



**3M India Limited**  
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Bengaluru 560001, India  
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www.3M.com/in

August 1, 2023

Corporate Relationship Department  
BSE Limited  
1st 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: 36<sup>th</sup> Annual General Meeting - Notice cum Annual Report 2022-23.**

**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 30, 2023, please find attached Notice cum complete set of Annual Report for the financial year 2022-23 of the Company. The 36<sup>th</sup> Annual General Meeting (AGM) of the Company scheduled to be held at **10:30 A.M. IST on Friday, the August 25, 2023** through Video Conferencing / Other Audio-Visual Means.

The electronic copies of the Notice of the AGM and Annual Report 2022-23 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 2022-23 have been completed on August 1, 2023.

The Annual Report 2022-23 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**

**Pratap Rudra Bhuvanagiri**  
**Company Secretary &**  
**Compliance Officer**

*Encl: as above*

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Electronics City, Bangalore 560100  
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PAN: AAACB5724H  
GSTIN: 29AAACB5724H1ZQ



# Sustainable Value Creation

Science. People. Impact.





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## On the cover

The image on the cover features 3M's manufacturing site at Ranjangaon, Shirur Taluk, Pune, Maharashtra. Commissioned in 2007, this facility serves as a manufacturing hub for a diverse range of products supporting our industrial, automotive, healthcare and consumer businesses. The site exemplifies our sustainability practices in action. Refer to pages 24-25 to read more about our activities around reducing emissions, waste and conservation of water.





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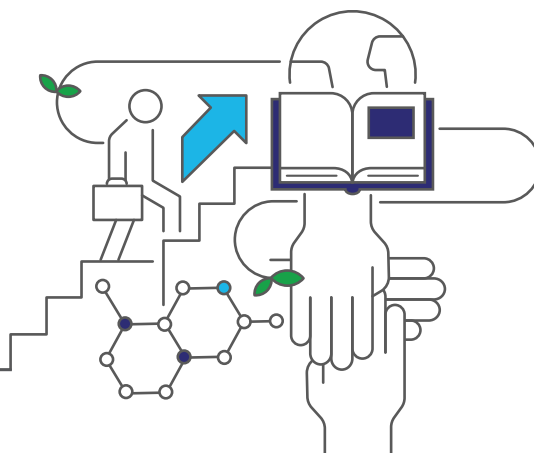
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# Sustainable Value Creation

## Science | People | Impact

India has reinforced its position as one of the world's fastest-growing economies, overcoming challenging macro-economic conditions and staging a strong recovery from the pandemic. India's economic outlook remains positive with enhanced emphasis on capital expenditure and rising domestic consumption laying the foundation for long-term growth.





In an ever-evolving world, science leads the way. 3M is excited to be a part of India's growth journey as we believe that science serves as the catalyst for creating a brighter world that benefits everyone. By harnessing the power of people, ideas and scientific innovation, we are working on the opportunities and challenges faced by our customers, communities and the planet at large.

It is at the intersection of science, innovation and collaboration, that magic happens. It is how we create sustainable value – for our customers, for our people and for our communities.

# Built for the long term

**3M applies science and innovation to make a real impact by igniting progress and inspiring innovation in lives and communities across the globe.**

For over 120 years, 3M has been dedicated to science and exploration, taking on global challenges and developing solutions for our customers. As a company, we're guided by our Purpose, Promise, and Principles as we create unique and differentiated value for our customers, shareholders, and other stakeholders.

## Our Purpose

*Unlock the power of people, ideas, and science to reimagine what's possible*

## Our Promise

*Improve lives by helping solve the world's greatest challenges*

Our Principles

Makers of what's next

Science-based performance

Unparalleled expertise, extraordinary outcomes

Strength in collaboration

Change for good

These bind us together as one 3M, unified in our ambitions and empowered to drive long-term growth, reputation and impact with every action. These collective ideals correspond to expectations from our customers, investors and employees.



## At a Glance : 3M India Limited *(Standalone)*

**35+**  
years in India

**₹258.69 Bn**

Market capitalisation  
as on March 31, 2023

(Among the top 500  
companies based on  
Market Capitalisation)



**1,108**  
Employees

**3**  
Manufacturing  
sites

**2**  
Innovation  
centers

**21.3%**  
Revenue  
growth

**56.3%**  
Profit after  
tax growth



## Revenue from operations by segment

**33%**  
Safety and Industrial



**14%**  
Healthcare



**42%**  
Transportation & Electronics



**11%**  
Consumer



# Navigating change with strong results



We have built a strong base in the country with depth in technologies and solutions relevant to different market sectors. Growth opportunities in priority areas like automotive, infrastructure, industrial markets, healthcare and retail helped leverage some of the leading solutions crucial for your Company's growth.

## Dear Shareholders,

It is my privilege as Chairman of 3M India Limited to place before you the Annual Report of your Company for FY 22-23. It was a year of robust recovery for the Indian economy, even as other external developments continued to affect macro-economic conditions. India's economy has fared better than most other economies despite global uncertainties. GDP has grown due to public investment endorsed by the Government and domestic consumption. Agriculture and services sector saw growth while manufacturing improved even as production costs increased during the year due to supply chain inconsistencies.

The outlook for India continues to remain positive as Government investment gains momentum, giving impetus to the infrastructure sector. The PLI programme is expected to increase investments and output in the manufacturing sector in the near to medium term. Services sector performance continues to be robust. Advanced economies are expected to see slower growth during the next fiscal while the outlook for India's GDP is projected at 6.5% for FY 23-24 by leading financial agencies.



I am pleased to report that your Company continued to be on a sustainable growth path achieving a sales growth of 21.3% and Profit After Tax (PAT) growth of 56.3%. We have built a strong base in the country with depth in technologies and solutions relevant to different market sectors. Growth opportunities in priority areas like automotive, infrastructure, industrial markets, healthcare and retail helped leverage some of the leading solutions crucial for your Company's growth. Your Company is respected as a market leader in many of the industries with strong brand recognition which helps us introduce new solutions.

During the year, we also took an important step in our journey by declaring our maiden dividend in the history of the company. I am pleased to share that your Company's board has recommended a final dividend for FY 22-23 for your approval.

### **A stable foundation for future growth**

I would like to congratulate the employees and management of your Company for delivering strong results in FY 22-23. These results continue to strengthen the foundation of the company and places it well for future growth. Your Company is driven by a long-term vision of creating sustainable value.

In addition to delivering growth in financial results, I am proud of the impact your Company continues to make in its communities. Staying true to its key focus themes of Education, Community and Environment, your Company deepened its investment in key programmes in Education and Community healthcare last year, supporting underserved children

*I am proud of the impact your Company continues to make in its communities. Staying true to its key focus themes of Education, Community and Environment, your Company deepened its investment in key programmes in Education and Community healthcare last year, supporting underserved children and rural communities respectively, around our manufacturing site (Pune) and reaching remote areas of the country through CSR implementation models.*

and rural communities respectively, around our manufacturing site (Pune) and reaching remote areas of the country through CSR implementation models. As India progresses on its sustainability commitments towards energy transition and reduction of emissions, your Company is well aligned to these important milestones with our own ESG imperatives to improve sustainability in our operations, our solutions and community outreach.

In July 2022, 3M India's parent company, 3M USA, announced that it will spin-off its global health care business into a separate company. In India, 3M USA proposes to maintain its manufacturing and distribution arrangement for Health Care products through 3M India Limited. In this regard, your Company's Board has authorised the 3M India management to discuss the details of this arrangement. This was also disclosed to the stock exchanges on May 30, 2023.

As I conclude, I would like to reaffirm that your Company is well positioned to not only take on the challenges of the external market but also, capitalise on the growth opportunities India presents. I thank all our stakeholders for being a part of our journey and for their support. I also thank the employees and management of the company for their focus and commitment to their purpose. On behalf of the Board of Directors, I thank you for your continued trust and confidence in your Company.

**Bharat D. Shah**  
Chairman

# Strong rebound on the path to sustainable value creation



## Dear Shareholders,

I am honoured to present the Annual Report of 3M India Limited for FY 22-23 and share with you some highlights of your Company's performance last fiscal. Despite the headwinds faced by the global economy, the Indian economy staged a resilient recovery and delivered robust growth in FY 22-23. It is estimated that India's GDP grew at about 7.2% for FY 22-23.

## Strong rebound

Your Company's performance rebounded strongly in FY 22-23 with a sales growth of 21.3% and revenue of ₹ 3,733 crores on a stand-alone basis. Profit before tax grew by 55.91% versus previous year, with PBT margins at 15.02% for FY 22-23, compared to 11.68% in prior year.

FY 22-23 also marked an important milestone in the journey of your

Company. During the year, the Company declared its maiden dividend in the form of a special dividend of ₹ 850 per share. The Board has also recommended a final dividend of ₹ 100 per share, for your approval.

While we are pleased with the above financial results, we also recognise that this is an important step in a long journey of creating sustainable value for our shareholders, customers, partners, communities and other stakeholders. We intend to create sustainable long-term value by leveraging the unique capabilities of 3M and applying them to existing and several emerging opportunities in India.

At its core, 3M is a material science company, and we create value through science and innovation. This fundamental strength continues to keep us relevant in an ever-evolving business environment. I am excited at the multiple growth opportunities we have before us and our ability to contribute to several priority areas of India's economy.

## Creating value for customers through science and innovation

- The automotive value chain offers broad opportunities for your Company. We participate in various solutions to the automotive tier suppliers, OEMs, and the after-market segments. These segments will continue to remain a crucial driver of your Company's growth.
- We are also excited about growth opportunities in selected segments of the infrastructure space, that your Company can participate in. We have been focused on the road safety segment for several years, and are recognised not only as a





valued supplier, but also as a thought leader. The increased outlay in the Union Budget for infrastructure, including airports, metro rail and others, presents attractive medium-term opportunities.

- Your Company segments the broader industrial market based on vertical industry segments as well as horizontal application opportunities. This granularity enables us to drive consistent growth leveraging the breadth of product solutions.
- Your Company is also looking to broaden the product portfolio for the retail segment. We have taken several steps to increase penetration via all channels to market.
- Healthcare continued to grow with investment in strong partnerships with medical bodies such as CAHO (Consortium of Accredited Healthcare Organisations), INS (Infusion Nurses Society) and AORN (Association of periOperative Registered Nurses) to upgrade medical practices in hospital settings and upskill medical professionals.

All of the above-mentioned segments offer very good opportunities to apply 3M's science and innovation to further build on our strong base.

### Creating value for our employees

3M Company was one of the early companies to adopt the flexible working model to empower our employees with greater work-life balance. FY 22-23 marks our first year of adopting the **Work Your Way model**, combining the best of virtual and in-person, centered on employees' choice of where they want to work. Your Company also supported employee health, safety, and well-being through several initiatives. Our employees' passion and commitment have translated

into the recognition your Company has received from industry and communities alike.

### Creating value for our communities

We are guided by 3M Company's commitments to our environmental priorities, including climate and energy, water, waste and plastic. Our manufacturing sites are excellent examples of 3M sustainability in practice where we diligently manage waste, water and emissions. You may read more about our ESG progress from the disclosures we have published in the Business Responsibility & Sustainability Report (Annexure C in the Annual Report) for FY 22-23.

Sustained engagement in our communities leads to impact over the longer term. Your Company has been consistently supporting the education of 2800+ girls in rural parts near our manufacturing site in Ranjangaon, Pune. I am delighted to share that the programme has witnessed more than 200 girls, many of whom are first-generation learners, complete formal schooling and are now pursuing higher education. During the year, we expanded our support to strengthen the healthcare infrastructure for an entire district (Shirur Taluk) by installing solar panels at all the Primary Health Centers (PHCs) and Sub Centers (SCs) to ensure last mile access. We also continued to support our multi-year, mobile health clinics initiative in aspirational districts which has reached over 1,00,000 beneficiaries.

At the heart of value creation is our uncompromising stand on ethical behavior and business conduct. The collective efforts of 3M employees worldwide have contributed to the company being recognised as one of the World's Most Ethical Companies by Ethisphere® for ten consecutive years. We are immensely proud of this recognition as it underpins all of the work that we do.

### Update on the Health Care business

In July 2022, our parent company 3M USA announced its intent to spin off its Health Care business, creating two world-class companies well-positioned to pursue growth and innovation.

As communicated in our stock exchange filing on May 30, 2023, we are pursuing a proposal for 3M India Limited to continue to operate the Health Care business in India under a manufacturing and distribution arrangement with the global Healthcare company. Your Company's Board of Directors have granted approval for the management of 3M India Limited to commence discussions and negotiations. Additional details will be shared in due course.

### Creating sustainable value

As India continues to be a bright spot in the global economy, your Company remains committed to creating sustainable value for all stakeholders. I shared a few highlights as an overview in my comments in this section. We have shared additional details in the following pages of the Annual Report, which I hope will be beneficial to all shareholders.

In closing, I would like to thank the Board of Directors, led by our Chairman, Mr. Bharat Shah, for their guidance and support. Our sincere thanks to the Government of India, the State Governments, and the various Government agencies for their continued support. My sincere gratitude to all our customers, partners, vendors, and employees for their involvement, encouragement, and support throughout the year. Thank you, dear shareholders, for your continued trust in your Company.

**Ramesh Ramadurai**  
Managing Director

# Driving purposeful innovation with the power of science

Megatrends are shaping our world and future. Staying connected with our customers, understanding market trends and solving for a dynamic business environment are crucial. We understand this imperative, and our business segments are applying material science-based innovations to address opportunities in various sectors.





# Automotive



## How our science works?

In our NVH solutions, we create barriers with our materials to reflect sound. When sound waves meet a barrier, most of the sound is reflected because of the airflow resistance of the material. As a result, limited sound is transmitted into the interior of the vehicle.

### 3M acoustics and emissions solutions for decarbonising the automotive sector

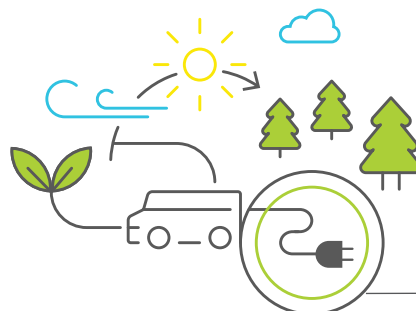
With the growing penetration of Electric Vehicles (EVs) and Hybrid vehicles in India, automotive component manufacturers are seeking sustainable solutions for renewable energy transition.

Addressing noise, vibration and harshness (NVH) challenges is essential to ensure a smooth and quiet driving experience in electric vehicles. This is where 3M plays a role.

We are collaborating closely with leading automotive Original Equipment Manufacturers (OEMs) to provide a range of solutions tailored to suit various vehicle types. Some of the cutting-edge products include

**3M™ Thinsulate™ Acoustic Insulation, 3M™ Integrated Absorptive Barrier and Muphony™ Multilayered Acoustics**, specifically designed for Electric Vehicles (EVs). These solutions are developed by our India R&D team and manufactured at our Electronics City plant in Bangalore.

In our Emissions portfolio, we provide advanced solutions for ICE engines like the **3M Interam™ range**, which plays a crucial role in reducing carbon emissions. Utilising specialty materials from our proprietary ceramic material technology platform, these products are engineered to withstand high temperatures.





### Scratch-proofing cars with paint protection films

Consumers love their cars and want them to look showroom new.

**3M™ Paint Protection films** serve this need and are designed to safeguard automotive paint and other susceptible surfaces of vehicles.

These films are engineered to provide a durable shield against all forms of damage like stone chips, scratches, road tar and stains. Available at all 3M Car Care stores and select car detailing stores nationwide, these films are easy to install. Importantly, the film is virtually invisible, ensuring that it does not alter the vehicle's design features or color, thus preserving the car's showroom quality and appearance.

### How our science works?

With its scratch resistance, self-healing properties and hydrophobicity this durable film ensures that the car's paint remains in pristine condition for years to come.





### Safer and environmentally friendly paint application systems for automotive and industrial paint shops

The rapid growth of automobile sales in India has also resulted in a corresponding increase in the automotive collision repair market. A significant portion of repair work takes place at paint shops, where traditional application systems often lead to excessive solvent usage and paint wastage due to inefficiencies in spraying.

To address this issue, 3M introduced a groundbreaking paint application system for automotive body shops. Our vacuum-fed **Paint Application cups and Precision Spray Guns** have revolutionised the process by bringing in greater precision, reducing wastage, and minimising environmental impact.

