</u>

The Group's exposure to currency and liquidity risks related to other financial liabilities is disclosed in note 37.

### 17 Other current liabilities

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Advance from customers	347.10	273.34
Statutory liabilities	3,555.46	2,763.39
	<u>3,902.56</u>	<u>3,036.73</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18 Revenue from operations

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products		
Finished goods	199,305.88	154,870.39
Traded goods	126,903.46	100,728.21
Sale of services*	7,184.55	4,710.52
Other operating revenue		
Scrap sales	190.28	174.02
	<b>333,584.17</b>	<b>260,483.14</b>

\* Sale of services includes income from contract research Rs. 1,695.72 lakhs (31 March 2021 : Rs. 1,412.89 lakhs) and management support service fee of Rs. 5,488.83 lakhs (31 March 2021 : Rs. 3,297.63 lakhs). Refer note 29 (c) and refer note 30.

### Disaggregation of revenue from operations:

(Rs. in lakhs)

Business segments	Year ended 31 March 2022	Year ended 31 March 2021
a) Safety & Industrial	119,366.39	101,249.64
b) Transportation & Electronics	117,423.42	89,033.53
c) Health Care	55,211.64	36,200.78
d) Consumer	38,748.57	31,286.00
f) Others	2,834.15	2,713.19
<b>Total</b>	<b>333,584.17</b>	<b>260,483.14</b>

The Group operates mainly to the needs of domestic market and export turnover is not significant in context of total turnover. Accordingly, there are no reportable geographical segments.

<b>Contracted Price</b>	<b>342,616.89</b>	<b>271,683.42</b>
Less: Reduction towards sales return and variable consideration components	(9,032.72)	(11,200.28)
<b>Revenue recognised</b>	<b>333,584.17</b>	<b>260,483.14</b>

The reduction towards variable consideration comprises of scheme discounts, incentives etc.

No entity individually accounted for more than 10% of the revenues during the years ended 31 March 2022 and 31 March 2021.

### 19 Other income

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income from financial assets carried at amortised cost	3,016.88	2,237.19
Liabilities no longer required written back (net)	138.44	76.79
Bad debts and allowance for doubtful trade receivables (net)	379.18	-
Gain on disposal of property, plant and equipment (net)	159.63	159.75
Miscellaneous income	17.38	-
	<b>3,711.51</b>	<b>2,473.73</b>

### 20 Cost of materials consumed

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Inventory of materials at the beginning of the year (refer note 10)	19,536.53	15,646.01
Add: Purchases (also refer note 30)	142,394.70	103,331.52
Less: Inventory of materials at the end of the year (refer note 10)	(21,156.69)	(19,536.53)
	<b>140,774.54</b>	<b>99,441.00</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21 Purchases of stock-in-trade

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Abrasive	12,366.00	12,044.79
Fusion bonded epoxy coating	2,398.00	3,516.01
Medical surgical and dental products	12,830.00	7,636.89
Self adhesive films	14,386.00	12,156.17
Others	27,997.05	23,011.37
	<b>69,977.05</b>	<b>58,365.23</b>

Also refer note 30

### 22 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Opening inventory		
- Finished goods	8,053.80	8,974.35
- Stock-in-trade	16,555.64	17,394.40
- Work-in-progress	1,508.80	1,850.93
	<b>26,118.24</b>	<b>28,219.68</b>
Closing inventory		
- Finished goods	8,136.84	8,053.80
- Stock-in-trade	17,911.64	16,555.64
- Work-in-progress	1,752.77	1,508.80
	<b>27,801.25</b>	<b>26,118.24</b>
<b>Decrease / (increase) in inventory</b>	<b>(1,683.02)</b>	<b>2,101.44</b>

### 23 Employee benefit expenses

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	34,559.65	31,751.31
Contribution to provident and other funds (refer note 29)	2,283.76	2,141.05
Share based payment expenses (refer note 28)	(115.14)	1,257.43
Staff welfare expenses	2,090.94	1,840.69
	<b>38,819.21</b>	<b>36,990.48</b>

### 24 Finance costs

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Finance costs on finance lease obligations	202.15	244.76
Interest on income tax matters	148.14	-
Others	21.75	0.65
	<b>372.04</b>	<b>245.41</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25 Other expenses

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spares	922.42	735.70
Power and fuel	1,529.57	1,397.64
Water charges	43.65	50.60
Rent (refer note 38)	348.71	229.93
Repairs and maintenance		
- Plant and machinery	1,028.74	778.30
- Building	207.51	432.79
- Others	259.29	162.50
Insurance	304.42	279.59
Rates and taxes	1,780.73	602.91
Communication expenses	214.40	221.37
Travel and conveyance	724.54	245.69
Legal and professional charges (refer note (a) below)	1,850.82	1,378.46
Sub-contracting charges	679.01	597.89
Selling, distribution and advertisement expenses	5,320.45	5,290.73
Commission	382.14	212.51
Freight outward	6,752.13	5,663.34
Royalty (refer note 27 (a) and 30)	4,772.66	3,173.35
Corporate management fees (refer note 27 (b)(i) and 30)	12,729.19	10,644.88
Directors' commission and sitting fees	83.60	64.40
Provision for doubtful debts (net)	-	292.41
Provision for doubtful advances (net)	135.21	-
Exchange loss on foreign currency transactions (net)	1,264.58	248.69
Expenditure towards corporate social responsibility activities (refer note 32)	736.84	948.65
Miscellaneous expenses	4,701.72	3,984.23
	<b>46,772.33</b>	<b>37,636.56</b>

#### (a) Payment to auditors #

	Year ended 31 March 2022	Year ended 31 March 2021
As auditors:		
Audit and limited review fee	124.00	117.00
Tax audit fee	12.00	11.00
Certification fees	6.14	13.00
Reimbursement of out-of-pocket expenses	6.90	4.55
<b>Total</b>	<b>149.04</b>	<b>145.55</b>

#Excluding goods and service tax.

### 26 Earnings per share

(Rs. in lakhs except for number of shares)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit attributable to equity shareholders	27,197.11	16,237.65
Weighted average number of equity shares outstanding during the year	11,265,070	11,265,070
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	241.43	144.14
Diluted earnings per share (Rs.)	241.43	144.14

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 Inter Company agreements and arrangements

- a) Intellectual property agreement – The Group has entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from 1 July 2006 to 30 June 2009. These payments have been reinstated with effect from 1 July 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective 1 July 2013. Accordingly, the group has incurred an expenditure of **Rs. 4,772.66 lakhs** for the year ended 31 March 2022 (31 March 2021: Rs. 3,173.35 lakhs) and disclosed as Royalty under other expenses (refer note 25).
- b) (i) Support services and corporate management fees - In order to avail economies of scale , the Group has entered into inter-company services support services agreement with 3M Global Service Center Management Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from 1 April 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company for the services received from all the 3M group companies in the areas of Laboratory, Technical assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009, 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Group has incurred the following expenditure:

(Rs. in lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Corporate management fee	12,729.19	10,644.88
- Foreign services employees expense are included in employee costs amounting to	154.85	237.25

The Group has accrued an amount of **Rs. 2,424.87 lakhs** (31 March 2021 : Rs. 2,978.52 lakhs) in respect of estimated liability for the above services during period 1 January 2022 to 31 March 2022, the actual liability would be ascertained by December 2022.

- (ii) The support service agreement enables the Group to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its affiliates. Accordingly the Group has charged **Rs. 375.98 lakhs** (31 March 2021 : Rs. 750.38 lakhs).
- (iii) The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of **Rs. 5,488.83 lakhs** (31 March 2021 : Rs. 3,297.63 lakhs).
- c) Contract research agreement – The Group has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for carrying out contract research activities. During the year, Group has recognized an income of **Rs. 1,695.72 lakhs** (31 March 2021 : Rs. 1,412.89 lakhs).

### 28 Employee stock option plan

#### A. Description of share based payment arrangements

##### i) Share purchase plan (equity-settled)

3M Company, USA, the parent Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Group, under which the employees of the Group are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Group deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Group during the year has deducted for remittance a sum of **Rs. 440.86 lakhs** (2021: Rs. 365.61 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of **Rs. 45.83 lakhs** (2021: Rs. 34.81 lakhs) is pending remittance to the holding Company and the same is included under 'Other financial liabilities' (refer note 16).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### ii) Stock appreciation rights and Restricted stock units (cash-settled)

3M Company, USA has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Group are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock appreciation rights (SARs) / restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan. The exercise price of SARs will be based on the grant letter and RSUs will be Nil. As of the year end a sum of Rs. 1,337.31 lakhs (2021: Rs. 2,267.10 lakhs) is liability and the same is included under 'Other financial liabilities' (refer note 16).

### B. Measurement of fair values

The Group measures compensation expense for stock appreciation rights (SARs) at their fair value determined using Black - Scholes Model and restricted stock units (RSUs) based on fair market value of shares of 3M Company, USA as on 31 March, 2022.

The fair value of the cash settled SARs and the inputs used in the measurement of fair value at grant date and measurement date of the SARs are as follows:

	As at 31 March 2022	As at 31 March 2021
Fair value (in \$)	20.52	35.08
Share price (in \$)	148.88	192.68
Expected volatility (%)	21.84%	22.57%
Expected life (years)	6.92 years	6.90 years
Expected dividends (%)	2.94%	2.84%
Risk free interest rate (%)	1.92%	0.77%

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behavior of the employee who receives the SAR. Expected volatility during the expected term is based on historical volatility of the observed market prices of the 3M Company USA's publicly traded equity shares particularly over the historical period commensurate with the expected term.

### C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2022 is set out below:

	As at 31 March 2022		As at 31 March 2021	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
<b>Stock appreciation right</b>				
Outstanding at the beginning	67,231	-	64,004	-
Granted	4,563	-	7,292	-
Forfeited and expired	4,117	-	2,063	-
Exercised	1,480	-	2,002	-
Outstanding at the end	<u>66,197</u>	-	<u>67,231</u>	-
<b>Exercisable at the end</b>	<b>58,260</b>		<b>55,642</b>	
<b>Restricted stock unit</b>				
Outstanding at the beginning	7,440	-	7,527	-
Granted	5,447	-	2,902	-
Forfeited and expired	371	-	1,427	-
Exercised	1,759	-	1,562	-
Outstanding at the end	<u>10,757</u>	-	<u>7,440</u>	-
<b>Exercisable at the end</b>	<b>6,768</b>		<b>4,861</b>	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### D. Expense recognised in Statement of profit and loss

An amount of **Rs. 115.14 lakhs** has been credited (31 March 2021: Rs. 1,257.43 lakhs has been debited) to the consolidated statement of profit and loss for the year and included under Employee benefit expenses.

### E. The weighted average share price at the date of exercise with regards to SARs and RSUs exercised during the year is **USD 165.13** and **USD 160.73** respectively (31 March 2021: USD 167.13 and USD 181.05 respectively).

The above disclosures have been made to the extent information is available with the Group.

## 29 Employee benefits

### (a) Defined contribution plan

The Group offers its employees defined contribution plans in the form of Provident Fund (PF), Superannuation Fund (SF), Employees' State Insurance (ESI). Contribution to SF is made to 3M India Limited Employees Superannuation Fund Trust and 3M E & C India Employees Superannuation Fund Trust. Other contributions are made to the Government's funds. While both the employees and the Group pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Group has recognised the following amounts in the consolidated statement of profit and loss, which are included in contribution to provident and other funds:

(Rs. in lakhs)

Benefit (contribution to)	Year ended 31 March 2022	Year ended 31 March 2021
Provident fund	1,394.85	1,381.00
Superannuation fund	127.09	123.51
Employee State Insurance Corporation	0.65	0.60
	<u>1,522.59</u>	<u>1,505.11</u>

### (b) Defined benefit plan

The Group provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Group. The Group contributes all ascertained liabilities towards gratuity to the 3M India Limited Employees Gratuity Fund Trust and 3M E & C Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2022 and 31 March 2021, the plan assets have been primarily invested in insurer managed funds.

(Rs. in lakhs)

A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation	As at 31 March 2022	As at 31 March 2021
Obligation at the beginning of the year	5,675.83	5,325.45
Current service cost	520.76	478.13
Interest cost	378.50	311.23
Actuarial loss / (gains) - experience	24.14	130.96
Actuarial (gain) / loss - demographic assumptions	-	(12.43)
Actuarial loss / (gains) - financial assumptions	(195.50)	494.66
Benefits paid	(219.08)	(1,052.17)
<b>Obligation at the end of the year</b>	<u><b>6,184.65</b></u>	<u><b>5,675.83</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

<b>B. Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Plan assets at the beginning of the year	2,140.23	2,816.02
Interest income on plan assets	138.09	153.42
Contribution by the Group	-	-
Remeasurements- Return on plan assets excluding amounts included in interest income	(1.30)	222.96
Benefits paid	(219.08)	(1,052.17)
<b>Plan assets at the end of the year</b>	<b>2,057.94</b>	<b>2,140.23</b>

<b>C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Present value of obligation at the end of the year	6,184.65	5,675.83
Fair value of plan assets at the end of the year	(2,057.94)	(2,140.23)
<b>Net defined benefit obligation</b>	<b>4,126.71</b>	<b>3,535.60</b>

<b>D. Expenses recognized in the Statement of profit and loss</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Current service cost	520.76	478.13
Interest cost	378.50	311.23
Interest income on plan assets	(138.09)	(153.42)
	<b>761.17</b>	<b>635.94</b>

<b>E. Remeasurements recognized in Other comprehensive income</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Actuarial losses on defined benefit obligation	(171.36)	613.18
Actuarial losses / (gains) on plan assets	1.30	(222.96)
	<b>(170.06)</b>	<b>390.22</b>