Additionally, we have introduced world-class solutions to modernise body shop applications with the **3M™ Paint Application System**. This system is the world's first disposable paint cup system, facilitating efficient paint transfer and requiring nearly 70% less solvent for gun cleaning. These innovations not only enhance efficiency and productivity but also contribute to sustainability efforts in the automotive industry.

#### How our science works?

The **3M™ Precision Spray Guns** offer higher transfer efficiency, resulting in less paint material being wasted.





# Infrastructure



## How our science works?

**3M™ Stamark tapes** contain abrasion-resistant microcrystalline ceramic beads bonded in a highly durable polyurethane topcoat that provide retained wet and dry retroreflective visibility ensuring superior performance under all weather conditions.

### Turning black spots into bright spots with the power of science

Black spots on roads contribute significantly to accidents and fatalities. In response, the National Highways Authority of India (NHAI) launched a mission to reduce fatalities by implementing short-term and long-term solutions.

As a part of this mission, 3M offers a range of road safety solutions employing a scientific approach to transform black spots into safe zones. Our comprehensive short-term measures include road signs featuring **3M™ Type XI Retro-reflective Sheeting**, **3M™ Raised Pavement Markers**, **3M™ Solar Raised Pavement Markers**, **3M™ Flexible Median Markers**, **3M™ Standard Delineators**, and **3M™ Aluminum Flexible Prismatic**.

These solutions enhance visibility at critical black spots, aligning with established standards.

Additionally, our portfolio includes the **3M™ All Weather Stamark Preformed Adhesive Tape** for traffic lane line road-marking and **Type XI Fluorescent Yellow Retro-reflective Sheeting** for signs in crash-prone areas, adhering to international standards and best practices.



The impact of these solutions has been remarkable, with treated black spots experiencing a significant reduction in accidents, thereby improving the safety and confidence of road users.

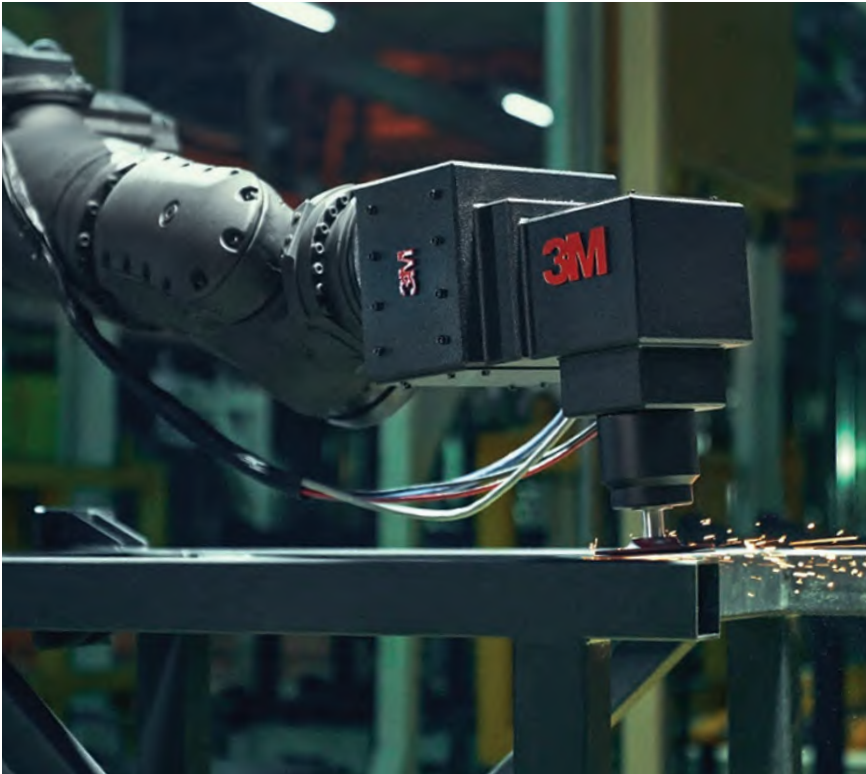
**18**  
**People lose their lives in road accidents every hour in India, which is a deeply concerning statistic\*.**

\*Sources: morth.nic.in





# Industrial and Manufacturing



## How our science works?

**3M™ Trizact™ finishing and polishing products** are micro-replicated abrasive constructions which enable continuous exposure of fresh grain as the construction erodes during use, resulting in consistent finishes throughout the product's life.

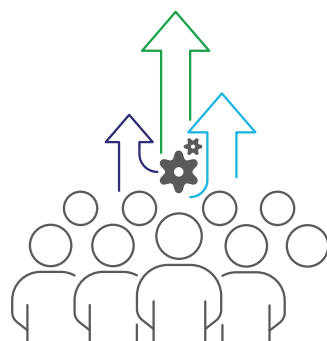
### Helping our customers reach automation goals

India's industrial automation sector is experiencing growth through the adoption of new technology approaches such as robotics and digital transformation.

We are working closely with our industrial and manufacturing customers to enhance operational efficiency, reduce labour costs and improve throughput while ensuring optimal maintenance practices. In the grinding industry, manual processes pose hazards and generate dust. The recruitment, training, and retention of skilled labour remain ongoing challenges. We are collaborating with experienced Robotics & Automation Integrators to upgrade our customers'

processes to automated systems, enabling them to achieve their quality and productivity objectives. We have optimised our proprietary abrasive solutions, including **3M™ Cubitron™ II**, **Scotch-Brite™**, **Trizact™ Discs**, **Belts and Brushes for robotic applications**.

To capitalise on expanding market opportunities, 3M India invested in a fully integrated robotics lab at the Bengaluru Innovation Center. This facility enables us to develop customised solutions and conduct comprehensive training programmes for our customers.



# Homes



## How our science works?

The **3M™ Scotch™ Double Sided Foam Tape** is meticulously designed to work seamlessly on multiple surfaces, boasting an impressive weight-holding capacity that ensures photo frames are securely displayed.

### Empowering consumers with the freedom to fully maximise their living spaces.

Lifestyle changes, the rise of the creator economy, and the challenge of pandemic lockdowns, contributed to the surge in the Do-it-Yourself (DIY) home décor trend over the last few years. At the heart of every Indian home's interior design lies a cherished tradition—the photo frame in the living room.

Many photos don't find their way to the walls of homes, because of the traditional approach of using nails and drills to hang photo frames.

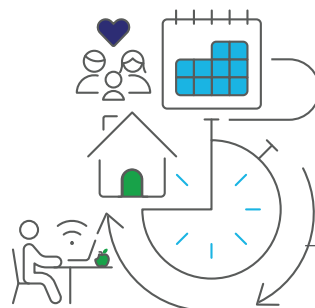
Recognising this need, 3M introduced innovative solutions in the Indian market to revolutionise home decoration like **Command™ Hooks**, and **Command™ Picture Hanging Strips** a few years ago. The recent

launch of **3M™ Scotch™ Double Sided Foam Tape** is offering a new solution to customise home décor.

Changing a deeply entrenched practice requires more than just a product innovation. Consumer insights revealed that the hesitation stemmed from doubts about the weight-bearing properties of tapes versus nails.

In response, our marketers and application engineers collaborated on an impactful demonstration to showcase the product's benefits, gamify the experience, and engage both retailers and consumers. The demo played a crucial role in educating consumers about the strength and versatility of **3M™ Scotch™ Double Sided Foam Tapes** and their ease of use as a reliable substitute for nails.

Strategic partnerships with quick commerce channels aided in making the product readily available to consumers, who were seeking to embark on weekend projects.





# Healthcare



## How our science works?

**3M™ Tegaderm™ CHG I.V. Securement Dressing** is the only transparent dressing cleared by the Food and Drug Administration (FDA) to reduce catheter-related bloodstream infections and vascular catheter colonisation that aligns with evidence-based guidelines and practice standards.

### Embracing the power of infusing good health

Vascular access devices enable patients to receive lifesaving treatment. But, they can also pose a significant risk of complications. Infusion therapy related complications are common yet preventable if there is strict adherence to established care and maintenance policies and procedures as well as frequent monitoring. **3M™ Tegaderm™ IV dressings** lead the portfolio of products that help hospitals reduce infections related to vascular access.

Our collaboration with the Infusion Nurses Society (INS) India as a technical guidance partner led to

the launch of a quality improvement programme called **Infuze** aimed at improving compliance in hospital IV settings with best practices in infusion therapy.

Hospitals certified with **Infuze** have been able to upgrade their protocols and SOPs. Over 2,000 HealthCare Professionals (HCPs) have also been trained under this initiative.

Infuze is creating sustainable value for healthcare institutions by educating and training their HCPs and driving positive patient outcomes by reducing the risk of complications and infections.





# Empowering our Workplace

As we build 3M for the future, strengthening our culture remains a top priority. The post-pandemic workplace has brought forth new expectations, which are shaping the future of work. Key aspects include increased flexibility, a heightened emphasis on health and well-being, and the creation of a safe environment where a diverse workforce can thrive.





# Empowering through flexibility

In 2022, 3M launched the Work Your Way model globally, introducing a trust-based work framework that enhances well-being and productivity, aligning with our business and performance objectives. Rooted in our culture and performance-driven ethos, Work Your Way centers around four fundamental pillars:



### Founded in trust

Employees are empowered to work in ways that support their roles and preference.



### Built on virtual first

Virtual collaboration through the use of technology is the standard.



### Meet with purpose

Employees are encouraged to come together for moments that matter — virtually or in person.



### Based on impact

Contribution to the organisation and embodiment of our culture is valued above the location.

Non-production employees can choose from three primary options— **mainly on-site, hybrid, or remote (near or distant)**. This approach enables employees to customise their workday, striking a harmonious balance between optimal productivity and personal preferences. Having

successfully completed a year since implementing Work Your Way, it has significantly transformed the work culture at 3M. This exemplifies our commitment to continuous innovation and experimentation, aimed at attracting and retaining a highly skilled and motivated workforce.

**‘I have chosen to work Hybrid.’**



**Deviyani Mani**  
Asia Portfolio Manager -  
Safety & Industrial business

*The Hybrid mode saves significant time on days I have early morning calls with the Asia team or late evening calls with the US team. On other days, I can visit the office when I have scheduled face-to-face meetings with customers and colleagues. I truly like that I am offered the flexibility to make Hybrid my Work Your Way choice.*

**‘I have chosen to work Mainly On-site.’**



**Sumeet Chopra**  
Manufacturing,  
Ranjangaon Plant

*My role requires me to coordinate with the manufacturing team on project development and execution. Being on-site helps me make connections with the operations team more effectively.*



## Embedding health and well-being into the way we work

The post-pandemic era has witnessed a significant shift in the landscape of corporate wellness programmes and 3M India has proactively enhanced its health and wellness offerings to encourage employees to prioritise their well-being. Our flagship programme, **Healthier You**, introduced a comprehensive wellness calendar featuring webinars, awareness sessions, contests and other engaging activities focused on nutrition, physical health, financial well-being, and mental wellness. Initiatives like the **3M Stepathon Challenge** motivated employees to compete in accumulating steps through walking or running. While annual health checkups are offered as a part of the employee benefits package, it was promoted through multiple awareness sessions and supervisory sensitisation. This saw a tripling of uptake on employee health checkups during the year.

To provide access to better child care, 3M India implemented new policies such as the **Nanny Allowance policy** which provides women employees with financial support to hire a nanny to care for their child at home and the **Creche Allowance policy** which offers women employees the flexibility to choose and enroll their child (under the age of 6) in a creche of their preference. Additionally, a programme called **3M Mom & Miracle Pregnancy Care** was introduced for pregnant mothers.

## Advancing diversity, equity and inclusion

We are actively implementing measures to align the demographics of our workforce with the broader availability of talent. In the last fiscal, we made efforts to increase the representation of women and have laid the groundwork for creating a disabled-friendly workplace.

**16%**  
Non-production women employees

**37.5%**  
Women in the Board





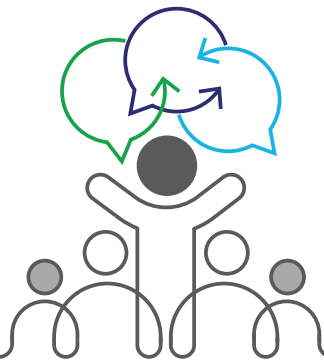


**Supporting people with disabilities**

3M Company has established the **Diverse Abilities Network**, focused on supporting individuals with disabilities. The India chapter of this network was launched in 2022, with committees formed to address important areas such as awareness and sensitisation, workspace audits, and employment opportunities. We remain committed to increasing representation and creating a supportive environment for everyone.

**Re-entry after a career break**

Often, women put their career aspirations on hold to fulfill crucial roles as mothers or caregivers. Acknowledging this, 3M India launched an initiative called **3M Revive** which provides women who have taken a career break an opportunity to restart their professional journey. The programme is designed around a mentor-led project management approach, focused on skill building.



**More women in manufacturing**

Increasing the presence of women on shop floors and in supervisory roles is instrumental in promoting gender diversity in manufacturing operations. To achieve this, several enabling initiatives were introduced within our factories. Notably, the successful launch of the Second Shift Operations for women employees under the M-WLF (Manufacturing-Women’s Leadership Forum) initiative at the Ranjangaon Plant in Pune has garnered positive feedback.

The flexibility of rotational shift timings has empowered nearly 25% of women production employees to pursue higher education and technical courses. Additionally, the Ranjangaon plant has appointed its first woman shift supervisor, under whose leadership more rotational shifts have been introduced for women employees.

# Advancing our impact

**As a science company, we see our responsibility from the standpoint of how science can help build a sustainable future. We are committed to developing solutions that promote the advancement of a global circular economy, decarbonise industries, expedite climate solutions, and foster significant improvements in our environmental footprint while improving lives in our local communities.**

Our sustainability framework around science for circular, climate and community directs our efforts to where we can make the greatest impact. In 2021, 3M Company made significant announcements towards decarbonisation, committing to invest USD 1 billion over 20 years to achieve carbon neutrality, reduce water use, improve water quality, and decrease plastic consumption.

## Science for Circular

All new products include a Sustainability Value Commitment (SVC), such as recyclability, energy and water savings, the use of renewable materials, reuse, and a core purpose of addressing environmental or social issues, such as improving air quality and personal safety.

Reduce dependence on virgin fossil-based plastic by 125 million pounds by 2025.

Reduce water usage at our facilities by 25% by 2030.

## Science for Climate

Reduce Scope 1 and 2 emissions by 50% by 2030, 80% by 2040, and achieve carbon neutrality in our operations by 2050.

Help customers reduce 250 million tonnes of CO<sub>2</sub> equivalent emissions through the use of 3M products by 2025.

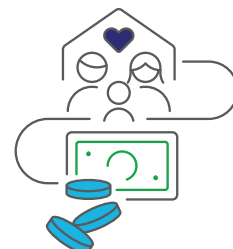
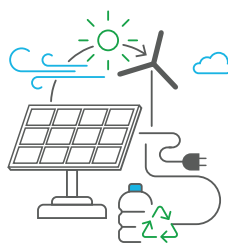
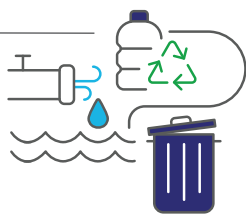
Improve energy efficiency by 30% by 2025, increase renewable energy use to 50% by 2025, and achieve 100% renewable energy use by 2050.

## Science for Community

Create five million unique STEM and skilled trades learning experiences for underrepresented individuals by the end of 2025.

Train five million people globally on worker and patient safety by 2025.

Double the pipeline of diverse talent in management by 2025.







## 3M State of Science Index

We also conduct an annual survey across the world called the State of Science Index which studies global attitudes towards science.

According to the results of the 2022 State of Science Index survey,

# Sustainability emerged as one of the top 5 priority areas

where science can play a role and where companies should do more.

## 79%

Indians expressed concern for the impact of climate change. It has become a personal concern for many, as there is fear of displacement due to extreme weather.





# Accelerating our commitment towards the environment

**We are guided by 3M Company's commitments to our environmental priorities, including climate and energy, water, waste, and plastic. We carefully manage waste and water, and we reuse and recycle as alternate options. Moreover, we consistently develop products and packaging that are reusable, renewable or made with a higher proportion of recycled material.**

In India, we operate three manufacturing plants. All three plants have Environmental Management Systems (EMS) certified with the **ISO 14001:2015 standard**. Our manufacturing sites serve as a microcosm of the company's environmental practices, and in this context, we present a spotlight on our site located in Pune, Maharashtra.

## Site Spotlight – 3M Ranjangaon plant, Pune

3M Ranjangaon plant was commissioned in 2007. The site caters to all four 3M business groups by manufacturing a wide range of products, including industrial adhesive tapes and labels, respirators, automotive procare products, cable jointing kits, medical tapes and dressings, and more. The plant is certified with ISO 14001, ISO 9001, ISO 45001, ISO 9743, ISO 13485, as well as complying with GMP and GLP standards.





### Harnessing green energy

The Ranjangaon plant harnesses the sun’s energy for part of its own operations. Through a rooftop solar power plant with a capacity of 500 kWp, the site is able to meet approximately 6.9% of its energy requirements. With the help of 1,540 solar panels, the plant generates 625,000 kW of renewable power, resulting in a reduction of the site’s CO<sub>2</sub> emissions by 500 metric tonnes annually. The plant has expanded its solar power capacity with the construction of an additional 750 kWp rooftop solar power plant which is scheduled for commissioning in 2023.

### Recycling waste

The Ranjangaon plant has adopted waste co-processing or converting waste to energy as a sustainable solution to reduce carbon emissions. Through collaborations with cement companies, waste from the site’s operations is redirected to cement kilns where it serves as a substitute material for coal in the clinker mixture. During the year, waste co-processing enabled the site to reduce approximately 9,144 metric tonnes of CO<sub>2</sub> equivalent emissions in addition to cost savings associated with incineration.

### Enhancing water conservation

The manufacturing site works diligently to reduce and reuse water wherever possible.

- Continuous water monitoring, measurement and data analysis are carried out using advanced technology, enabling the site to promptly identify and address any process water leaks.
- Installation of a full-capacity rainwater harvesting system that collects rainwater from rooftops and roads, directing it into a rainwater recharge borewell.
- New manufacturing processes at the site are aligned with 3M’s water reduction goal, ensuring more efficient water usage.
- A state-of-the-art multiple-effect evaporator has been implemented to maximise water savings.

#### Our impact

**500 MT**  
Reduction in plant’s CO<sub>2</sub> emissions with the help of 1,540 solar panels

#### Our impact

**9,144 MT**  
CO<sub>2</sub> equivalent emissions reduced in addition to cost savings through waste co-processing.





## Driving plastic stewardship

**3M announced its first plastic goal in 2021 to reduce dependence on virgin fossil-based plastic by 125 million pounds by 2025.**

We are committed to promoting the use of recycled content, reducing plastic usage and selectively incorporating bio-based materials when appropriate. Our Sustainability Value Commitment (SVC) assists us in integrating circular economy principles into our product design process, emphasising durability, utilising renewable and recycled content, and minimising raw material consumption.

### Using recycled material in our products as raw material

In India, we have specifically focused on reducing the plastic content in our **Raised Pavement Markers**, which are crucial for road visibility, especially at night or under low light conditions. By incorporating recycled plastic material derived from plastic waste into the manufacturing process of these markers, we have successfully reduced the usage of virgin plastic material by 50%.

### Minimising the use of single-use plastics and packaging throughout our value chain

We supply products to our Auto OEM (Original Equipment Manufacturing) customers in reusable packaging

such as crates, pallets, and trolleys, resulting in the conservation of several hundreds of metric tonnes of packaging material that would otherwise end up in landfills.

Moreover, we have transitioned our previously used virgin-grade paperboard packaging to recycled paperboard. All our thermoformed packaging and LDPE bags used for industrial product packaging, contain 50% PCR (post consumer recycled) material.

Furthermore, we are substituting PVC with recyclable material like PET and HDPE.

EPS (thermocool) is replaced with cushioning material like corrugated boards and air filled LDPE bags.







### Meeting our Extended Producer Responsibility norms

We are meeting Government of India's Extended Producer Responsibility (EPR) norms in the way we recycle our plastic waste from our manufacturing processes and post-consumer waste.

Through partnerships with waste management agencies, we are ensuring proper management of end-of life product plastic packaging waste.

Plastic waste is channelised to the Central Pollution Control Board authorised plastic waste processors for recycling operations. These recyclers convert the waste into recycled plastic granules, which are then utilised in the manufacturing of new plastic products.

### Our impact

**1,004  
metric  
tonnes**

of plastic waste was  
collected and processed  
for recycling in FY 22-23



# Driving impact-led community interventions

**Building, fostering, and nurturing meaningful connections within our local communities in which we operate are essential elements of our Strategic Sustainability Framework. Our commitment to our communities is enhanced through our Corporate Social Responsibility initiatives, which revolve around three pillars of impact: Education, Community, and Environment. We collaborate through purposeful partnerships, and support causes that align with the United Nations Sustainable Development Goals (SDGs).**

## Empowering girls for a brighter future

Our partnership with the K.C. Mahindra Education Trust's flagship programme, **Project Nanhi Kali** supports the education of more than 2,800 rural girl students in primary and secondary classes through an after-school programme supplemented with digital aids. This initiative is committed to supporting the girls through their formal education, while enhancing their learning and all-round development.

## Our impact

# 143

Girls appeared for the 10<sup>th</sup> standard exam in March 2023

# 85%

Showed an improvement in learning levels in at least one subject out of the three assessments in the year

# 90%

Retention rate was reported for the year

# 200+

Girls have successfully completed Class 10 since 2022





### Solar powered healthcare infrastructure programme

In collaboration with Selco India & Selco Foundation, we have set up rooftop solar panel units at 8 Primary Health Centers and 39 Sub Centers serving 7 villages in Shirur Taluk. The coverage to all health centers in the Taluk has ensured last-mile access to timely healthcare by addressing the fundamental requirement of reliable power.

This model ensures that all health centers within the district are self-sufficient and capable of catering to the needs of approximately 350,000 residents in the Taluk.

In addition to fulfilling healthcare needs, this initiative also contributes to significant environmental impact in the long term by reducing carbon emissions.



### Smile on Wheels: Providing diagnostic and preventive healthcare access to rural communities

Our commitment to provide access to basic needs and healthcare to underserved communities underpins the Mobile Primary Healthcare programme, implemented in some of India's aspirational districts in collaboration with Smile Foundation. This multi-year initiative has been actively serving communities in Siddharthnagar, Uttar Pradesh, Balangir, Odisha, Goalpara, Assam, and Ranjangaon, Maharashtra over the last two years. These vans offer a comprehensive range of preventive, promotive, and curative healthcare services to underserved populations.

During the devastating flood situation that occurred in Assam in May of last fiscal, the mobile van played a crucial role in providing vital healthcare access and relief materials to the affected communities.

#### Our impact

**8 PHCs & 39 Sub-centres**

Covered with solar powered units

**140kWp**  
Capacity solar systems have been installed

**120 MT**  
Replacement of CO<sub>2</sub> per year from the environment

**350,000+**  
Beneficiaries covered across 7 villages

#### Our impact

**107,826**  
Beneficiaries since operations began in September 2021

**6,000+**  
Patient consultations every month









# Progressing with ethics and integrity

**Sustainable companies are built on trust, which extends to their customers, shareholders, employees, and communities. At 3M, we have diligently cultivated this trust and earned a reputation for unwavering integrity for over a century. We understand the immense value it holds, and we firmly believe that no one within our organisation has the liberty to compromise it.**

The Code of Conduct positions 3M for long-term growth and binds us together as 3M employees — across business groups and geographies.

**Be 3M** 3M's Code of Conduct defines the expectations for how we work

 <b>Be Good</b>	 <b>Be Honest</b>	 <b>Be Fair</b>
 <b>Be Loyal</b>	 <b>Be Accurate</b>	 <b>Be Respectful</b>

The Code of Conduct at 3M also encompasses the **Respectful Workplace Principle**, which sets forth guidelines for fostering a workplace environment that is free from all forms of discrimination and harassment.

A global culture of compliance is supported by a robust deployment programme that is consistent worldwide and consists of the following components:

- A core set of business conduct principles.
- Awareness campaigns involving education, training and communication.
- Periodic evaluations, audits, risk assessments and procedures to measure effectiveness.
- A 24-hour global helpline and website that enable employees, customers, vendors, and other external parties to report concerns and ask questions, with anonymity.
- Risk-based due diligence on business partners and others as appropriate.
- Investigation expertise.

A culture of transparency is actively fostered through the implementation of the **'Speak Up'** programme. This programme includes various measures such as establishing a whistleblower protection policy, providing multiple reporting channels, offering the option of anonymity, ensuring thorough investigation of all complaints and strictly discouraging any form of retaliation, as outlined in the non-retaliation policy.

The collective efforts of 3M employees worldwide have contributed to 3M Company being recognised as one of the **World's Most Ethical Companies by Ethisphere®** for ten consecutive years. This esteemed award reflects our unwavering commitment to conducting business in an ethical and principled manner.





# A rewarding journey

## World's Most Ethical Companies®

Global Recognition  
10<sup>th</sup> consecutive year



## Best Supplier of the Year

Customer Recognition

Awarded Best Supplier of the Year by one of India's largest stainless-steel manufacturers.

## Best Healthcare Brands of 2022

Industry recognition

3M India Healthcare recognised by The Economic Times as one of the Best Healthcare Brands of 2022.

## Manufacturing excellence

Our manufacturing sites at Ranjangaon, Pune and Electronics city, Bengaluru received recognition from National level Kaizen competitions organised by the Confederation of Indian Industry (CII).

The Department of Factories, Boilers, Industrial Safety and Health, Government of Karnataka awarded one of our EHS employees with the Best Worker Award (3<sup>rd</sup> position) in the large industries category.

## Corporate Social Responsibility

Recognition from Ranjangaon Industrial Association for contributions to local communities through multiple CSR programmes.





# 10 Years financial highlights

## 12 months ended (April to March) - Standalone

											(₹ in lakhs)
Sl. No.	Summary of Information	2013-14	2014-15	2015-16 <sup>®</sup>	2016-17 <sup>®</sup>	2017-18 <sup>®</sup>	2018-19 <sup>®</sup>	2019-20 <sup>®</sup>	2020-21 <sup>®</sup>	2021-22 <sup>®</sup>	2022-23 <sup>®</sup>
1	Gross Sales*	181,809	192,790	222,376	245,785	258,040	280,876	276,488	242,036	307,830	373,344
2	Total Income	176,229	185,478	224,159	250,732	262,401	284,159	280,646	244,723	311,302	379,766
3	Profit Before Depreciation, Interest and Tax (PBITDA)	13,084	21,759	35,428	41,824	52,343	54,043	38,139	26,455	41,661	62,401
4	Profit Before Tax (PBT)	6,907	16,456	30,310	36,922	47,968	49,746	32,040	20,244	35,970	56,080
5	Profit After Tax (PAT)	4,299	10,834	19,417	23,832	31,027	32,286	21,523	14,675	26,618	41,614
6	Net Fixed Assets	42,530	38,905	34,873	31,467	28,491	26,927	24,277	22,380	26,503	29,296
7	Reserves & Surplus	68,816	79,645	97,681	121,513	152,540	184,827	206,350	221,024	247,752	193,657
8	Net Worth	69,943	80,772	98,807	122,638	153,666	185,953	207,476	222,151	248,878	194,784
9	Retained Earnings	4,299	10,834	19,417	23,832	31,027	32,286	21,523	14,675	26,727	41,659
10	Employee cost to sales	14.05	13.27	11.17	11.17	12.49	10.59	10.61	13.76	11.22	9.63
11	Net Deferred Tax Asset	1,289	966	837	780	1,135	2,347	1,666	2,561	2,735	2,222
12	Capital Investment	4,759	1,472	1,387	1,412	1,641	3,084	1,984	4,042	6,999	6,009
<b>SI No.</b>	<b>Ratio Analysis</b>										
1	PBT to Total Income(%)	3.92	8.87	13.52	14.73	18.28	17.51	11.42	8.27	11.55	14.77
2	PAT to Total Income(%)	2.44	5.84	8.66	9.50	11.82	11.36	7.67	6.00	8.55	10.96
3	Return on Networth (RONW)(%)	6.15	13.41	19.65	19.43	20.19	17.36	10.37	6.61	10.69	21.36
4	Return on Capital Employed(%)	9.88	20.37	30.68	30.11	31.22	26.75	15.44	9.11	15.46	29.76
5	Return on Equity(%)	6.15	13.41	19.65	19.43	20.19	17.36	10.37	6.61	10.69	21.36
6	EPS	38.16	96.17	172.89	213.72	275.66	286.72	194.38	132.53	236.28	369.41
7	No. of shareholders	9,225	10,723	12,974	16,290	18,607	23,240	31,047	29,720	38,503	30,854

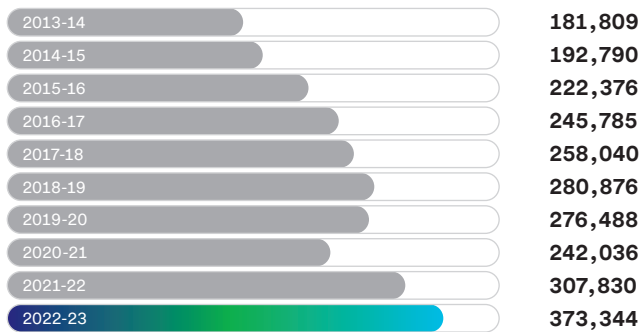
### Notes/Glossary

\* Sales before Excise duty charged up to FY 17-18. | <sup>®</sup>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(%)=EBIT/Capital employed | Return on Equity=PAT/Networth | Share Capital of the Company is ₹ 1,126.51 lakhs.



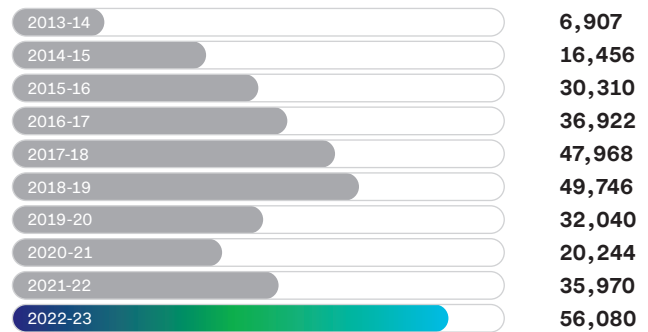
## Gross Sales

(₹ in lakhs)



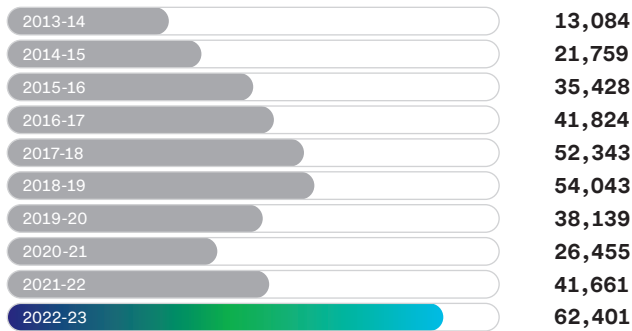
## Profit Before Tax (PBT)

(₹ in lakhs)



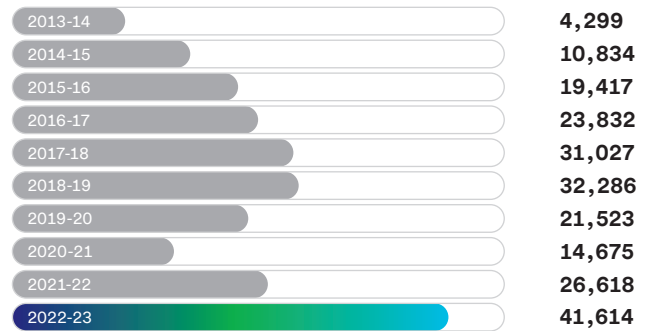
## Profit before Depreciation, Interest and Tax (PBITDA)

(₹ in lakhs)



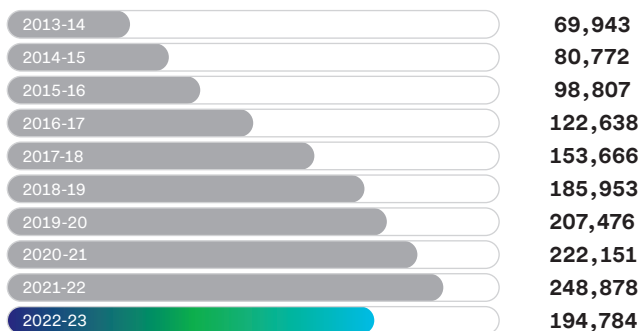
## Profit After Tax (PAT)