<b>F. Investment details of plan assets</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Government securities	0.00%	0.00%
High quality corporate bonds (including public sector bonds)	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Cash (including FD's and Special deposits)	0.98%	7.02%
Fund balance with Insurance companies	99.02%	92.98%
	<b>100.00%</b>	<b>100.00%</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>G. Assumptions</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Discount rate (per annum)	7.10%	6.80%
Rate of escalation in salary (per annum)	Production - 10% Others - 6%	Production - 10% Others - 6%
Retirement age (in years)	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates		
Under 30 years	Staff - 20% Production - 1%	Staff - 20% Production - 1%
31-34 years	Staff - 10% Production - 1%	Staff - 10% Production - 1%
35-50 years	Staff - 5% Production - 0.5%	Staff - 5% Production - 0.5%
51-54 years	Staff - 1%	Staff - 1%
55-60 years	Production - 0%	Production - 0%

<b>H. Sensitivity analysis</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below:		
A. Discount rate		
Effect on defined benefit obligation due to 1% increase in discount rate	(587.27)	(568.03)
Effect on defined benefit obligation due to 1% decrease in discount rate	691.30	672.53
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate of production and others	682.82	662.26
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate of production and others	(591.92)	(571.11)

*(Rs. in lakhs)*

<b>I. Maturity profile of defined benefit obligation</b>	<b>Amount</b>
1. March 31, 2023	403.45
2. March 31, 2024	278.83
3. March 31, 2025	657.06
4. March 31, 2026	414.75
5. March 31, 2027	493.71
6. March 31, 2028 to March 31, 2032	3,597.95

### Notes :

- The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
3. As per the best estimate of the management, contribution of Rs. Nil (31 March 2022: Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2023.

The Compensated absences are unfunded defined benefit obligation. Refer note-14 of the financial statements for the current and non current obligations.

### 30 Related party transaction

Names of related parties and nature of relationship:

i) Holding company	3M Company, USA	
ii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M China Limited	3M Lanka Private Limited
	3M Thailand Limited	Dyneon B.V.
	3M France S.A	3M Belgium S.A./N.V.
	3M Gulf Limited	3M Singapore Pte. Ltd.
	3M Asia Pacific Pte. Ltd	Sumitomo 3M Limited
	P.T. 3M Indonesia	3M Taiwan Limited
	3M APAC RDC Pte Limited	3M Technologies (S) Pte Ltd
	3M Australia Pty. Limited	3M Philippines, Inc.
	3M Canada Company	3M Pakistan Private Limited
	3M Do Brasil Limitada	3M International Trading (Shanghai) Co., Ltd
	3M EMEA, GmbH	3M Panama Pacifico S Der L.
	3M Espana, S.A.	3M Panama S.A
	3M Hong Kong Limited	3M Vietnam Limited
	3M Innovation Singapore Pte Limited	3M Hellas Limited
	3M Italia S.P.A.	3M Germany Hilden GmbH
	3M Malaysia Sdn. Bhn.	3M Innovation (Thailand) Co. Ltd.
	3M Korea Limited	3M UK Holdings Limited
	3M Korea Health & Safety Ltd	3M Wendt GmbH
	3M Korea High Tech, Korea	3M Winterthur Technologies AG
	3M United Kingdom PLC	3M Touch System Singapore PTE
3M ESPE Dental AG	3M Peru S.A	
Dyneon GmbH	3M Svenska AB	
3M Unitek Corporation	3M International Group B.V.	
3M Material Tech(Guangzhou) Co., Limited	Emfi S.A.	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	3M Wroclaw SP. Z O.O.	3M Matl Tech Suzhou Co Ltd
	3M South Asia Manufacturing Company Private Limited	3M Material Tech Hefei Co Ltd
	3M Saudi Arabia	Winterthur Tech Taican Co Ltd
	3M Speciality Materials (Shanghai) Co. Ltd.	3M Health Care Ltd, Japan
	Trimodal Softech Solutions Private Limited	Capital Safety Products India Private Limited
	3M Global Service Management Company	3M Wendt Gmbh
	3M New Zealand	3M Sanayi As Ticaret
	3M Japan Ltd	
iii) Post employment benefit plan entities	3M India Ltd Employees Gratuity Fund Trust	3M E&C Employees Gratuity Fund Trust
	3M India Ltd Employees Superannuation Fund Trust	3M E&C Employees Superannuation Fund Trust
iv) Key management personnel	<p><b>Executive Directors</b></p> <p>Ramesh Ramadurai (Managing Director)</p> <p>B V Shankaranarayana Rao (Whole- time Director) (upto 13 May 2020)</p> <p>Mamta Gore (Chief Financial Officer upto 31 May 2021) (Whole-time Director effective 01 September 2020 upto 31 May 2021) (Director effective 01 Jun 2021 upto 27 May 2022)</p> <p>Vidya Sarathy (Chief Financial Officer effective 01 June 2021) (Whole-time Director effective 01 June 2022)</p> <p><b>Non-executive Directors</b></p> <p>Amit Laroya</p> <p>Bharat D. Shah</p> <p>Biren Gabhawala</p> <p>Radhika Rajan</p> <p>James Ernest Falteisek</p> <p>Sadhana Kaul (Resigned effective 05 May 2020)</p> <p>Jongho Lee (Resigned effective 03 February 2022)</p> <p>Yun Jin (effective from 04 February 2022)</p> <p><b>Others</b></p> <p>V. Srinivasan (Company Secretary) (Resigned effective 10 May 2022)</p>	



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The details of the amounts due to or due from related parties are as follows:

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Trade payables</b>		
3M Company, USA	15,546.77	9,803.77
3M APAC RDC Pte Limited	427.67	802.12
3M Australia Pty. Limited	-	92.05
3M Canada Company	205.54	810.00
3M China Limited	586.33	429.73
3M Do Brasil Limitada	37.54	114.23
3M EMEA, GmbH	3,178.30	3,112.01
3M Health Care Ltd, Japan	818.26	2,122.26
3M Hong Kong Limited	15.93	243.16
3M Innovation Singapore Pte Limited	4,827.53	6,506.74
3M Malaysia Sdn. Bhn.	0.77	6.70
3M New Zealand	-	0.27
3M Panama Pacifico S Der L.	97.12	32.90
3M Philippines, Inc.	18.11	-
3M Singapore Pte. Ltd.	303.61	-
3M Speciality Materials (Shanghai) Co. Ltd.	773.49	615.14
3M Technologies (S) Pte Ltd	21.07	67.03
3M Innovation (Thailand) Co. Ltd.	32.41	3.44
3M Vietnam Limited	-	8.01
3M Taiwan Limited	204.75	12.82
3M Thailand Limited	17.75	38.67
3M Unitek Corporation	-	15.13
Dyneon B.V.	21.83	22.90
Emfi S.A	277.97	255.55
3M Poland Sp. Z O.O	19.80	19.80
Sumitomo 3M Limited	-	0.05
3M Korea High Tech, Korea	-	71.19
3M Material Tech(Guangzhou) Co Limited	21.41	9.16
Winterthur Tech Taican Co Ltd	91.03	82.15
3M Wendt GmbH	0.71	3.41
Cuno Pacific Pty Ltd Australia	15.56	70.03
3M Innovation Singapore Pte Ltd	88.78	80.25
P.T. 3M Indonesia	221.73	6.98
3M Korea Limited	745.65	985.59
3M Medical Devices & Mtl Mfg (Sh) Co. Ltd	0.09	-
3M Material Tech Hefei Co Ltd	1,037.37	-
3M International Trading (Shanghai) Co., Ltd.	8.34	-
3M Material Tech Hefei Co Limited	-	389.17
	<b>29,663.22</b>	<b>26,832.41</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Trade receivables</b>		
3M Company, USA	138.04	63.85
3M Australia Pty. Limited	-	0.15
3M EMEA, GmbH	-	168.14
3M Hong Kong Limited	28.73	11.23
3M Innovation Singapore Pte Limited	-	63.47
3M Korea Limited	-	3.36
3M Malaysia Sdn. Bhn.	-	12.63
3M Philippines, Inc.	-	1.06
3M Sanayi As Ticaret	24.29	165.11
3M Thailand Limited	3.08	231.12
3M Vietnam Limited	97.12	138.34
3M Innovation (Thailand) Co. Ltd.	-	170.07
3M Technologies (S) Pte Ltd	18.97	32.36
P.T. 3M Indonesia	14.66	3.96
3M Peru S.A	-	0.78
Sumitomo 3M Limited	2.52	3.55
	<b>327.41</b>	<b>1,069.18</b>
<b>Other financial assets</b>		
3M Company, USA	541.75	1,095.66
3M Global Service Management Company	1,230.27	836.42
3M China Limited	58.25	161.74
3M Thailand Limited	42.60	53.29
3M Lanka Private Limited	10.01	10.24
3M International Trading (Shanghai) Co. Ltd.	57.66	37.07
3M South Asia Manufacturing Company Private Limited	20.11	142.67
3M Philippines, Inc.	138.08	207.49
Trimodal Softech Solutions Private Limited	13.86	18.07
	<b>2,112.59</b>	<b>2,562.65</b>

Details of the related party transactions entered into by the Company are as follows:

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Remuneration paid to Key management personnel #</b>		
Ramesh Ramadurai	377.05	307.97
B V Shankaranarayana Rao	-	131.03
Mamta Gore	92.87	468.27
Vidya Sarathy	108.38	-
V. Srinivasan	60.11	52.18
	<b>638.41</b>	<b>959.45</b>

# Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Sitting fees and commission paid to Key management personnel

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
Bharat D. Shah	29.60	21.80
Biren Gabhawala	28.20	21.60
Radhika Rajan	25.80	21.00
	<b>83.60</b>	<b>64.40</b>

### Sales of Products (net of returns)

3M Company, USA	167.48	88.16
3M Gulf Limited	3.63	4.29
3M Thailand Limited	1,027.52	549.28
3M Korea Limited	60.88	40.99
P.T. 3M Indonesia	95.49	64.63
3M EMEA, GmbH	10.47	173.62
3M China Limited	45.95	0.37
3M Hong kong Limited	54.59	23.97
3M Technologies (S) Pte Ltd	80.03	108.30
3M Innovation (Thailand) Co. Ltd.	281.74	-
3M Taiwan Limited	-	3.78
3M Philippines, Inc.	0.29	3.38
3M Australia Pty. Limited	89.71	344.05
3M Vietnam Limited	369.05	412.08
3M Sanay AS Ticaret	24.29	186.90
3M Singapore Pte. Ltd.	-	33.87
Sumitomo 3M Limited	27.36	11.49
3M Saudi Arabia	-	334.47
3M Peru S.A	-	0.78
3M Russia	0.05	-
3M Malaysia Sdn. Bhn.	131.83	156.51
3M Asia Pacific Pte. Ltd	24.35	83.52
3M New Zealand	-	35.98
	<b>2,494.72</b>	<b>2,660.42</b>

### Contributions during the year

3M India Ltd Employees Superannuation Fund Trust	115.58	111.33
3M E&C Employees Superannuation Fund Trust	11.51	12.18
	<b>127.09</b>	<b>123.51</b>

### Income from contract research

3M Company, USA	1,695.72	1,412.89
	<b>1,695.72</b>	<b>1,412.89</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
<b>Income from management support services</b>		
3M Company, USA	636.48	1,113.91
3M Global Service Management Company	4,699.51	2,028.05
3M South Asia Manufacturing Company Private Limited	12.81	132.24
3M Lanka Private Limited	9.88	10.24
KCI Medical India Private Limited	81.59	-
Capital Safety Products India Private Limited	-	2.02
Trimodal Softech Solutions Private Limited	48.55	11.17
	<b>5,488.82</b>	<b>3,297.63</b>
<b>Reimbursement of expenses received</b>		
3M Global Service Management Company	-	1,426.73
P.T. 3M Indonesia	-	361.03
3M Korea Limited	280.87	290.41
3M Singapore PTE Ltd	-	48.14
3M Thailand Limited	95.12	107.99
3M China Limited	-	50.09
	<b>375.99</b>	<b>2,284.39</b>
<b>Corporate management fees (excluding ineligible portion of Goods and Service Tax)</b>		
3M Global Service Management Company	12,729.19	10,644.88
	<b>12,729.19</b>	<b>10,644.88</b>
<b>Royalty (excluding ineligible portion of Goods and Service Tax)</b>		
3M Company, USA	4,772.66	3,173.35
	<b>4,772.66</b>	<b>3,173.35</b>
<b>Recharges of expenses paid</b>		
3M Company, USA	66.08	50.44
3M Gulf Limited	88.77	186.81
	<b>154.85</b>	<b>237.25</b>
<b>Purchase of materials (net of returns)</b>		
3M Company, USA	44,040.29	29,348.81
3M APAC RDC Pte Limited	4,039.49	3,483.98
3M Matl Tech Suzhou Co Ltd	6.78	-
3M Japan Limited	4.68	-
3M Film Construction (Shanghai) Co. Ltd.	149.14	-
3M Australia Pty. Limited	163.73	109.38
3M Belgium S.A./N.V.	10.57	21.38
3M Canada Company	287.68	1,432.94
3M China Limited	2,200.85	1,931.44
3M Do Brasil Limitada	820.89	440.57