(₹ in lakhs)



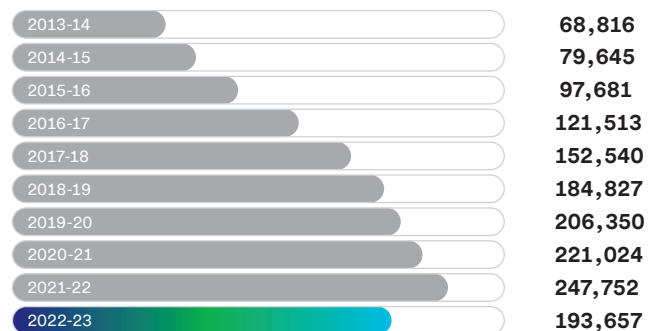
## Net Worth

(₹ in lakhs)



## Reserves & Surplus

(₹ in lakhs)





# Board of Directors

**Bharat D. Shah**  
Chairman,  
Independent Director



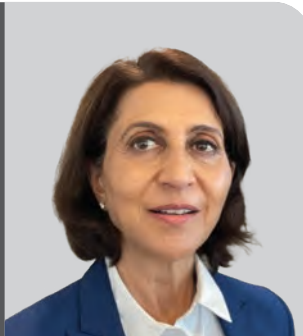
**Ramesh Ramadurai**  
Managing Director



**Biren Gabhawala**  
Independent Director



**Radhika Rajan**  
Independent Director



**Amit Laroya**  
Non-Executive Director




**Yun Jin**  
Non-Executive Director



**James Ernest Falteisek**  
Non-Executive Director\*



**Vidya Sarathy**  
Whole-time Director & Chief Financial Officer



\*Resigned on May 30, 2023



# Corporate information

## Board of Directors

**Mr. Bharat D. Shah**  
Chairman, Independent Director

**Mr. Ramesh Ramadurai**  
Managing Director

**Mr. Biren Gabhawala**  
Independent Director

**Ms. Radhika Rajan**  
Independent Director

**Mr. Amit Laroya**  
Non-Executive Director

**Ms. Yun Jin**  
Non-Executive Director

**Ms. Vidya Sarathy**  
Whole-time Director and  
Chief Financial Officer

## Committees of Board

### Audit Committee

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

### Stakeholders' Relationship Committee

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

### Corporate Social Responsibility Committee

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

### Nomination and Remuneration Committee

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

### Risk Management Committee

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

### Address for correspondence

**Registered Office**  
3M India Limited  
Plot Nos. 48-51, Electronic City,  
Hosur Road, Bengaluru – 560100

**Corporate Office**  
3M India Limited  
WeWork Prestige Central,  
3<sup>rd</sup> floor, 36 Infantry Road,  
Tasker Town, Bengaluru – 560001

### Registrar & Transfer Agent

KFin Technologies Limited  
Karvy Selenium Tower-B,  
Plot Nos. 31 & 32,  
Financial District, Gachibowli,  
Nanakramguda, Serilingampally,  
Hyderabad – 500 032

### 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

### Statutory Auditor

Messrs. B S R & Co. LLP  
Chartered Accountants

### Cost Auditor

Messrs. Rao, Murthy & Associates

### Secretarial Auditor

Mr. Parameshwar G. Bhat

### Listing on Stock Exchanges

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

BSE Limited (Stock Code: 523395)

International Securities  
Identification Number (ISIN):  
INE470A01017

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

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

**Annual General Meeting will be held at 10.30 am (IST) on Friday, August 25, 2023 through Video Conferencing/Other Audio Visual Means**





# **Statutory Reports**

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**3M INDIA LIMITED**

CIN: L31300KA1987PLC013543

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

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

**NOTICE**

**NOTICE** is hereby given that the Thirty Sixth (36<sup>th</sup>) Annual General Meeting (“AGM/eAGM”) of 3M India Limited will be held at 10.30 am (IST) on Friday, August 25, 2023 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, 2023.**

*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, 2023, 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, 2023.**

*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, 2023, together with the Auditors’ Report thereon, be and are hereby received, considered and adopted.”

**3. Confirmation of Interim Dividend and recommendation of Final Dividend for the financial year ended March 31, 2023.**

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

“**RESOLVED THAT** the Interim Dividend of ₹ 850/- (Rupees Eight Hundred and Fifty only) per equity share of face value ₹ 10/- each for the financial year ended March 31, 2023, be and is hereby noted and confirmed as the Interim Dividend for the financial year 2022-23.

**RESOLVED THAT** a Final Dividend of ₹ 100/- (Rupees One Hundred only) per equity share of face value ₹ 10/- each as recommended by the Board of Directors for the financial year ended March 31, 2023, be and is hereby declared and the same be paid to the eligible shareholders as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.”

**4. Re-appointment of Ms. Yun Jin (DIN: 09474323) who retires by rotation, as a Director.**

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

“**RESOLVED THAT** Ms. Yun Jin (DIN: 09474323) Director, who retires by rotation at this Annual General Meeting and being eligible, having offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.”

**SPECIAL BUSINESS:****5. Approval of Material Related Party Transactions with 3M Company, USA.**

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

“**RESOLVED THAT** pursuant to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) (including any statutory modifications(s) or re-enactments(s) thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (including any Committee thereof) to enter into material related party transactions with its Holding Company, 3M Company, USA, being related party as defined under Regulation 2(1)(zb) of the Listing Regulations, for an amount not exceeding in aggregate ₹ 1,153.03 crores for the period from the 36<sup>th</sup> Annual General Meeting until the 37<sup>th</sup> Annual General Meeting, as per the details set out in the explanatory statement annexed to this notice, on such terms as may be mutually agreed for, between the Company and 3M Company, USA.

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

**6. Approval of Material Related Party Transactions with 3M Innovation Singapore Pte Ltd.**

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

“**RESOLVED THAT** pursuant to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 (“the Listing Regulations”) (including any statutory modifications(s) or re-enactments(s) thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (including any Committee thereof) to enter into material related party transactions with 3M Innovation Singapore Pte Ltd, being related party as defined under Regulation 2(1)(zb) of the Listing Regulations, for an amount not exceeding in aggregate ₹ 422.19 crores for the period from the 36<sup>th</sup> Annual General Meeting until the 37<sup>th</sup> Annual General Meeting, as per the details set out in the explanatory statement annexed to this notice, on such terms as may be mutually agreed for, between the Company and 3M Innovation Singapore Pte Ltd.

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

**7. Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for FY 23-24.**

*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 FY 23-24 for ₹ 475,000/- (Rupees Four Lakhs Seventy Five Thousand only) excluding applicable taxes and re-imbursement 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 authorised 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*

**Pratap Rudra Bhuvanagiri**  
Company Secretary  
(ACS 22297)

**Place:** Bengaluru  
**Date :** May 30, 2023

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

**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 No. 5, 6 and 7 of the accompanying Notice dated May 30, 2023 and shall be taken as forming part of the Notice.

**Item No. 5 and 6:**

The Company is the flagship listed company of 3M Company, USA in India. 3M Company, USA holds 75% equity stake, with the balance of the outstanding equity being held by public shareholders. 3M Company, USA is a diversified technology company with a global presence in the following businesses: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer. 3M and its group companies (e.g. subsidiaries, associate companies and joint venture companies) (3M Group) are among the leading manufacturers of products for many of the markets they serve. Most 3M products involve expertise in technology, product development, manufacturing and marketing and are subject to competition from products manufactured and sold by other technologically oriented companies. The Company manages its operations in four (4) operating business segments: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer. The Company’s four business segments bring together common or related

3M technologies which enhance the development of innovative products and services and provide for efficient sharing of business resources. The Company has three (3) Manufacturing Plants and a nationwide sales and branch network in India.

In the ordinary course of its business, the Company enters into transactions for the sale and purchase of goods and raw materials with, for availing / rendering services from/ to and other commercial transactions with 3M Company, USA and 3M Innovation Singapore Pte Ltd, being related parties as defined under Regulation 2(1)(zb) of the Listing Regulations, at arm’s length basis. Among these related-party transactions, there has been an on-going intellectual property arrangement under which 3M Company, USA has granted the Company access to 3M Group’s synergies, state of art products and technologies, competencies and “3M” and other 3M-owned brands which are very critical and essential for the Company to carry out its business operations and maximise its growth and performance in an increasingly global and competitive business environment. In the absence of such arrangement and the full performance of the duties and obligations thereunder by the Company, the Company would no longer have access to 3M products or technologies or the use of the “3M” and other 3M-owned brands.





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

(₹ in crores)

Sl. No.	Nature of Transaction	Actual Value of transaction for FY 20-21	Actual Value of transaction for FY 21-22	Actual Value of transaction for FY 22-23
<b>INCOME</b>				
1	Income from Contract Research	13.45	16.11	14.58
2	Sale of Goods	25.00	23.89	81.22
3	Re-charge of expenses	49.27	53.15	38.04
<b>Total</b>		<b>87.72</b>	<b>93.15</b>	<b>133.83</b>
<b>EXPENDITURE</b>				
1	Purchase of Materials	924.10	1,116.91	1,454.74
2	Royalty	29.70	44.48	57.45
3	Re-charge of expenses	2.37	1.55	-
4	Corporate Management Fee	103.27	119.04	117.71
<b>Total</b>		<b>1,059.44</b>	<b>1,281.98</b>	<b>1,629.90</b>
<b>Grand</b>		<b>1,147.16</b>	<b>1,375.13</b>	<b>1,763.73</b>

The above activities have been essential for the Company to carry out its business operations and maximise its growth and performance. The aggregate value of these transactions in a year has been exceeding 10% of the Company’s turnover. Being “material” in nature, pursuant to Regulation 23 of the Listing Regulations.

The Company estimates that transactions of above nature will be recurrent in each year in the future course of Company’s business. Considering the historical levels of such transactions, anticipated business transactions and business environment, it is proposed to seek fresh approval of members by way of an ordinary resolution for related party transactions as set out at Item No. 5 and 6 of this Notice.

**Members may kindly note the following:**

- (i) The estimated value of related party transactions with 3M Company, USA and 3M Innovation Singapore Pte Ltd are as under for a term from the 36<sup>th</sup> Annual General Meeting to the 37<sup>th</sup> Annual General Meeting:

(₹ in crores)

Nature of Transactions	3M Company, USA	3M Innovation Singapore Pte Ltd
Sale of Goods	4.22	-
Purchase of materials	980.30	422.19
Royalty expenses	133.90	-
Income from Contract Research	18.86	-
Recharge of expenses paid	15.75	-
<b>TOTAL</b>	<b>1,153.03</b>	<b>422.19</b>

- (ii) Whilst the approval of the Shareholders is being sought for the total value of related party transactions, the value shown against various categories of nature of transactions at Sl. No. (i) above are indicative and may vary *inter se*. However, the total value of related party transactions will remain within the overall limit as may be approved by the Members.
- (iii) The Company continues to have related party transactions with several other 3M Group companies and the aggregate estimated value of transactions with such companies for the proposed period is estimated to be ₹ **1,126 crores** and do not individually cross the materiality threshold as per Regulation 23 of the Listing Regulations with any of the companies in the 3M Group.
- (iv) Members may kindly note that in terms of SEBI Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2022/40 dated March 30, 2022 and SEBI/HO/CFD/ CMD1/CIR/P/2022/47 dated April 8, 2022, the approval of Shareholders is sought to the aforesaid material related party transactions for a period commencing from 36<sup>th</sup> Annual General Meeting to the 37<sup>th</sup> Annual General Meeting.

Details of the proposed related party transactions between the Company and 3M Company USA and 3M Innovation Singapore Pte Ltd., including the information required to be disclosed in the Explanatory Statement pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, are as follows:

Sl. No.	Description	Details	Details
1	Details of Summary of information provided by the management to the Audit Committee		
a	Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise).	3M Company USA	3M Innovation Singapore Pte Ltd
b	Type, material terms, monetary value and particulars of the proposed RPTs.	Transactions in the nature of contract research, sale of goods, purchase of materials, royalty and recharge of expenses paid for an amount not exceeding in aggregate ₹ 1,153.03 crores for a period from the 36 <sup>th</sup> Annual General Meeting to the 37 <sup>th</sup> Annual General Meeting of the Company. These transactions are in the ordinary course of business and are on an arm's length basis.	Transactions in the nature of purchase of materials for an amount not exceeding in aggregate ₹ 422.19 crores for a period from the 36 <sup>th</sup> Annual General Meeting to the 37 <sup>th</sup> Annual General Meeting of the Company. These transactions are in the ordinary course of business and are on an arm's length basis.
c	Percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed RPTs	42.68%	15.63%
2	Justification for the proposed RPTs.	As set out in the explanatory notes, pursuant to Section 102(1) of the Companies Act, 2013.	As set out in the explanatory notes, pursuant to Section 102(1) of the Companies Act, 2013.
3	Details of proposed RPTs relating to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary	NA	NA
4	Arm's length pricing and a statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through registered email address of the shareholder	All the transactions are on arm's length basis. Valuation report wherever required will be obtained for proposed related party transaction(s) and will be made available to the shareholders on request.	All the transactions are on arm's length basis. Valuation report wherever required will be obtained for proposed related party transaction(s) and will be made available to the shareholders on request.
5	Any other information that may be relevant	All important information forms part of the statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.	All important information forms part of the statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.

The proposed related party transactions are in the ordinary and normal course of business and on arm's length basis and play a significant role in the Company's business operations and accordingly the Board, based on the approval and recommendation of the Audit Committee, recommends the Ordinary Resolutions set forth for the approval of the Shareholders in terms of Regulation 23 of the Listing Regulations.

None of the Directors or Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested, directly or indirectly, in this resolution. However, it may be noted that Mr. Ramesh Ramadurai, Ms. Vidya Sarathy, Ms. Yun Jin and Mr. Amit Laroya represent as nominees of 3M Company, USA on the Board of the Company.



The Shareholders may note that in terms of the provisions of the SEBI Listing Regulations, no Related Party shall vote to approve the Ordinary Resolutions set forth in this Notice, whether the entity is a Related Party to the particular transaction or not.

The Board recommends the Ordinary Resolutions set forth at Item No. 5 & 6 of the Notice, for the approval of the Members of the Company.

#### Item No. 7

The Board of Directors of the Company at its meeting held on May 30, 2023 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, 2024 for the products covered (as per the details below) as per the Companies (Cost Records and Audit) Rules, 2014, on a remuneration of ₹ 475,000/- (Rupees Four Lakhs Seventy Five Thousand) plus applicable taxes and out of pocket expenses at actuals.

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. 7 of the Notice.

The Board recommends the Ordinary Resolution set forth at Item No. 7 of the Notice, for the approval of the Members of the Company.