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2022	31 March 2021
3M EMEA, GmbH	6,058.40	5,769.12
3M ESPE Dental AG	1,135.32	346.14
3M France S.A	839.87	183.97
3M Germany Hilden GmbH	606.01	1,540.13
3M Hong Kong Limited	1,232.95	590.36
3M Innovation (Thailand) Co. Ltd.	166.00	46.51
3M Innovation Singapore Pte Limited	33,178.21	30,144.36
3M International Trading (Shanghai) Co. Ltd.	15.72	-
3M Italia S.P.A.	479.52	202.16
3M Japan Ltd	-	213.60
3M Korea Health & Safety Ltd	-	0.86
3M Medical Devices & Mtl Mfg (Sh) Co. Ltd	0.16	-
3M Korea Limited	2,385.12	1,198.22
3M Malaysia Sdn. Bhn.	30.07	15.61
3M Material Tech(Guangzhou) Co., Limited	286.19	576.91
3M New Zealand	-	3.63
3M Panama S.A	343.32	218.39
3M Philippines, Inc.	26.93	0.54
3M Speciality Materials (Shanghai) Co. Ltd.	2,666.01	2,204.28
3M Taiwan Limited	253.40	174.10
3M Thailand Limited	314.63	429.20
3M United Kingdom PLC	207.91	179.78
3M Unitek Corporation	136.44	135.38
3M Wendt GmbH	7.44	21.28
3M Winterthur Technologies AG	1,939.48	802.17
3M Wroclaw SP. Z O.O.	924.90	2,039.60
3M Health Care Limited, Japan	6,534.08	-
3M International Trading (Shanghai) Co., Ltd	-	110.18
3M Korea Hightech Limited	5.42	496.66
3M Singapore Pte. Ltd.	427.44	410.28
3M Technologies (S) Pte Ltd	7.27	39.28
Emfi S.A.	673.46	695.08
Cuno 3M Germany	42.02	213.10
Cuno 3M Poland	1,087.15	214.19
Cuno Europe (France )	65.89	76.31
Cuno Inc (USA)	3,784.10	2,149.70
Cuno K.K (Japan)	55.18	39.92
3M Panama Pacifico S Der L.	137.49	67.62
P.T. 3M Indonesia	15.48	122.13
Sumitomo 3M Limited	-	6,780.66
Cuno Pacific Pty Ltd Australia	1.23	187.61
3M Vietnam Limited	68.05	37.32
3M Material Tech Hefei Co Limited	2,350.11	2,200.68
	<b>120,212.47</b>	<b>97,645.52</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 Segment Reporting

### A. Basis for segmentation

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the “management approach” as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group’s performance and allocates resources based on an analysis of various performance indicators by segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

The Group operates mainly to the needs of domestic market and export turnover is not significant in context of total turnover. Accordingly, there are no reportable geographical segments. The Group has five reportable segments, as described below.

For each of the segments, the Company’s Managing Director, who is the CODM, reviews internal management reports on at least a quarterly basis.

Segment revenue, results, assets and liabilities figures include the respective amounts identifiable to each of the segments. Other unallocable income net off unallocable expenditure are towards common services to the segments which are not directly identifiable to the individual segments as well as those at a corporate level which relate to the Group as a whole.

The following summary describes the products included in each of the Group’s reportable segment:

Reportable segments	Products
Safety & Industrial	Major products under this segment include vinyl, polyester, foil and specialty industrial tapes and adhesives: Scotch Masking Tape, Scotch Filament Tape and Scotch Packaging Tape, Functional and Decorative Graphics, Abrasion-Resistant Films, Masking Tapes and Other Specialty Materials.
Health care	Major products include medical and surgical supplies, medical devices, skin & wound care and infection prevention products & solutions, drug delivery systems, dental and orthodontic products and food safety products.
Transportation & Electronics	Major product under this segment include personal protection products, brand & asset protection solutions, border control products, passive fire protection products for industries and commercial establishments, track and trace products, cleaning and hygiene products for the hospitality industry.  Graphics business consists of four divisional subsets- the Traffic Safety Systems Division (TSSD), the Commercial Graphics Division (CGD), the Architectural Markets Division (AMD) and the Mobile Interactive Solutions Division (MISD). TSSD products include retro reflective traffic signs for highways and cities, pavement marking and vehicle registration products and services. CGD portfolio includes products like films, inks and digital signage products. AMD products includes wall and glass cladding products coupled with architectural interior services and environmental graphics for home and office spaces. MISD products include projection systems, computer and ATM-screen privacy filters and brightness enhancement films for television, avionics and automotive displays.
Consumer	Consumer and Office business includes products such as Scotch brand, addressing the Home & Office tapes, Adhesives, Packaging protection platforms, Post-it brand with a product range of Note Pads, Dispensers, Flagging solution, Labels and Scotchguard brand addressing the stain protection market.

### B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	31 March 2022	31 March 2021
<b>Segment revenue (revenue from operations)</b>		
a) Safety & Industrial	119,366.39	101,249.64
b) Transportation & Electronics	117,423.42	89,033.53
c) Health Care	55,211.64	36,200.78
d) Consumer	38,748.57	31,286.00
e) Others	2,834.15	2,713.19
<b>Total revenue</b>	<b>333,584.17</b>	<b>260,483.14</b>
<b>Segment results</b>		
a) Safety & Industrial	8,504.31	10,392.17
b) Transportation & Electronics	9,097.66	1,418.96
c) Health Care	6,791.94	3,047.14
d) Consumer	7,741.77	3,985.56
e) Others	1,276.66	920.01
<b>Total segment results</b>	<b>33,412.34</b>	<b>19,763.84</b>
Less : Interest expense	372.04	245.41
Add: Other un-allocable income net off un-allocable expenditure	3,711.51	2,473.73
<b>Profit before tax</b>	<b>36,751.81</b>	<b>21,992.16</b>
Tax expense	9,554.70	5,754.51
<b>Profit after tax</b>	<b>27,197.11</b>	<b>16,237.65</b>
<b>Segment assets</b>		
a) Safety & Industrial	49,366.74	44,771.41
b) Transportation & Electronics	53,618.14	46,232.84
c) Health Care	19,287.93	16,369.96
d) Consumer	8,447.68	10,455.74
e) Unallocated corporate assets	169,873.94	147,323.08
<b>Total assets</b>	<b>300,594.43</b>	<b>265,153.03</b>
<b>Segment liability</b>		
a) Safety & Industrial	20,778.88	20,370.87
b) Transportation & Electronics	20,633.88	19,424.84
c) Health Care	8,237.10	6,258.85
d) Consumer	4,456.11	4,120.45
e) Unallocated corporate liabilities	28,131.18	23,945.10
<b>Total liabilities</b>	<b>82,237.15</b>	<b>74,120.12</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	31 March 2022	31 March 2021
<b>Capital expenditure</b>		
a) Safety & Industrial	997.75	1,302.38
b) Transportation & Electronics	5,310.05	896.43
c) Health Care	174.36	760.59
d) Consumer	196.23	890.68
e) Unallocated capital expenditure	352.16	301.58
<b>Total capital expenditure</b>	<b>7,030.55</b>	<b>4,151.66</b>
<b>Depreciation and amortisation expenses</b>		
a) Safety & Industrial	2,360.93	2,566.46
b) Transportation & Electronics	1,731.27	1,382.64
c) Health Care	890.82	1,201.73
d) Consumer	365.92	946.89
e) Unallocated depreciation / amortisation expenses	162.78	86.87
Depreciation / amortisation expenses	<b>5,511.72</b>	<b>6,184.59</b>
<b>Non cash expenses other than depreciation and amortisation expense</b>		
a) Safety & Industrial	-	145.16
b) Transportation & Electronics	-	127.65
c) Health Care	-	51.90
d) Consumer	-	44.86
<b>Total non cash expenses</b>	<b>-</b>	<b>369.57</b>

### 32 Corporate social responsibility

Details of CSR expenditure in accordance with Section 135 of the Companies Act, 2013.

(Rs. in lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
a) amount required to be spent by the company during the year	733.42	945.49
b) amount of expenditure incurred	736.84	948.65
c) shortfall at the end of the year	-	-
d) total of previous years shortfall	-	-
e) reason for shortfall	Nil	Nil
f) nature of CSR activities	Education and Community	Education and Community
g) details of related party transactions	Nil	Nil

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 33 Contingent liabilities and commitments:

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
a) Guarantees:		
- Issued by Group's bankers	7,523.48	7,462.82
b) Claims against the Group not acknowledged as debts:		
- Income tax demand (including interest) (refer note (i) below)	30,248.51	17,659.91
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	12,084.87	2,880.51
- Service tax matters (refer note (v) below)	1,442.06	917.01
- Central excise duty matters (refer note (vi) below)	2,228.22	2,228.22

#### Notes:

- (i) Income tax matters mainly relates to intercompany charges.
- (ii) The Group during the year 2012-13 had received an order from The Commissioner of Customs demanding differential duty, interest and penalty of Rs.1,961.50 lakhs, contending the availment of concessional import duty in respect of some of its products for which a demand notice was served on the Group for payment of the above amount. The Group has filed an appeal against the order including for obtaining a stay against any recovery proceedings that may be initiated and accordingly no liability has been recognised in the books.
- (iii) The Group was issued a Show Cause Notice dated 8 December 2016 by the Directorate of Revenue Intelligence (DRI) in relation to levy of customs duty on inter-company transactions for import of goods and services and hence proposing to demand differential duty of customs covering the transactions during the period 8 December 2011 to 7 February 2014. The Group has received an order in original on 1 October 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to Rs.7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of Rs.1,000 lakhs. The Group has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of Rs. 577.00 lakhs.
- (iv) Sales tax cases primarily pertains to Maharashtra Value Added Tax Act, 2002 and Karnataka Value Added Tax Act, 2003. These are pertaining to the years from 2003-04 to 2017-18. These cases are with respect to the applicable rate of tax for various products and matters pertaining to declaration forms.
- (v) Service tax matters relates to cases with respect to manner of apportionment of credit availed by the Group without registering as an Input service distributor.
- (vi) Excise matters relates to penalty for allegedly dealing in goods liable to confiscation under Rule 26 of the Central Excise Act and Valuation/ allowability of CENVAT credit under the Central Excise Act.
- (vii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Group has made a provision for provident fund contribution pursuant to the judgement only for the current year. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

Capital commitments	As at 31 March 2022	As at 31 March 2021
Estimated value of contracts in capital account remaining to be executed	3,049.39	2,036.13

During the year ended 31 March 2022 no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34 Tax expenses

### (a) Amount recognised in Statement of profit and loss (Rs. in lakhs)

	31 March 2022	31 March 2021
Current tax	9,802.95	6,499.48
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	(248.25)	(744.97)
<b>Tax expense for the year</b>	<b>9,554.70</b>	<b>5,754.51</b>

Note: The Group elected to exercise the option permitted under section 115BBA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

### (b) Reconciliation of effective tax rate (Rs. in lakhs)

	31 March 2022		31 March 2021	
Profit before tax		36,751.81		21,992.16
Tax at statutory income tax rate 25.168% (31 March 2021 - 25.168%)	25.168%	9,249.70	25.168%	5,534.99
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>				
Non-deductible expenses	0.57%	210.28	1.00%	219.90
Others	0.26%	94.72	0.00%	(0.38)
<b>Income tax expense</b>	<b>26.00%</b>	<b>9,554.70</b>	<b>26.17%</b>	<b>5,754.51</b>

### (c) Deferred tax assets and liabilities are attributable to the following: (Rs. in lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets)/ liabilities, net	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Property, plant and equipment	-	-	455.44	606.56	455.44	606.56
Employee benefits expense	1,525.16	1,194.61	-	-	(1,525.16)	(1,194.61)
Provisions	2,215.22	2,491.45	-	-	(2,215.22)	(2,491.45)
	<b>3,740.38</b>	<b>3,686.06</b>	<b>455.44</b>	<b>606.56</b>	<b>(3,284.94)</b>	<b>(3,079.50)</b>

### (d) Movement in temporary differences

#### 31 March 2022 (Rs. in lakhs)

Particulars	Balance as at	Recognised in profit or	Recognised in	Recognised directly in	Others	Balance as at
	1 April 2021	loss	OCI	equity		31 March 2022
Property, plant and equipment	606.56	(151.12)	-	-	-	455.44
Employee benefits expense	(1,194.61)	(373.36)	42.81	-	-	(1,525.15)
Provisions	(2,491.45)	276.23	-	-	-	(2,215.22)
	<b>(3,079.50)</b>	<b>(248.25)</b>	<b>42.81</b>	<b>-</b>	<b>-</b>	<b>(3,284.94)</b>

#### 31 March 2021 (Rs. in lakhs)

Particulars	Balance as at	Recognised in profit or	Recognised in	Recognised directly in	Others	Balance as at
	1 April 2020	loss	OCI	equity		31 March 2021
Property, plant and equipment	893.48	(286.92)	-	-	-	606.56
Employee benefits expense	(855.28)	(241.12)	(98.21)	-	-	(1,194.61)
Provisions	(2,274.52)	(216.93)	-	-	-	(2,491.45)
	<b>(2,236.32)</b>	<b>(744.97)</b>	<b>(98.21)</b>	<b>-</b>	<b>-</b>	<b>(3,079.50)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (e) Details of income tax assets and income tax liabilities (Rs. in lakhs)

	31 March 2022	31 March 2021
Income tax assets (net)	14,186.18	11,984.40
Current tax liabilities (net)	(4,292.17)	(2,279.50)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>9,894.01</b>	<b>9,704.90</b>

### (f) The gross movement in the current income tax asset / (liability) (Rs. in lakhs)

	31 March 2022	31 March 2021
Net current income tax asset / (liability) at the beginning of the year	9,704.90	7,855.76
Income tax paid	10,140.21	8,348.62
Interest on income tax matters	(148.14)	-
Current income tax expense	(9,802.95)	(6,499.48)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>9,894.01</b>	<b>9,704.90</b>

### 35 Movement in provisions (Rs. in lakhs)

Particulars	1 April 2021	Addition	Utilisation/ reversals	31 March 2022
a) Asset retirement obligation	90.57	0.01	-	90.58
b) Sales tax, service tax and other litigations	2,535.28	66.14	366.42	2,235.00
c) Provision for sales return and volume rebate	2,467.50	3,341.48	2,467.50	3,341.48
	<b>5,093.35</b>	<b>3,407.63</b>	<b>2,833.92</b>	<b>5,667.06</b>

Particulars	1 April 2020	Addition	Utilisation/ reversals	31 March 2021
a) Asset retirement obligation	90.57	-	-	90.57
b) Sales tax, service tax and other litigations	2,440.94	136.94	42.60	2,535.28
c) Provision for sales return and volume rebate	3,787.46	2,467.50	3,787.46	2,467.50
	<b>6,318.97</b>	<b>2,604.44</b>	<b>3,830.06</b>	<b>5,093.35</b>