*By order of the Board*

**Pratap Rudra Bhuvanagiri**

Company Secretary

(ACS 22297)

**Place:** Bengaluru

**Date :** May 30, 2023

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

## 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. 4

Ms. Yun Jin, Non-Executive Director (09474323), will retire at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment. A brief profile of Ms. Yun Jin, nature of her expertise in specific functional areas, names of companies in which she 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>	Yun Jin
<b>Director Identification Number</b>	09474323
<b>Category</b>	Non-Executive, Non-Independent Director
<b>Date of Birth</b>	March 11, 1974
<b>Nationality</b>	Chinese
<b>Qualification</b>	Graduate in Accounting, MBA and CPA
<b>Brief Profile of the Director</b>	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 organisation, 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.
<b>Date of first appointment on the Board</b>	February 4, 2022



<b>No. of Board Meeting attended during financial year 2022-23</b>	5 (Attended all Board Meetings)
<b>Shareholding in 3M India Limited including shareholding as a beneficial owner</b>	Nil
<b>Expertise in specific functional areas</b>	Finance, Tax, Treasury 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</b>	3M India Limited – Member of Audit Committee
<b>Disclosure of relationships between Directors/KMP inter-se</b>	None

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

**Notes to e-AGM Notice:**

1. 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, General Circular No. 02/2022 dated May 5, 2022, General Circular 10/2022 dated December 28, 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, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 on May 13, 2022 and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 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.
2. 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, participate thereat and cast their votes through e-voting. Since this AGM is being held pursuant to the above MCA Circulars through VC/ OAVM, physical attendance of Members has been dispensed with. The Proxy Form and Attendance Slip are not annexed to this Notice.
3. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. Explanatory Statement pursuant to Section 102 of the Act in respect of Special Business is annexed hereto.
5. The Shares of the Company are mandated by Securities and Exchange Board of India for trading in dematerialised form by all investors. Members holding Shares in physical form are advised to dematerialise their Shares to avoid the risks associated with the physical holding of such Share Certificates.
6. The Registrar and Transfer Agent: KFin Technologies 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 2022-23 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 FY 22-23 to those members who request for the same at investorhelpdesk.in@mmm.com and rajeev.kr@kfintech.com mentioning their Folio No./DP ID and Client ID. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local-websites-of-the-Stock-Exchanges-i.e.-BSE-Limited-and-National-Stock-Exchange-of-India-Limited-at-www.bseindia.com-and-www.nseindia.com-respectively-and-NSDL-at-https://www.evoting.nsdl.com](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local-websites-of-the-Stock-Exchanges-i.e.-BSE-Limited-and-National-Stock-Exchange-of-India-Limited-at-www.bseindia.com-and-www.nseindia.com-respectively-and-NSDL-at-https://www.evoting.nsdl.com).
8. Members may refer to 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 36<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 Participants(s) for communication purposes.
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. 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.
15. 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 MCA Circulars, 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 authorised 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.

16. 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 Scrutiniser who will collate the electronic voting process in a fair and transparent manner, provided that the Scrutiniser 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.

**17. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING e-AGM ARE AS UNDER:**

The remote e-voting period begins at **9.00 am (IST) on Tuesday, August 22, 2023** and ends at **5.00 pm IST on Thursday, August 24, 2023**. 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. Friday, August 18, 2023, 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 Friday, August 18, 2023.



**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.

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>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added 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 company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed 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>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.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 hold 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 company name or <b>e-Voting service provider i.e. 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>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol>

NSDL Mobile App is available on



Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then use your existing my easi username &amp; password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <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 able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. 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 company name or e-Voting service provider i.e. NSDL 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 & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned 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 022 - 4886 7000 and 022 - 2499 7000
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 toll free no. 1800 22 55 33



**B) Login Method for e-Voting and joining virtual meeting 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 124728 then user ID is 101456001***

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.**
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 General Meeting 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 authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to Mr. Vijayakrishna K.T. at vijaykt@vjkt.in with a copy marked to 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 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 or call on toll free no.022-48867000 and 022-24997000 or send a request to Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.co.in.
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. 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 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.

### 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.



- 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:**

- 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.
- Members are encouraged to join the Meeting through Laptops for better experience.
- Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 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 from **9.00 am (IST) on Tuesday, August 22, 2023 to 5.00 pm (IST) on Wednesday, August 23, 2023**. 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 Friday, August 18, 2023 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. Questions /queries received by the Company till 5.00 pm IST on Wednesday, August 23, 2023 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. 1A i.e., under the sub head

“Step 1: Access to NSDL e-Voting system” from **9.00 am (IST) on Tuesday, August 22, 2023 to 5.00 pm (IST) on Thursday, August 24, 2023**. 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.

#### **OTHER IMPORTANT GENERAL INSTRUCTIONS:**

- 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 to receive copies of the Annual Report 2022-23 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the Annual Report.
- 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 36<sup>th</sup> AGM without any restriction on account of first-come first-served principle.
- 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 Friday, August 18, 2023 are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 am IST on Tuesday, August 22, 2023 and will close at 5.00 pm IST on Thursday, August 24, 2023. 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 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. Friday, August 18, 2023.
- (f) The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Friday, August 18, 2023, are entitled to vote on the Resolutions set forth in this Notice.
- (g) 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. **Friday, August 18, 2023**, 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. **022-48867000 and 022-24997000**. 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. Friday, August 18, 2023 may follow steps mentioned in the Notice of the AGM under “**Access to NSDL e-Voting system**”.
- (h) 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.
- (i) The Scrutiniser 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 Scrutiniser’s Report of the votes cast in favour or against, if any, forthwith to the Chairman or designated Director or Key Managerial Personnel of the Company.
- (j) The Results shall be declared within two working days from the date of AGM. The results declared along with the Report of the Scrutiniser shall be placed on the website of the Company [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 on NSDL immediately after the result is declared by the Chairman (or a person authorised by him). The Company shall, simultaneously, forward the results to the Stock Exchanges where the Shares are listed.
- (k) 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.
- (l) 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 Scrutiniser through e-mail at [vijaykt@vjkt.in](mailto:vijaykt@vjkt.in). File naming convention should be ‘Corporate Name’. The documents should reach the Scrutiniser on or before the close of working hours on Thursday, August 24, 2023.

**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 022-48867000 and 022-24997000.

**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, 2023. Members seeking to inspect such documents can send an email to [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com).





# Report of the Board of Directors

To the Members of  
**3M India Limited,**

Your Directors are pleased to present the Thirty Sixth (36<sup>th</sup>) Annual Report of the Company. The Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 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 a part of the Annual Report.

## FINANCIAL HIGHLIGHTS – STANDALONE AND CONSOLIDATED

(₹ in lakhs)

Particulars	Standalone			Consolidated		
	Year ended March 31, 2023	Year ended March 31, 2022	% increase / decrease (-)	Year ended March 31, 2023	Year ended March 31, 2022	% increase / decrease (-)
Revenue from Operations	373,344.21	307,830.08	21.28	395,936.77	333,584.17	18.69
Of which -Export Sales	2,188.81	2,385.65	(8.25)	2,207.81	2,494.72	(11.50)
Other Income, net	6,422.12	3,471.84	84.98	6,809.59	3,711.51	83.47
<b>Total Income</b>	<b>379,766.33</b>	<b>311,301.92</b>	<b>21.99</b>	<b>402,746.36</b>	<b>337,295.68</b>	<b>19.40</b>
Less: Expenditure	317,365.04	269,641.14	17.70	335,507.61	294,660.11	13.86
<b>Profit before Interest and Depreciation</b>	<b>62,401.29</b>	<b>41,660.78</b>	<b>49.78</b>	<b>67,238.75</b>	<b>42,635.57</b>	<b>57.71</b>
Less: Finance costs	709.96	363.56	95.28	727.03	372.04	95.42
Less: Depreciation and amortisation expense	5,611.72	5,327.62	5.33	5,767.91	5,511.72	4.65
<b>Profit before Taxation</b>	<b>56,079.61</b>	<b>35,969.60</b>	<b>55.91</b>	<b>60,743.81</b>	<b>36,751.81</b>	<b>65.28</b>
Less: Tax expense	14,465.22	9,352.09	54.67	15,641.89	9,554.70	63.71
<b>Profit for the year</b>	<b>41,614.39</b>	<b>26,617.51</b>	<b>56.34</b>	<b>45,101.92</b>	<b>27,197.11</b>	<b>65.83</b>
Items that will not be re- classified subsequently to profit or loss	44.41	109.87	(59.58)	40.95	127.26	(67.82)
<b>Total Comprehensive income for the year</b>	<b>41,658.80</b>	<b>26,727.38</b>	<b>55.87</b>	<b>45,142.87</b>	<b>27,324.37</b>	<b>65.21</b>

### DIVIDEND

During the year, the Board of Directors declared an interim dividend of ₹ 850/- per equity share which was paid out during the year. The Board is pleased to recommend a final dividend of ₹ 100/- per equity share of face value ₹ 10/- each, which if approved at the Annual General Meeting, will be paid to all those equity shareholders of the Company whose names appear in the Register of Members and whose names appear as beneficial owners as per the beneficiary list furnished for the purpose by National Securities Depository Limited and Central Depository Services (India) Limited as on record date fixed for this purpose. The total dividend for the financial year would be ₹ 950/- per equity share of face value ₹ 10/- each.

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 amended on November 9, 2022. The Policy is 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 the same is annexed as "Annexure J", which forms part of this report.

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

### TRANSFER TO RESERVES

Your Company does not propose to transfer any amounts to general reserves.

### STATE OF COMPANY'S AFFAIRS

India's economy remained stable and showed robust recovery across all sectors, even as the global macro-economic conditions posed challenges. Amidst global headwinds of supply chain constraints, rising inflation and energy costs among other factors, your Company continued to create value for all stakeholders with a strong performance, growing both topline and bottomline. The performance was the result of several enabling external factors combined with sharp focus on addressing customer problems, managing cost and prioritisation.

### Strong growth in automobile and industrial market segments

India's automotive industry is a key contributor to the country's GDP and manufacturing sector. In addition,

the growing adoption of electric vehicles has opened up opportunities for your Company to accelerate new products and solutions. Other solutions for the automotive value chain included adhesives, abrasives and solutions for the automotive aftermarket segments. Your Company continued to increase penetration in various segments of the broader industrial market.

#### **Increased Government spending on infrastructure projects**

Enhanced capex outlays in the Government's budget towards modernisation of roads, railways, development of regional airports and key infrastructure projects offered growth opportunities for your Company's transportation safety solutions, commercial and industrial solutions.

#### **Attractive policy initiatives for emerging sectors**

The policy initiatives of the Government around investing under the Product Linked Incentive Scheme (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.

#### **Growth in modern trade and ecommerce channels**

During the year, domestic consumption improved and contributed to the growth in modern trade and ecommerce channels. This helped enhance penetration of several consumer products from your Company's home improvement and cleaning portfolio while driving market share.

#### **Discipline in operational execution**

Your Company maintained a stable cash position and managed cost across all aspects of the business. We addressed inflation through price actions and proactively reduced costs to overcome other constraints throughout the year.

#### **Managing supply chain and raw material**

During FY 22-23, your Company's sourcing operations leveraged softening markets and secured cost reduction across major raw materials, packaging materials and logistics.

On a standalone basis, your Company's revenue from operations increased by 21.28% at ₹ 373,344.21 lakhs for the financial year ended March 31, 2023 compared to ₹ 307,830.08 lakhs in the previous financial year. The Profit before Interest and Depreciation is ₹ 62,401.29 lakhs compared to ₹ 41,660.78 lakhs for the previous financial year. Profit before Tax is ₹ 56,079.61 lakhs compared to ₹ 35,969.60 lakhs for the previous financial year. The operating margin for the current year is 16.43% compared to 13.38% for the previous financial year. Total Comprehensive Income is ₹ 41,658.80 lakhs compared to ₹ 26,727.38 lakhs for the previous financial year. Export Sales is ₹ 2,188.81 lakhs for the financial year ended March 31, 2023 compared to ₹ 2,385.65 lakhs in the previous

financial year, a decrease of 8.25% due to lower demand in the global market.

On a standalone basis, the Safety and Industrial business increased by 17.17%; Transportation business increased by 33.79%; Health Care business increased by 14.14%; and Consumer business increased by 5.73%.

The Earnings Per Share (Basic and Diluted) of the Company for FY 22-23 was ₹ 369.41 per share as compared to ₹ 236.28 per share in the previous financial year, with an increase of 56.34%. Detailed analysis of the performance has been discussed in the Management's Discussion and Analysis Section of the Annual Report.

#### **Portfolio Management**

On July 26, 2022, 3M Company, USA (Promoter of the Company) had announced its plans to Spin-Off Health Care Business. The Board of Directors at the meeting held on May 30, 2023, discussed the implication on the business of 3M India Limited ('the Company') in relation to the decision of 3M Company, USA to spin-off its global healthcare business into a stand-alone public company. Accordingly, the Board of Directors noted the proposal from 3M Company, USA for healthcare business of the Company to continue to be operated by the Company. In this regard, a contract manufacturing and distributorship arrangement is to be entered into between the new Health Care Company (and/or one or more of its affiliates) and the Company for certain 3M Health Care products. Pursuant thereto and after having reviewed various possible options, the Board of Directors of your Company have granted approval for commencing discussion and negotiations with 3M Company, USA (and other relevant entities) in respect of the aforesaid manufacturing and distributorship arrangement.

Further on December 20, 2022, 3M Company, USA had announced exiting per-and polyfluoroalkyl substance (PFAS) Manufacturing by the end of 2025.

#### **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. 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), centered at 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. In 2022, we added ISO/IEC 27017:2015 requirements for cloud services. Enhancing and optimising cybersecurity protection continues to remain one of the top priorities. Your Company provides regular security awareness sessions to employees to understand the maturity level towards new age phishing attacks. Awareness communications include monthly phishing campaigns to all users as well as communications on security awareness and training features which promote a security culture within the Company. Other frameworks include, NIST CSF (The National Institute of Standards and Technologies, Cybersecurity Framework) which is a cross-industry standardised framework that several organisations use to manage their cybersecurity programmes. NIST CSF provides a common language and lifecycle approach to understand, manage and express cybersecurity risks. It helps identify and prioritise actions to reduce risk and aligns policy, business and technology approaches to manage that risk. The cybersecurity landscape is constantly evolving and new threats and challenges emerge. Your Company consistently reviews and re-evaluates its capabilities to identify and respond to these threats.

### Supply Chain

Global transportation has improved considerably vis-à-vis the previous year, stabilising to pre-pandemic levels due to the de-congestion of various ocean / air lanes, improved container availability and shipping lines operating at full capacity. This has resulted in better lead times, in turn delivering goods to customers.

### Contribution to Exchequer

During FY 22-23, the Company paid various taxes on account of its business/operation viz., CGST, IGST, Direct Taxes and Customs Duty amounting to ₹ 132,553 lakhs in aggregate.

### Investments

Capital Investments during FY 22-23 was ₹ 6,009.47 lakhs (Net of capital work-in-progress and capital advances) (FY 21-22: ₹ 6,999.06 lakhs).

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

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statement of the Subsidiary Company in Form AOC-1 is provided as “Annexure K”, which forms part of 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 ₹ 28,525.29 lakhs compared to ₹ 26,313.50 lakhs in FY 21-22. The Profit before tax for FY 22-23 was ₹ 4,682.33 lakhs as against ₹ 782.21 lakhs in FY 21-22. The Profit after tax for FY 22-23 was ₹ 3,505.66 lakhs as against ₹ 579.60 lakhs in FY 21-22.

The Total Comprehensive Income was ₹ 3,502.20 lakhs for FY 22-23 as against ₹ 596.99 lakhs in FY 21-22.

### Highlights of 3M E&C

- The Electronics sector continues to get policy & Government support. Policymakers have laid emphasis to encourage sustainable manufacturing and export of electronics from India. Government has taken several measures for the growth of the exports of electronics hardware sector. The Semicon India Programme with an incentive outlay of ~\$10 billion was launched with a vision to develop a sustainable semiconductor and display ecosystem in the country. This programme will establish India as global hub for semi conductor manufacturing, promote self-reliance, strengthen resilience in global supply chains and pave the way for India's technological leadership in the industry.
- Union budget 2023 has earmarked ₹ 808,300 lakhs for Production Linked Incentive schemes (PLI) with significant outlay for large- scale electronics manufacturing.
- While domestic consumption is driving the increase in manufacturing of mobile handsets, exports have surged ~56% Y-O-Y and is expected to touch ₹ 1 to 1.2 trillion by financial year 2024.
- Your 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 Audited Financial Statements of the Subsidiary Company for FY 22-23 have been placed on the website of the Company [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/).

### 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”, which forms part of this report.

### 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 a Certificate from a Practising Company Secretary regarding compliance to the conditions stipulated under Chapter IV of the Listing Regulations is provided as “Annexure B”, which forms part of this report.



## **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.

## **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 ₹ 10/- each. The Authorised/Issued/ Subscribed and fully Paid-up Share Capital as at March 31, 2023 is ₹ 112,650,700 (divided into 1,12,65,070 Equity Shares of ₹ 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.

## **LISTING WITH STOCK EXCHANGES**

The Company has paid the Annual Listing Fees for FY 23-24 to National Stock Exchange of India Limited and BSE Limited 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, the Board at its Meeting held on May 27, 2022 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), categorised as Executive, Non-Independent Director. The Members of the Company have approved her appointment by way of an Ordinary Resolution at the 35<sup>th</sup> Annual General Meeting held on August 25, 2022.
- Ms. Yun Jin (DIN: 09474323) will retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The details of Ms. Yun Jin are provided in the Notice of the Annual General Meeting. The Board of Directors recommends her re-appointment.
- At the Board meeting held on August 10, 2022 Mr. Pratap Rudra Bhuvanagiri was appointed as the Company Secretary and Compliance Officer (Key Managerial Personnel) of the Company with effect from August 17, 2022. Ms. Vidya Sarathy was Compliance Officer of the Company for the period from May 11, 2022 till August 16, 2022.