### 36 Capital management

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt is debt as considered under long-term and short-term borrowings which is on account of finance lease on office equipment and vehicles. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2022 and 31 March 2021 was as follows -

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability	2,457.45	2,312.59
Debt	-	-
<b>Total</b>	<b>2,457.45</b>	<b>2,312.59</b>
Total equity	218,357.28	191,032.91
<b>Debt to total equity ratio</b>	<b>1.13%</b>	<b>1.21%</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37 Financial Instruments - Fair values and risk management

#### A. Accounting classification and fair values

- Fair value through other comprehensive income (FVTOCI) - Where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income
- Fair value through profit or loss (FVTPL) - Where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.
- Amortised cost - Where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2022

(Rs. in lakhs)

	Carrying amount					
	Note	Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	Total carrying amount
<b>Financial assets not measured at fair value</b>						
Trade receivables	6	-	-	-	52,776.68	52,776.68
Loans	7	-	-	-	45.84	45.84
Other financial assets	8	-	-	-	3,548.98	3,548.98
Cash and cash equivalents	11	-	-	-	132,786.45	132,786.45
		-	-	-	<b>189,157.95</b>	<b>189,157.95</b>
<b>Financial liabilities not measured at fair value</b>						
Lease liabilities	38	-	-	-	2,457.45	2,457.45
Trade payables	15	-	-	-	53,844.31	53,844.31
Other financial liabilities	16	-	-	-	6,495.56	6,495.56
		-	-	-	<b>62,797.32</b>	<b>62,797.32</b>

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2021

(Rs. in lakhs)

	Carrying amount					
	Note	Mandatorily at FVTPL	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	Total carrying amount
<b>Financial assets not measured at fair value</b>						
Trade receivables	6	-	-	-	48,852.84	48,852.84
Loans	7	-	-	-	61.04	61.04
Other financial assets	8	-	-	-	4,426.73	4,426.73
Cash and cash equivalents	11	-	-	-	106,242.29	106,242.29
		-	-	-	<b>159,582.90</b>	<b>159,582.90</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
<b>Financial liabilities not measured at fair value</b>						
Lease liabilities	38	-	-	-	2,312.59	2,312.59
Trade payables	15	-	-	-	50,038.42	50,038.42
Other financial liabilities	16	-	-	-	7,170.84	7,170.84
		-	-	-	<b>59,521.85</b>	<b>59,521.85</b>

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

### B. Financial Risk Management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### i. Risk management framework

The Group's principal financial liabilities comprise finance lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and cash equivalents that are derived directly from its operations.

#### ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

##### (a) Financial assets that are not credit impaired

The Group has financial assets which are in the nature of cash and cash equivalents, loans to employees, unbilled revenue from related party, interest accrued on fixed deposits and receivables from related parties which are not credit impaired. These are contractually agreed with either banks, related parties or employees where the probability of default is negligible.

##### (b) Financial assets that are credit impaired

###### *Trade receivables*

The Credit services team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available. Sale limits are established for each customer and reviewed yearly.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

The maximum exposure to credit risk for trade receivables by geographic region is as follows: *(Rs. in lakhs)*

	Carrying amount as at	
	31 March 2022	31 March 2021
India	56,500.86	52,363.14
Other regions	347.99	1,069.41
	<b>56,848.85</b>	<b>53,432.55</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows: (Rs. in lakhs)

	Carrying amount as at	
	31 March 2022	31 March 2021
Distributors	33,466.01	23,399.33
Other	23,382.84	30,033.22
	<u>56,848.85</u>	<u>53,432.55</u>
Less: receivables from related party, secured receivables and other receivables not considered for credit risk	1,457.74	1,422.60
Net trade receivables	<u>55,391.11</u>	<u>52,009.95</u>

Expected credit loss assessment for the Group as at 31 March 2021 and 2022:

The Group has divided all the debtors outstanding for the last twelve quarters into age brackets of not due, 0-90 days, 91-180 days, 181-270 days, 271-365 days and amounts outstanding for more than one year.

The Group has calculated the impairment loss arising on account of past trends in the default rate for time bucket. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Out of the total trade receivables of Rs. 56,848.85 lakhs (31 March 2021: 53,432.55 lakhs), the exposure considered for expected credit loss is Rs. 55,391.11 lakhs (31 March 2021 :Rs. 52,009.95). The balance which is not considered for impairment primarily pertains to intercompany receivables and secured debtors.

The following table provides information about the exposure to credit risk and expected credit loss for trade and other receivables :

(Rs. in lakhs)

	Gross carrying amount	Weighted average loss rate	Loss allowance
<b>31 March 2022</b>			
Current (not past due)	50,841.26	0.59%	302.46
0-90 days	768.97	1.98%	15.25
91-180 days	25.68	23.45%	6.02
181-270 days	38.82	82.95%	32.20
271-360 days	50.65	99.72%	50.51
> 360 days	3,665.72	100.00%	3,665.72
	<u>55,391.11</u>		<u>4,072.17</u>
<b>31 March 2021</b>			
Current (not past due)	46,609.02	1.07%	500.77
0-90 days	1,354.25	3.57%	48.33
91-180 days	8.74	28.46%	2.49
181-270 days	42.11	76.90%	32.38
271-360 days	653.72	99.99%	653.63
> 360 days	3,342.11	100.00%	3,342.11
	<u>52,009.95</u>		<u>4,579.71</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements in the allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables is as follows: *(Rs. in lakhs)*

	31 March 2022	31 March 2021
Balance as at 1 April	4,579.71	5,541.37
Utilised during the year	(128.36)	(1,254.07)
Impairment loss recognised	(379.18)	292.41
<b>Balance as at 31 March</b>	<b><u>4,072.17</u></b>	<b><u>4,579.71</u></b>

### iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities:

*(Rs. in lakhs)*

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
<b>31 March 2022</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	1,773.49	510.97	172.99	-	2,457.45
Trade payables	53,844.31	-	-	-	53,844.31
Other financial liabilities	6,495.56	-	-	-	6,495.56
	<b><u>62,113.36</u></b>	<b><u>510.97</u></b>	<b><u>172.99</u></b>	<b><u>-</u></b>	<b><u>62,797.32</u></b>
<b>31 March 2021</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	1,269.57	951.38	91.64	-	2,312.59
Trade payables	50,038.42	-	-	-	50,038.42
Other financial liabilities	7,170.84	-	-	-	7,170.84
	<b><u>58,478.83</u></b>	<b><u>951.38</u></b>	<b><u>91.64</u></b>	<b><u>-</u></b>	<b><u>59,521.85</u></b>

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Group is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Exposure to currency risk

The summary quantitative data about the Group's unhedged exposure to currency risk as reported to the management is as follows:

(Rs. in lakhs)

	31 March 2022				31 March 2021			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	19,576.51	3,320.37	4,937.38	1,108.25	15,545.77	4,026.07	7,456.14	3,158.70
Trade and other receivables	2,417.08	-	-	-	2,044.43	-	-	-
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>17,159.43</b>	<b>3,320.37</b>	<b>4,937.38</b>	<b>1,108.25</b>	<b>13,501.34</b>	<b>4,026.07</b>	<b>7,456.14</b>	<b>3,158.70</b>