### **Resignations:**

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

- Mr. James Ernest Falteisek (DIN: 08792857) resigned as a Director of the Company from the close of India business hours of May 30, 2023 consequent upon his retirement from the 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 Director of the Company.
- Ms. Mamta Janak Gore (DIN: 08792863), resigned as a Director of the Company from the closing hours of May 27, 2022 consequent upon taking up higher role within the 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 Director of the Company.
- Mr. V. Srinivasan, Company Secretary and Compliance Officer, (Key Managerial Personnel) resigned as Company Secretary and Compliance Officer from the closing hours of May 10, 2022, to pursue his career outside of the Company. 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.

As at the financial year ended March 31, 2023, Mr. Ramesh Ramadurai, Managing Director, Ms. Vidya Sarathy, Whole-time Director and Chief Financial Officer and Mr. Pratap Rudra Bhuvanagiri, Company Secretary and Compliance Officer, were the Key Managerial Personnel of the Company.

## **DECLARATIONS 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 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 FY 22-23, Five (5) Meetings of the Board were held. The Company has Five (5) Board Committees. The composition and number of Meetings attended by each Director/Committee Member along with other Committee Meetings details are furnished in the Corporate Governance Report.



## COMPOSITION OF AUDIT COMMITTEE

As on the financial year ended March 31, 2023, 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, 2023, are Mr. Biren Gabhawala (Chairman), Mr. Bharat D. Shah, Ms. Radhika Rajan and Ms. Yun Jin. The Committee comprises 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 the selection and appointment of Directors, Senior Management and other employees and their remuneration. The Policy is 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/).

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 separate 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”, which forms part of this report.

## 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 our knowledge and belief and according to the information and explanations obtained by us, your Directors state in terms of Section 134 (5) of the Companies Act, 2013 (the Act):

- (a) that in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed

along with proper explanation relating to material departures, if any.

- (b) that they had selected such accounting policies and applied them consistently and made judgements and estimates 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, 2023 and of the profit of the Company for the year ended on that date.
- (c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) that they had prepared the annual financial statements on a going concern basis.
- (e) that they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems 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 is 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 are 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 unauthorised use or losses, executing transactions with proper authorisation 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.

### RELATED PARTY TRANSACTIONS

All Related Party Transactions (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 basis. A Policy on RPTs as approved by the Board is 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/).

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 globalised 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 had 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.

Further the Company had taken the approval of Members of the Company through Postal Ballot notice dated November 9, 2022 for the material related party transactions to be entered by the Company with 3M Company, USA and 3M Innovation Singapore Pte Ltd., from December 21, 2022 to December 20, 2023 (1 Year).

The Company proposes to seek the approval of the Members for material related party transactions to be entered by the Company with 3M Company, USA and 3M Innovation Singapore Pte Ltd., from the 36<sup>th</sup> Annual General Meeting to upto the 37<sup>th</sup> Annual General Meeting. The estimated/proposed RPTs are in the Ordinary and normal course of business and on Arms' Length basis and accordingly the Board recommends the Ordinary Resolution set forth in the Notice for the approval of the Members.

Details of the related party transactions as required under Section 134(3)(h) read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure E", which forms part of this Report.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

3M improves lives and builds sustainable communities through impactful social investments and employee engagement. The Company's CSR initiative is anchored on three pillars of impact – Education, Community and Environment. During FY 22-23, your Company deepened its impact with a combination of multi-year programmes and new initiatives to meet its goals under Education and Community. These projects addressed the needs of underserved sections of communities around the Company's areas of operation and have been implemented in accordance with the activities listed under Schedule VII of the Companies Act, 2013.

#### EDUCATION:

During FY 22-23, the Company supported education initiatives through partnerships with non profit organisations to advance equitable STEM (Science, Technology, Engineering, Maths) outcomes.

##### 1. *Project Nanhi Kali: Educating the Girl Child:*

Investing in girl child education transforms communities. Your Company continued to support the Project Nanhi Kali programme in its fifth year of implementation reaffirming 3M's global commitment to improve academic outcomes and provide transformational opportunities for the next generation.





This after school programme implemented in partnership with the K. C. Mahindra Education Trust sponsors 2,861 underprivileged girl students from primary and secondary classes across 178 Academic Support Centers in the rural district of Ambegaon in Pune, Maharashtra. The Academic Support Centers were fully functional throughout the financial year after disruptions during the COVID years. Key outcomes during the year broadly cover learning proficiency, retention, holistic development and engagement.

- Project Nanhi Kali provided approximately 450 hours of training to every girl in the project and 30 hours of training to every Community Associate.
- During FY 22-23, 143 girls appeared for the 10<sup>th</sup> standard examination in March 2023, with a 99% pass percentage and 37 students passed with distinction. Three assessments were conducted during the year. The average score in the three subjects being measured are 60% in Maths, 60% in English and 65% in the local language, Marathi. Of the Nanhi Kalis who attempted all three assessments, 85% showed an improvement in learning levels in at least one subject.
- The retention rate for the year was 90%. A total of 289 Nanhi Kalis dropped out of the project, mainly due to migration of parents to other areas where Project Nanhi Kali is non-operational. Community Associates and Programme Officers encourage the parents of any Nanhi Kali who drops out of the programme to continue their education in another school. A positive outcome is that while these girls have joined either private or other government schools, they have not dropped out of the education system.
- To encourage extra-curricular activities, Project Nanhi Kali conducts the annual Toofaan Games at the village, district and National levels across all the Academic Support Centers in India. Two Nanhi Kalis supported by the Company's CSR programme were selected to participate at the National level of the Toofaan Games with one of the girls bagging the gold medal in the 50m race.
- On the occasion of International Day of the Girl Child in October 2022, the Company felicitated 55 graduates out of the 87 students who completed Class 10. Most of graduates passed with distinction. The top scoring student (94.60%) was selected for the Mahindra All India Talent Scholarship.
- In March 2023, the Company hosted 25 Nanhi Kali students at 3M's manufacturing site in Ranjangaon, Pune, for an industrial exposure visit. The Nanhi Kalis, many of whom were travelling out of their village for the first time, got to experience first-hand how a factory works and interact with 3M women employees on the shop

floor. 3M Manufacturing Women's Leadership Forum led this visit to enhance the learning and exposure of the students to potential careers in manufacturing.

This programme remains committed to helping the girls stay in school through various interventions to enhance their learning and overall development, enabling them to grow into empowered young women.

## 2. 3M Wonder Tinkering Labs Programme to encourage and promote Science:

3M is committed to ensuring that underrepresented and under-resourced students and teachers have high-quality tools, resources and knowledge to succeed in STEM and pursue a love for science. During FY 22-23, the Company laid the foundation for a multi-year STEM experiences programme called 3M Wonder Tinkering Labs in partnership with Learning Links Foundation to empower Government school children (Shirur taluk) with 21<sup>st</sup> century skills (communication, critical thinking, creativity and collaboration).

The programme provides students from Grade 5-10 with a rich STEM learning experience including Design through the use of technology and pedagogy to spark critical thinking and problem-solving skills. In each school, the learning is imparted through a STEM studio. These studios are equipped with Do-It-Yourself Tinkering kits containing tools to work with technologies such as sensors, electronics, electrical circuits, 3D printing etc. Innovation coaches act as mentors guiding the students to apply learning through practical problem solving.

During FY 22-23, the project activities included conducting situational analysis at Government schools to identify the 10 schools for the pilot programme, recruitment of teams and innovation coaches for each of the schools, procurement of the tinkering kits, laptops and other devices, physical infrastructure to set up the STEM studios and orientation sessions for school leadership and programme teams.

The labs will be operational from the academic year in FY 23-24.

## COMMUNITY:

During FY 22-23, healthcare continued to be an important theme for community interventions. Initiatives included providing access to primary healthcare services in rural communities, strengthening healthcare infrastructure through sustainable models and supporting Government of India's COVID vaccination programme.

1. *Solar powered Healthcare infrastructure programme:*  
3M is committed to support the transition to renewable energy to create a more sustainable world. The Company partnered with Selco India & Selco Foundation to install rooftop solar panel units at 8 Primary Health Centers (PHCs) catering to 7

villages in Shirur Taluk including Ranjangaon where 3M India's plant is located. The project received further investment during the financial year to expand the solar unit installations to cover 39 sub centers within the Taluk to ensure last mile access. With this off the grid solar power system, the PHCs and sub centers are ensured reliable power and can serve their communities with timely healthcare services despite frequent power fluctuations and outages. The solar power system has been designed to meet critical needs of the centers including maintaining the vaccine cold chain, labour rooms and strengthening other aspects of service delivery, especially attending to emergencies. By addressing the fundamental requirement of power, this model will ensure that all the health centers in the district are self-sufficient and able to cater to the needs of a population of close to 350,000 people residing within the Taluk. Being solar systems, the initiative also contributes to significant environmental impact in the longer term, reducing carbon emissions of up to 120 metric tonnes.

2. *Smile on Wheels: Providing diagnostic and preventive healthcare access to rural communities:*

During FY 22-23, the Company continued to support the Mobile Primary Healthcare programme in partnership with Smile Foundation in some of the aspirational districts. This multi-year programme has completed two years of operations at four locations, Siddharthnagar in Uttar Pradesh, Balangir in Odisha, Goalpara in Assam and Ranjangaon in Maharashtra. The vans provide preventive, promotive and curative healthcare facilities to underserved communities in the villages in these districts.

During the flood situation in Assam in May 2022, the mobile van played a critical role in providing access to healthcare and relief materials to affected communities. The van and the medical team were able to reach two flood-affected villages where they catered to the needs of 256 beneficiaries.

The vans average over 6,000+ patient consultations every month and have covered about 107,826 beneficiaries since operations began in September 2021. During FY 22-23, a total of 75,252 beneficiaries benefitted from the programme at all four locations.

3. *Community Vaccination programmes in underserved communities in Urban areas (Bangalore & Pune):*

The Company continued to support Government of India's COVID vaccination initiative during FY 22-23. The last phase of the Company's COVID vaccination community programme, initiated in 2021, was implemented over April-May 2022. The programmes met their respective milestones of 50,000 vaccinations at PCMC (Pimpri Chinchwad Municipal Corporation), Pune and 25,000 vaccinations in Bangalore. Both drives were successful in mitigating the risk of covid infection within identified urban communities. Vaccine

on Wheels and their innovative model of bringing vaccinations closer to the slum communities along with community mobilisation efforts led by United Way of Bengaluru, working alongside local municipal authorities helped ensure the coverage of hard-to-reach areas and underserved populations.

The Annual Report on CSR activities is annexed herewith as "Annexure F", which forms part of this report.

## 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 ₹ 1.02 crores or more per annum and ₹ 8.50 lakhs or more per month respectively is annexed herewith as "Annexure G", which forms part of this report.

## 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", which forms part of this report.

## RISK MANAGEMENT POLICY

The Company has a Risk Management Policy pursuant to the requirements of Listing Regulations. The details of the Risk Management Committee and its terms of reference are set out in the Corporate Governance Report forming a 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 FY 22-23 by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

## INSOLVENCY AND BANKRUPTCY CODE, 2016

There was no application made nor did the Company receive notice of any proceedings against it as pending under the Insolvency and Bankruptcy Code, 2016 during FY 22-23.

## VIGIL MECHANISM/WHISTLE BLOWER POLICY

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



During the year, the Company reached out to employees through e-learning modules to create greater awareness with respect to its Fair Competition and Anti-Bribery and Corruption. 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 term of five (5) years i.e. 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 36<sup>th</sup> 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 30, 2023 on the recommendation of the Audit Committee, approved the 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 FY 23-24 at a remuneration of ₹ 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.

For the financial year ended March 31, 2022, the Cost Audit Report submitted by Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, was filed with the Ministry of Corporate Affairs, well within the due/extended date. Messrs. Rao, Murthy & Associates, has confirmed the cost records for the financial year ended March 31, 2022 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 FY 22-23. The Report of the Secretarial Audit Report is annexed herewith as "Annexure I", which forms part of this report.

The Company had undertaken an audit for FY 22-23 for all applicable compliances as per SEBI Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report has been submitted to the stock exchanges within 60 days of the end of the financial year.

### 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 FY 22-23, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### 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 ended March 31, 2023 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 a Prevention of Sexual Harassment Policy in line with the requirement of the 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/](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 FY 22-23:

1. Number of complaints of sexual harassment received During FY 22-23: Nil
2. Number of complaints disposed off during FY 22-23: NA
3. Number of cases pending for more than 90 days: Nil
4. Number of workshops or awareness programmes carried out: 3 (Three)



#### 5. Remedial measures taken by the Company:

- A mandatory interactive virtual training session was conducted for all 3M India employees on “Sexual Harassment at the Workplace”. This session reinforced the understanding of what constitutes sexual harassment, complaint process and behavioral do’s and don’ts at the workplace.
- In-depth capacity building training was conducted for all Internal Committee members.
- Train the Trainer session was conducted for all Internal Committee members and HR representatives. This session equipped participants with the knowledge & resources to conduct general awareness sessions at their respective 3M locations.

### HUMAN RESOURCES

During the financial year, the Company undertook many initiatives to increase organisational capability and productivity to be value driven and future ready. As on March 31, 2023, the Company had an employee strength of 1,108 personnel.

### OTHER DISCLOSURES

During the financial year under review, the Company:

1. has not bought its own Shares nor has it given any loan to the employees (including KMPs) of the Company for purchase of the Company’s Shares.
2. has not issued any Shares to trustees for the benefit of employees.
3. there was no revision in the Financial Statements.

### ENVIRONMENT, HEALTH AND SAFETY

Your Company is committed to environment, health and safety improvements throughout our operations and products. Our highest priority is the safety of our employees and the public. Our responsibility extends to the environment in and around our operations through robust environmental management systems, conservation and efficient use of resources and ensuring that pollution is prevented at source.

### ENVIRONMENT

Your Company has three (3) manufacturing plants operating in India. All three plants have Environmental Management Systems (EMS) certified to the ISO 14001: 2015 environmental management systems standard. We continue to be guided by our global 3M EMS framework, which provides consistency and structure for implementing programmes and helps us be proactive in our environmental focus.

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 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.

**Raw Materials:** We believe it’s our responsibility to design circularity into 3M products and packaging while also enhancing the circularity of water, packaging and waste in our own operations. Our Sustainability Value Commitment (SVC) helps us embed circular economy principles so we design products for durability, leveraging renewable content, recycled content and using less raw material.

**Waste:** Your Company is aligned to the global sustainability goal of reducing dependence on virgin fossil-based plastic use in our products by 125 million pounds by the end of 2025 and the Ministry of Environment, Forest and Climate Change mandated Extended Producer Responsibility for effective management of plastic packaging waste.

End-of-life management of your Company’s post-consumer plastic packaging waste is executed by Central Pollution Control Board authorised plastic waste processors in designated states through tie-ups with urban local bodies, collection centres, materials recovery facilities, logistic partners for collecting and transporting plastic waste to plastic waste processor’s unit. Technologies and equipments for material recovery of plastic packaging waste encompasses mechanical recycling methods and conversion to recycled plastic granules which are further used for manufacturing plastic products, thus promoting circular economy.

During FY 22-23, your Company has partnered with registered plastic waste processors to collect and recycle 1,004.536 metric tonnes of plastic waste, fulfilling the Extended Producer Responsibility obligations under Plastic Waste Management (Amendment) Rules, 2022. This has been achieved in accordance with the Brand Owner registration granted by the Central Pollution Control Board and action plan on the Centralized Extended Producers Responsibility Portal for Plastic Packaging.

The non-recyclable plastic waste material is redirected to coprocessing activities in cement kilns. During FY 22–23, the total waste from our manufacturing sites converted to energy was 2,580 metric tonnes, leading to a reduction of CO<sub>2</sub> equivalent emissions by 7456 MT-CO<sub>2</sub> in FY 22-23.

We drive “zero waste” thinking with our product designs, process technologies and material reduction work within our manufacturing operations. During FY 22-23, we achieved a waste reduction of 205 Kgs of Waste / MT of tonnes of production.

**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, moving to 100% renewable sources of power by 2050. In India, the Company has invested in an on-site solar installation with a total capacity of 1,250kwp at our biggest manufacturing site in Pune. We converted



the unused rooftop of the facility into a solar power plant and generating annual power of 6,25,000 kw currently contributing to reducing carbon emissions annually by 500 metric tonnes. At the Company's Bangalore manufacturing site, we have partnerships with the local utilities to purchase solar power from the grid through solar wheeling. The share of renewable energy is growing with these initiatives which is at 21.3 % of total energy consumption.

**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. Our Water Stewardship Standard demonstrates our commitment to maintaining sustainable water resources to secure social equity, economic growth and environmental protection.

At the Company's manufacturing sites, several initiatives are underway to conserve water. Advances in data analytics capabilities are expanding visibility, accuracy and opportunity for innovation in our monitoring and measurement efforts.

Manufacturing sites practice Zero Water Discharge through numerous water conservation initiatives.

- A full-capacity rainwater harvesting system at Ranjangan facility collects rainwater from the rooftops and roads into a rainwater recharge borewell.
- Ongoing water monitoring, measurement and data analysis help identify and quickly address leaks at all plants.
- All new manufacturing processes align with the principle of zero water discharge.
- Treated water from effluent treatment plants are taken into the scrubber operations further reducing water consumption.
- Treated water from the sewage treatment plant is used for gardening and in restroom flushing.
- After reviewing the underground hydrant network, corroded pipes were brought above the ground at all plants to eliminate the root cause and correct leakages.
- Engagement drives were conducted at factories to identify and arrest the leakages.
- An online ozonator was installed for water disinfection and safe handling by gardeners.
- New drip irrigation lines were added in the garden area which eliminated the conventional flooding & better utilised available water.
- Leakage Survey was conducted across sites to rectify and arrest leakages.

During the year, total water consumption stood at 77,580 kiloliters.

## HEALTH AND WELLNESS EFFORTS

During the year, the Company continued to identify potential risks to the health and safety of our employees and communities and took steps to update processes, product design and standards to address these risks, while driving an overall culture of excellence in EHS.

As the corporate initiative to drive more flexible working arrangements, 'Work Your Way' was rolled out across the organisation, the Company supported employees who opted for remote work with necessary infrastructure considering ergonomics and better working environment at home.

Over the year, there were several initiatives that promoted various aspects of health at the factories:

1. Medical Surveillance was provided to certain employees based on the job work assigned like the Pulmonary function test, vision test, Audiogram, etc.,
2. Hepatitis B Vaccination has been imparted to all the emergency response team members at all the sites.
3. Shopfloor awareness sessions on important observance days like World Hearing Day, World Heart Day, Women's Day and World Diabetes Day included communications, live demonstrations and Zumba exercise sessions to bring attention to various health issues.
4. Certified First Aid Training was provided to the first responders team.
5. Chemical Health Hazard Awareness session was organised to create awareness on the health impact of chemical exposure and control measures to avoid such exposure.
6. Blood donation camps are organised periodically to motivate employees to donate blood to those in need. At the Ahmedabad manufacturing site, employees' families were invited to see and experience first hand the health & safety systems at the plant providing families reassurance on the safe working conditions on site. Special training on First aid was provided to the families including children and basic first aid kits for homes were distributed.

National Safety Month observed during March brought attention to several health related topics like first aid training, Bone density, Eye checkup, Body Mass Index, hearing conservation & women wellness for the contract workforce.

## SAFETY SYSTEMS

3M continually strives to maintain the highest standard of safety at all workplaces to ensure people, assets and our businesses are operating in the most efficient manner. All of Company's 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. We utilise the Compliance & Audit Management

& Metrics System (CAMMS) portal which is customised to 3M requirements to track and monitor all applicable EHS compliance and legal obligations.

All the three plants have successfully completed 3M's EHS Global Audit which involved both element specific and regulatory focus audits without any primary audit finding.

Initiatives like the 'See & Act' programme enables the Company to strengthen the safety culture at 3M sites. The focus is not just the identification of Unsafe Acts and Conditions but to understand the root cause of their occurrence by having meaningful conversations with people on the shopfloor, engaging them in deriving solutions and making improvements. The Company has a resolution rate of 76% of problems identified through the 'See & Act' programme.

Zero Lost Time Injury is a key metric to uphold the safety performance. All manufacturing sites were able to maintain Zero Lost time injuries during the year due to continuous focus on preventive actions, EHS Element ownership through leaders with representation from supervisors and technical associates alike.

The Company's EHS Cultural Excellence programme lays down the execution model and set of manufacturing excellence principles which ensure a safe and healthy workforce. This framework covers sections like Ergonomics, Industrial hygiene, Process hazard management (PHM), Ventilation programs, Static Management plan, Combustible dust management, Safety trainings, Health and Wellness Programs. Our progress against each of these is assessed through our Internal Audit framework giving us the confidence on our sustained & functional Health and Safety management systems.

#### **Ergonomics :**

- Ergonomic solutions on the shop floor help employees improve their health condition and productivity. Each site has an ergonomics score driven by projects to reduce risks and improve processes.

#### **Industrial Hygiene:**

- Industrial hygiene monitoring i.e. Noise & Air monitoring was conducted for most of the processes and it was observed that no exposure level was exceeded.
- Ventilation and heat stress survey was carried out with the help of a subject matter expert to check the performance level of the existing systems and it was found to have no abnormalities.

#### **Other safety projects include:**

- All the three manufacturing facilities were provided with 3M Fall protection devices to reduce the risk while working at heights
- Skill development sessions were conducted for engineering contractors. Engineering contract employees working at heights must pass the vertigo test.

## **HEALTH AND WELLNESS EFFORTS**

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8. National Safety Month observed during March brought attention to several health related topics like first aid training, Bone density, Eye checkup, Body Mass Index, hearing conservation & women wellness for the contract workforce.

## **AWARDS AND RECOGNITION**

- **Global Recognition:** The Ethisphere® Institute recognised 3M Company as one of the **World's Most Ethical Companies®** for the 10<sup>th</sup> consecutive year. 3M is one of only nine industrial companies worldwide to receive this honour. This award showcases the Company's commitment to doing business the right





way through the collective effort of all 3M employees around the world.

- **Customer Recognition:** Your Company was awarded the **Best Supplier of the Year** award for FY 22-23 by one of India's largest stainless-steel manufacturers.
- **Industry Recognition:** Healthcare Business was recognised by The Economic Times as one of the **Best Healthcare Brands of 2022**, based on various parameters such as innovation, infrastructure, healthcare standards, patient satisfaction and brand loyalty.
- **Manufacturing Excellence:** Your Company's manufacturing sites at Ranjangaon, Pune and Electronics city, Bengaluru received recognition from National level Kaizen competitions organised by the Confederation of Indian Industry (CII). Projects from both plants driving continuous improvement, innovation and breakthrough solutions were recognised with Gold and Silver awards.

Both manufacturing sites were also recognised with 3M Company's Global Quality Achievement awards for projects delivering high quality standards and customer satisfaction.

The Department of Factories, Boilers, Industrial Safety and Health, Government of Karnataka awarded one of your Company's EHS employees, with the Best Worker Award (3<sup>rd</sup> position) in the large industries category. This state level recognition is the highest honour bestowed on manufacturing workers for their focus on safety at the workplace.

- **Corporate Social Responsibility:** The Ranjangaon Industrial Association recognised the Company for contributions to local communities through the implementation of multiple CSR programs including the solar powered health center infrastructure initiative in Shirur Taluk Ranjangaon, which is benefiting over 350,000 people.
- Over the course of the year, the Company's employees continued to receive numerous accolades for excellence in sales, marketing, technical and various support functions with several 3M Company, business 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

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru  
Date: May 30, 2023

## 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 realised. 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. Its Corporate Office and Customer Innovation Center (R&D Center) are located at Bengaluru. As on March 31, 2023, the Company had an employee strength of 1,108 personnel. As on March 31, 2023, your Company was ranked 177 (PY: 202) based on Market Capitalisation @ ₹ 25,86,894 lakhs (PY: ₹ 22,18,915 lakhs) and is now among the top 500 (PY: top 500) Companies based on Market Capitalisation (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. 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 institutionalising 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. The Company is also committed to creating value for all its stakeholders by ensuring that its corporate actions positively impact all the dimensions of sustainable development viz., economic, social and environment.

#### GLOBAL ECONOMIC OVERVIEW

Major forces shaped the global economy over 2022, which seem set to continue through 2023. While accelerated COVID vaccination programs in many economies helped people move past the pandemic, there were uncertainties due to the continued war in Ukraine and rise in energy costs and commodity prices, which caused global growth to slow down in 2022 to 3.2%. Supply Chain disruptions continued to plague the global economy with multiple



bottlenecks including war induced energy shortages and extreme weather conditions due to climate change. Public and private debt reached new highs.

Coming into 2023, there was some improvement in activity and sentiment with the decline in energy and food prices giving some respite. Reopening of China, which had gone into lockdown towards the end of 2022, had a positive impact reducing supply chain pressures.

Even as economies worked on cushioning the impact of the Ukraine-Russia war, early 2023 also saw uncertainty emerging in the banking and financial sector. The global economic outlook estimated by the World Economic Forum and the International Monetary Fund is 2.3% in 2023. Advanced economies are expected to see slower growth compared to countries like India.

Structural factors continue to impede global growth in the medium to long term. Steps to strengthen multilateral cooperation are necessary to create a more resilient world economy by mitigating the risks of financial vulnerabilities and the costs of climate change.

### INDIA ECONOMIC OVERVIEW

India's economy staged a resilient recovery across all sectors despite the challenging macro-economic conditions that prevailed over 2022. While real GDP for FY 22-23, estimated at 6.8-7% is lower than FY 21-22, it is still higher than other advanced economies, making India one of the faster growing economies of the world. Global supply chain disruptions and high inflation rates impacted the economy, but the Government took a multi-pronged approach to cushion the impact of rising inflation rates. Enabling government policies such as Production Linked Incentive schemes further increased positive growth across all sectors with trade, tourism, hospitality, construction and utility industries driving momentum. Growth in private consumption led to a boost in production activity resulting in enhanced capacity utilisation across sectors.

Government continued to support manufacturing as India's Industrial Production Index grew at 5.6% during the year. With an emphasis on infrastructure-intensive sectors like roads and highways, railways and housing and urban affairs, the increase in Capex has large-scale positive implications for medium-term growth. Another growth driver for the economy was the strengthening of balance sheets of the corporate sector during the financial year.

Recent global developments such as vulnerabilities in the banking and financial sector, oil production cuts by OPEC and unpredictable weather patterns continue to pose risks to India's forecast for FY 23-24 which is expected to be in the range of 6- 6.5%. The medium to long term outlook is positive and India is positioned to be on a strong growth curve.

### STANDALONE RESULTS OF THE OPERATIONS OF THE COMPANY

On a standalone basis your Company's revenue from operations increased by 21.28% at ₹ 373,344.21 lakhs for the financial year ended March 31, 2023 compared to ₹ 307,830.08 lakhs in the previous financial year. The Profit before Interest and Depreciation is ₹ 62,401.29 lakhs compared to ₹ 41,660.78 lakhs for the previous financial year. Profit before Tax is ₹ 56,079.61 lakhs compared to ₹ 35,969.60 lakhs for the previous financial year. The operating margin for the current year is 16.43% compared to 13.38% for the previous financial year. Total Comprehensive Income is ₹ 41,658.80 lakhs compared to ₹ 26,727.38 lakhs for the previous financial year. Export Sales is ₹ 2,188.81 lakhs for the financial year ended March 31, 2023 compared to ₹ 2,385.65 lakhs in the previous financial year, a decrease of 8.25%, due to less demand in the global market.

#### Other Income:

The other income is ₹ 6,422.12 lakhs for FY 22-23 compared to ₹ 3,471.84 lakhs for the previous FY 21-22.

#### Cost of Goods sold:

The % of cost of raw material consumed as against sales for FY 22-23 is higher by 0.12% at 61.61% as against 61.49% for the previous FY 21-22, due to product mix and increase in foreign currency exchange rate.

#### Employee Benefits Expense:

Employee cost as a % of sales for FY 22-23 stood at 9.63% (previous financial year was 11.22%) at ₹ 36,553.40 lakhs (previous financial year: ₹ 34,940.51 lakhs). Sales per employee has increased by 24.64% to ₹ 342.75 lakhs (no. of employee's 1,108) in the current FY 22-23 from ₹ 275.00 lakhs (no. of employees 1,132) for the previous FY 21-22.

#### Finance Cost:

The interest cost for FY 22-23 is ₹ 709.96 lakhs compared to ₹ 363.56 lakhs in the previous FY 21-22. The interest cost is on account of lease rentals of vehicles and office equipment.

#### Interest earned:

The Company earned ₹ 3,962.68 lakhs on the surplus during FY 22-23 when compared to ₹ 2,726.19 lakhs during FY 21-22 by keeping the funds in deposits with the Banks.

#### Earnings per Share (EPS):

The EPS (Basic and Diluted) of the Company for FY 22-23 was ₹ 369.41 per Share as compared to ₹ 236.28 per Share in the previous FY 21-22, a increase of 56.34%.



**Share Capital:**

The Authorised/Issued/Subscribed and Paid-up Capital as on March 31, 2023 is ₹ 112,650,700 (divided into 1,12,65,070 Equity Shares of ₹ 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:**

₹ 41,658.80 lakhs is retained in profit and loss account for the year ended March 31, 2023. The Reserves & Surplus is ₹ 193,657.31 lakhs including the current financial year retained profit.

**Shareholder's Fund:**

The total shareholder funds decreased to ₹ 194,783.82 lakhs as at March 31, 2023 from ₹ 248,878.12 lakhs as of the previous FY 21-22, representing a decline of 21.74% mainly because of payment of dividends.

**Depreciation:**

The depreciation charge for the current financial year is lower at ₹ 5,611.72 lakhs when compared to ₹ 5,327.62 lakhs of previous FY 21-22.

**Fixed Assets-Capital Expenditure:**

The gross Fixed Assets as at March 31, 2023 was ₹ 55,223.13 lakhs as compared to ₹ 49,563.21 lakhs of previous FY 21-22. Capital Investments during FY 22-23 were at ₹ 6,009.47 lakhs (Net of capital work-in-progress and capital advances) (FY 21-22: ₹ 6,999.06 lakhs) an decrease of 14.14% year on year.

**Inventories:**

Inventory as at March 31, 2023 amounted to ₹ 56,760.33 lakhs as compared to ₹ 45,347.77 lakhs of previous FY 21-22. The inventory ratio has increased to 89 days as at March 31, 2023 from 84 days of previous FY 21-22.

**Trade Receivables:**

Trade Receivables as at March 31, 2023 amounted to ₹ 59,510.20 lakhs as against ₹ 48,857.75 lakhs of previous FY 21-22. The debtor's turnover ratio is 58 days (previous financial year: 58 days).

**Cash and Bank balances:**

The total balance of cash and bank balances as at March 31, 2023 was ₹ 63,198.06 lakhs as compared to ₹ 120,653.96 lakhs as at March 31, 2022.