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2022</b>				
USD (for 1% movement)	171.59	(171.59)	128.41	(128.41)
EURO (for 1% movement)	33.20	(33.20)	24.85	(24.85)
SGD (for 1% movement)	49.37	(49.37)	36.95	(36.95)
Others (for 1% movement)	11.08	(11.08)	8.29	(8.29)
	<u>265.25</u>	<u>(265.25)</u>	<u>198.50</u>	<u>(198.50)</u>

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2021</b>				
USD (for 1% movement)	135.01	(135.01)	101.03	(101.03)
EURO (for 1% movement)	40.26	(40.26)	30.13	(30.13)
SGD (for 1% movement)	74.56	(74.56)	55.80	(55.80)
Others (for 1% movement)	31.59	(31.59)	23.64	(23.64)
	<u>281.42</u>	<u>(281.42)</u>	<u>210.60</u>	<u>(210.60)</u>

### Impact of Covid 19 Pandemic:

The Group has considered internal and external sources of information as of the date of approval of the financial results in determining the possible impact, if any, of the resurgence of the COVID-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. The Group has used the principle of prudence in applying judgements and making estimates. Based on this evaluation, the Group does not expect any material impact on its financial results. However, the eventual outcome of impact of Covid-19 pandemic may be different from those estimated as on the date of approval of these financial statements.

### 38 Leases

The Group has taken vehicles, leasehold improvements, data processing equipment, office premises, warehouse and residential premises. These leases typically run for a period of eleven months to ninety six months, with an option to renew the lease after that date. For certain leases, the Group is restricted from entering into any sub-lease arrangements. Information about leases for which the Group is a lessee is presented below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### I. Right-of-use assets

(Rs. in lakhs)

Particulars	Buildings	Land	Data processing equipment	Vehicles	Total
<b>Balance as at 01 April 2020</b>	<b>2,590.01</b>	<b>366.75</b>	<b>1,225.60</b>	<b>206.78</b>	<b>4,389.14</b>
Additions during the year	-	-	315.83	42.86	358.69
Depreciation charge for the year	1,569.16	5.04	615.21	123.41	2,312.82
De-recognition during the year	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>1,020.85</b>	<b>361.71</b>	<b>926.22</b>	<b>126.23</b>	<b>2,435.01</b>
Additions during the year	1,412.66	-	622.72	26.73	2,062.11
Depreciation charge for the year	1,278.38	1.68	605.44	76.71	1,962.22
De-recognition during the year	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>1,155.12</b>	<b>360.02</b>	<b>943.50</b>	<b>76.24</b>	<b>2,534.90</b>

### II. Lease liabilities

(Rs. in lakhs)

	As at 31 March 2022	As at 31 March 2021
Non current	683.96	1,043.02
Current	1,773.49	1,269.57
<b>Total</b>	<b>2,457.45</b>	<b>2,312.59</b>

The Group incurred during the year Rs 348.71 lakhs (31 March 2021: 229.93) towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases is Rs. 2,119.40 Lakhs (including interest of Rs. 202.15 lakhs) for the year ended March 31, 2022.

\* The incremental borrowing rate on the previously considered operating leases is 9%.

### 39 Business combination

The Boards of Directors of the Company and of 3M Electro & Communication India Private Limited (3M E&C), wholly owned subsidiary of the Company at their Meetings held on 17 September 2021 had approved the Scheme of Amalgamation of 3M E&C with the Company under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Appointed Date fixed under the Scheme was April 01, 2021. The Scheme of Amalgamation of 3M E&C with the Company has been filed with National Company Law Tribunal (NCLT) to amalgamate the wholly owned subsidiary. NCLT Chennai vide its order dated May 25, 2022 has dispensed with convening of the meeting of Equity Shareholders and the Creditors of 3M E&C. 3M E&C will be initiating next steps and filing necessary applications in accordance with the directions of the NCLT. As on the date of approval of these consolidated financial statements, the matter is pending with NCLT. Accordingly, no effect has been given to the aforesaid scheme as at 31 March 2022.

### 40 Additional information pursuant to para 2 of general instructions for preparation of the consolidated financial statements

Name of the entity	Net assets, i.e., Total assets minus Total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
<b>Parent</b>				
3M India Limited	114%	248,878.12	98%	26,617.51
<b>Subsidiary</b>				
3M Electro & Communications India Private Limited	9%	19,959.16	2%	579.60
<b>Adjustment arising out of consolidation</b>	23%	50,480.00	0%	-
<b>Total</b>	<b>100%</b>	<b>218,357.28</b>		<b>27,197.11</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41 Ratio Analysis and its elements

Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reasons for Variance
Current Ratio	Current Assets	Current Liabilities	3.20	3.10	3.23%	
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.01	0.01	(7.03%)	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	15.43	8.96	72.33%	Improvement in the ratio is due to increase in profitability in the current reporting period.
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.13	0.09	49.79%	Improvement in the ratio is due to increase in profitability in the current reporting period.
Inventory Turnover ratio	Cost of goods sold	Average Inventory	4.42	3.57	23.71%	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	6.42	5.00	28.44%	Improvement in the ratio is due to the better collection and increase in revenue in the current reporting period
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.09	3.98	2.82%	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	1.99	1.80	10.69%	
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.08	0.06	31.24%	Improvement in the ratio is due to increase in profitability in the current reporting period.
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.17	0.12	46.05%	Improvement in the ratio is due to increase in profitability in the current reporting period.
Return on Investment	Interest (Finance Income)	Investment	-	-	0.00%	

**42** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43 Other statutory information:

- i) The Group does not have any Benami property or any proceeding is pending against the Company for holding any Benami property.
- ii) The Group do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- iii) The Group has not traded or invested in crypto currency or virtual currency during the financial year.
- iv) The Group is not classified as wilful defaulter.
- v) The Group doesn't have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as search or survey.
- vi) The Group has no transactions with the struck off companies.

**44** Mr. V. Srinivasan, Company Secretary and Compliance Officer, (Key Managerial Personnel of the Company) resigned as Company Secretary and Compliance Officer from the closing hours of May 10, 2022 and the Company is taking steps to appoint a Company Secretary. As on the date of approval of these financial statements by the Board, the Company Secretary is not appointed.

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See accompanying notes to the consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

*Chartered Accountants*

Firm registration number: 101248W/W-100022

*for and on behalf of the Board of Directors*

**Vikash Gupta**

*Partner*

Membership No: 064597

Place: Bengaluru

Date: 27 May 2022

**Ramesh Ramadurai**

*Managing Director*

[DIN: 07109252]

Place: Bengaluru

Date: 27 May 2022

**Amit Laroya**

*Director*

[DIN: 00098933]

**Vidya Sarathy**

*Chief Financial Officer*









## **3M India Limited**

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[www.3M.com/in](http://www.3M.com/in)

Corporate Identification Number (CIN):  
L31300KA1987PLC013543