**Key Financial Ratios:**

During the year, the significant changes in the financial ratios of the Company, which are more than 25% as compared to the previous year are summarised below:

Particulars	March 31, 2023	March 31, 2022	% Change	Reasons for Variance
1 Debtors Turnover (Days)	58	58	-1.72	
2 Inventory Turnover (Days)	89	84	5.95	
3 Interest Coverage Ratio	79.98	99.94	-19.97	
4 Current Ratio	2.04	3.12	-34.82	Change in cash balance due to payment of interim dividend
5 Debt Equity Ratio	1.37	0.98	39.80	Changes in equity due to payment of interim dividend
6 Operating Profit Margin (%)	16.43	13.38	22.80	
7 Net Profit Margin (%)	11.29	8.83	27.80	The increase is due to the increase in profitability
8 Return on Net Worth (%)	21.36	10.69	99.81	The increase is due to the increase in profitability

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

Particulars	Year Ended March 31, 2023		Year Ended March 31, 2022	
	₹ in lakhs	%	₹ in lakhs	%
Revenue from operations	373,344.21	98.31	307,830.08	98.88
Other income, net	6,422.12	1.69	3,471.84	1.12
<b>Total Revenue</b>	<b>379,766.33</b>	<b>100.00</b>	<b>311,301.92</b>	<b>100.00</b>
Cost of Materials consumed	156,580.77	41.23	130,084.69	41.79
Purchases of stock-in-trade	81,310.30	21.41	62,193.44	19.98
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,914.37)	(1.03)	(853.23)	(0.27)
Employee benefits expense	36,553.40	9.63	34,940.51	11.22
Other Expenses	46,834.94	12.33	43,275.73	13.90
<b>Profit before Finance costs and Depreciation</b>	<b>62,401.29</b>	<b>16.43</b>	<b>41,660.78</b>	<b>13.38</b>
Finance Costs	709.96	0.19	363.56	0.12
Depreciation and amortisation expense	5,611.72	1.48	5,327.62	1.71
<b>Total Expenditure</b>	<b>323,686.72</b>	<b>85.23</b>	<b>275,332.32</b>	<b>88.45</b>
<b>Profit before Tax</b>	<b>56,079.61</b>	<b>14.77</b>	<b>35,969.60</b>	<b>11.55</b>
Tax	14,465.22	3.81	9,352.09	3.00
<b>Profit for the year</b>	<b>41,614.39</b>	<b>10.96</b>	<b>26,617.51</b>	<b>8.55</b>
Items that will not be reclassified subsequently to profit or loss	44.41	0.01	109.87	0.04
<b>Total comprehensive income for the year</b>	<b>41,658.80</b>	<b>10.97</b>	<b>26,727.38</b>	<b>8.59</b>

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

Particulars	Year Ended March 31, 2023		Year Ended March 31, 2022	
	₹ in lakhs	%	₹ in lakhs	%
Revenue from operations	395,936.77	98.31	333,584.17	98.90
Other income, net	6,809.59	1.69	3,711.51	1.10
<b>Total Revenue</b>	<b>402,746.36</b>	<b>100.00</b>	<b>337,295.68</b>	<b>100.00</b>
Cost of Materials consumed	163,479.56	40.59	140,774.54	41.74
Purchases of stock-in-trade	87,856.71	21.81	69,977.05	20.75
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(5,305.47)	(1.32)	(1,683.02)	(0.50)
Employee benefits expense	40,034.14	9.94	38,819.21	11.51
Other Expenses	49,442.67	12.28	46,772.33	13.87
<b>Profit before Finance costs and Depreciation</b>	<b>67,238.75</b>	<b>16.70</b>	<b>42,635.57</b>	<b>12.64</b>
Finance Costs	727.03	0.18	372.04	0.11
Depreciation and amortisation expense	5,767.91	1.43	5,511.72	1.63
<b>Total Expenditure</b>	<b>342,002.55</b>	<b>84.92</b>	<b>300,543.87</b>	<b>89.10</b>
<b>Profit before Tax from continuing operations</b>	<b>60,743.81</b>	<b>15.08</b>	<b>36,751.81</b>	<b>10.90</b>
Tax	15,641.89	3.88	9,554.70	2.83
<b>Profit for the year</b>	<b>45,101.92</b>	<b>11.20</b>	<b>27,197.11</b>	<b>8.06</b>
Items that will not be reclassified subsequently to profit or loss	40.95	0.01	127.26	0.04
<b>Total comprehensive income for the year</b>	<b>45,142.87</b>	<b>11.21</b>	<b>27,324.37</b>	<b>8.10</b>

**SEGMENT-WISE PERFORMANCE:**

On a standalone basis, the Safety and Industrial business increased by 17.17% Transportation & Electronics business increased by 33.79%; Health Care business increased by 14.14%; and Consumer business increased by 5.73%.

**1. Safety and Industrial Business:**

This business segment serves the core industrial, electrical, vehicle maintenance and safety markets and offers a range of solutions including personal safety products, industrial adhesives and tapes, abrasives, electrical products and products for the automotive aftermarket.

		(₹ in lakhs)	
		March 31, 2023	March 31, 2022
Financial Highlights	Segment Revenue	123,171.72	105,118.82
	Profit Before Interest & Tax	12,056.87	8,658.98
	Capital Employed	23,518.60	24,482.43
Highlights of Safety and Industrial Business	<ul style="list-style-type: none"> <li>Industrial Adhesives &amp; Tapes: Strong focus on automotive and general industrial market segments led to the acceleration of the double coated &amp; foam tapes product portfolio. New application wins and product launches fueled growth in the adhesives portfolio.</li> <li>Automotive Aftermarket: A focus on improving processes and efficiencies resulted in high double digit share gain for the AAD business especially in the abrasives, fillers &amp; paint finishing segments for auto body shops. A string of new product launches like “Precision Spray Guns”, “Paint Preparation Systems 2.0” and the advanced “Ceramic Coatings” have been successful in driving growth for the division.</li> <li>Abrasive: Significant strides were made in upgrading customers to robotic &amp; automated solutions for abrasive applications focused on electronics, automotive &amp; metal working applications. The division also invested in a robotics lab at the India R&amp;D center to enhance capabilities.</li> <li>Electrical Products: Strong sales of corrosion protection coatings to Oil &amp; Gas infrastructure projects and supplemented by enhanced engagement with all major manufacturers in the renewable energy space as they significantly increased their investments in India.</li> <li>Personal Safety: Growth in heavy machinery; transport &amp; chemicals segments helped partially mitigate the healthcare demand attrition in disposable respirators post Covid in India.</li> </ul>		

**2. 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.

		(₹ in lakhs)	
		March 31, 2023	March 31, 2022
Financial Highlights	Segment Revenue	51,681.49	45,280.51
	Profit Before Interest & Tax	5,438.34	6,162.86
	Capital Employed	10,296.02	9,967.25
Highlights of Healthcare Business	<ul style="list-style-type: none"> <li>Surgeries and dental procedures rebounded in 2022 leading to the growth of the hospital facing and dental businesses.</li> <li>Growing adoption and compliance of guidelines and protocols for infection prevention practices in healthcare facilities was augmented by strong partnerships as a knowledge partner with professional medical organisations such as INS India, AORN India, IDA and CAHO which resulted in the expansion of the product portfolio.</li> <li>Growth in medical education led by 3M clinical professionals helped upgrade clinical and infection prevention practices in hospitals and dental clinics leading to greater adoption of healthcare solutions.</li> </ul>		



**3. Transportation and Electronics Business:**

This business segment serves global transportation and electronic original equipment manufacturers (OEM) with products for automotive and aerospace, commercial solutions, advanced materials and solutions for transportation safety

		(₹ in lakhs)	
		March 31, 2023	March 31, 2022
Financial	Segment Revenue	155,128.67	115,947.10
Highlights of Transportation Business	Profit Before Interest & Tax	23,661.33	9,196.44
	Capital Employed	36,729.92	32,721.30
Highlights of Transportation Business	<ul style="list-style-type: none"> <li>Union Budget 2023 has an enhanced capex outlay of ₹ 10 lakh crores (~3.3% of GDP) which also included the highest outlay till date for roads, railways, further development of regional airports and transport infrastructure projects that are expected to boost first and last mile connectivity. These offer growth opportunities for 3M's transportation safety solutions and commercial solutions divisions.</li> <li>Commercial solutions for hygiene and cleanliness saw healthy growth as back to work initiatives and adoption of hybrid models amongst companies encouraged sales in quick service restaurants, offices, retail and commercial places.</li> <li>Graphics solutions expanded with growing demand from railways, banking &amp; finance, oil and gas and automotive OEM segments.</li> <li>Strong growth in the automotive segment.</li> </ul>		

**4. Consumer Business:**

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

		(₹ in lakhs)	
		March 31, 2023	March 31, 2022
Financial	Segment Revenue	40,967.55	38,748.57
Highlights	Profit Before Interest & Tax	8,255.56	7,720.83
	Capital Employed	4,008.76	3,991.57
Highlights of Consumer Business	<ul style="list-style-type: none"> <li>Expanded penetration of Scotch-Brite® range of products for all round home cleaning through awareness and enhanced availability of products.</li> <li>Strong sales in Scotch® Mounting tapes and damage free Command™ Hooks helped promote Do-it-Yourself home décor.</li> </ul>		

**OPPORTUNITIES AND THREATS**

3M Company's breath of technologies and product portfolio have enabled it to retain its leading market positions. Your Company strongly believes in 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.

Your Company is operating in a highly competitive and volatile market which may exert pressure both on the top line as well as the bottom line of the Company. The Company's products involve expertise in product development, manufacturing and marketing and are subject to competition from products manufactured and sold by other technologically oriented companies both within India and outside India. In 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.
- Foreign currency exchange rates and fluctuations in those rates may affect the Company's ability to realise projected growth rates in its sales and earnings.
- The Company's growth objectives are largely dependent on the timing and market acceptance of its new product offerings, including its ability to continually renew its pipeline of new products and to bring those products to market.
- The Company's future results are subject to fluctuations in the costs and availability of purchased components,

compounds, raw materials and energy, including oil, 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 unauthorised use or losses, executing transactions with proper authorisation 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. During the year, 3M Learn, a global learning platform was launched which accelerated a more digital and integrated learning system with the scope to offer more customised Learning Tracks to employees. Learning Tracks continually trains our entire workforce with culture-related skills, core or power skills, critical and emerging leadership skills and business-specific functional and technical skills.

Supervisory learning tracks was an added development during the year raising the leadership development level of employees in supervisory roles. 3M India saw a completion rate of almost 95% at the end of 2022.

#### **Human Resource Business Partnering/Total Rewards/Employee Engagement**

The Company also augmented efforts to support employee well-being with several measures, policies and initiatives promoting physical, mental and emotional well-being. Initiatives included running a comprehensive wellness calendar, introduction of annual health check up partners and easier processes to avail them, an annual employee benefits fair and employee engagement led wellness programs like 3M Stepathon. Key outcomes include a tripling of employees who availed the annual medical check up facility, 40+ sessions on mental well-being and a 75% participate rate in the 3M Stepathon challenge.

The Company deepened its focus on Diversity, Equity and Inclusion during the year. Employee Resource Networks (ERNs) are the catalysts for driving employee inclusion and belonging. The newest ERN to be added to the mix was The Diverse Abilities network (DAN), which was launched to build awareness and allyship to embrace people with disabilities into the organisation.

To increase the participation of women in the workforce, your Company strengthened the Manufacturing – Women Leadership Development Forum which worked to expand the pool of women employees hired in the production areas of manufacturing sites. As a way to offer opportunities to women returning to the workforce after a break, your Company introduced a pilot programme called 3M Revive, a return-to-work internship opportunity.

3M Revive offered women a 6-8 month assignment or project based role in addition to skill development and mentoring. The initiative was well received by both business and function teams and the women who participated in the programme.



The Company enhanced its benefits offering to promote inclusion with the introduction of new policies like the Nanny Allowance policy to support new mothers with greater work life balance and the Leave Donation policy which encourages employees to donate their sick leaves to those in need.

All of these actions move your Company closer to being an enterprise where people are respected and everyone feels a sense of belonging — both within and outside the Company.

#### **Employee Relations:**

Your Company continues to move the needle in strengthening employee relations and maintain a harmonious working environment at our manufacturing sites. During the year, a comprehensive career framework was introduced for technical associates. The framework clearly outlines the skills required to perform for all the jobs available and clearly delineates the capabilities for growth across the functions as employees plan their career development. Introduced for the first time through a change management programme, the initiative goes beyond tenure and performance to actually measure future capabilities of our technical associates.

The Performance Management process for technical associates was also aligned to the Corporate performance evaluation framework, Performance Everyday –which

looks at performance on an ongoing basis with continuous review and feedback.

Going a step further from regular Kaizen initiatives, your Company further enhanced the responsibilities of technical associates with an initiative called Self Managed teams (SMT) at all the manufacturing sites across multiple value streams. These SMTs compete with each other to generate innovative ideas to solve problems and improve processes on our manufacturing floors.

Other initiatives include:

- Enhanced ownership and participation of plant employees in corporate CSR initiatives.
- Introduction of night shifts for our women employees.
- Outreach programmes from our Manufacturing -Women's Leadership Forum (WLF) to build awareness about careers in manufacturing.

#### **On behalf of the Board of Directors**

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru

Date: May 30, 2023



## 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 a framework that defines the roles, rights and responsibilities of different groups within the organisation. 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 the 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') for the financial year ended March 31, 2023.

#### BOARD OF DIRECTORS

##### Composition:

As at the financial year ended March 31, 2023, the Board comprised of Three (3) Independent Directors, Two (2) Executive Director and Three (3) Non-Executive Non-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, 2023, 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 confirm 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 the Listing Regulations.

#### 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:

##### Mr. Bharat D. Shah

*(Chairman, Independent Director)*

Mr. Bharat D. Shah (76 years) 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 D. Shah has extensive experience and expertise in the fields of banking, finance and securities market. He was one of the founding members of HDFC Bank Limited and played a key role in the establishment and 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. He was also the Chairman of HDFC Securities Limited.

Mr. Bharat D. Shah 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, 2023	<ul style="list-style-type: none"> <li>• Exide Industries Limited</li> <li>• Strides Pharma Science Limited</li> <li>• Spandana Sphoorty Financial Limited*</li> </ul>

\*Upto April 12, 2023

### Mr. Biren Gabhawala

(Independent Director)

Mr. Biren Gabhawala (58 years) was appointed as an Independent Director of the Company for a period of Five (5) years with effect from August 5, 2014. 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. He has been practising for the last 29 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.

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.

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, 2023	eClerx Services Limited

### Ms. Radhika Govind Rajan

(Independent Director)

Ms. Radhika Rajan (67 years) 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 is Executive Vice President at DSP Investment Pvt Ltd., the Family Office of Hemendra Kothari in Mumbai, India. She manages the investments of this Family office and has been with the group since July 2011. Her special focus is Private Equity and Venture investments. Ms. Radhika is a results-focused financial-market professional with over 40 years of profit-responsible experience in New York till 2011 and the last 11 years in Mumbai, India, with DSP. Ms. Radhika has focused on India as an investment destination since 1999, when she made a brief foray into IT and was appointed as the New York based Executive Vice-President of Mphasis,

a US based IT services start-up, which is now a leading listed Indian IT services company. Post Mphasis, she joined the TCG Group in New York to set up an Indian Equities Hedge Fund and advising TCG and several other private equity groups on US start-ups and proposed investments in the US-India corridor. Prior to 1999, Ms. Rajan worked as a global-macro proprietary trader at different large financial institutions like JP Morgan (formerly Chemical Bank), Itochu, UBS, Bank of America and Bank of Montreal. As a global macro trader, she traded and took proprietary positions in a range of currencies, in interest rate and commodity futures and in derivatives, with a focus on emerging markets.

Ms. Radhika Rajan holds Master's in Science degree from the Indian Institute of Technology, Mumbai and also holds an MBA degree from, the Indian Institute of Management Ahmedabad. She was a National Science Talent Scholar through her college years.

She also serves as an Independent Director on the Boards of Sonata Software Limited and Sonata Information Technology Ltd. She is also on the Board of Health & Glow Private Limited, a beauty products retailer and is a Board observer of a Digital media start-up. Previously she was an Independent Director of Tata Advanced Systems Limited, Tata Sikorsky Aerospace, Tata Lockheed Martin, Nova Integrated and TAS-AGT Systems.

Ms. Radhika Rajan was an invited contributing author of "The Global Internet Economy," a book published by MIT Press in 2003. She is a Charter Member of TIE Tristate, the New York based chapter of TIE, a global association of entrepreneurs active in accelerating the globalisation 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, 2023	<ul style="list-style-type: none"> <li>• Sonata Software Limited</li> <li>• Sonata Information Technology Limited</li> </ul>

### Mr. Ramesh Ramadurai

(Managing Director, Executive Director)

Mr. Ramesh Ramadurai (61 years) 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 a sales engineer and held positions as the Country Business Leader for the 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 FY 21-22. Mr. Ramesh Ramadurai is also a member of Confederation of Indian Industry (CII), Southern Region and a member of the India Advisory Committee of the US India Business Council (2022-24).

Mr. Ramesh Ramadurai holds a 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, 2023	Nil

### Ms. Vidya Sarathy

*(Whole-time Director and Chief Financial Officer)*

Ms. Vidya Sarathy (57 years) 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 29 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, Landmark Retail Group, Tata Motors and Tata Cummins. Her experience runs across broadly in the finance function, including Accounting and Controlling, Financial Planning, Treasury, M&A, Taxation and Corporate Secretarial-related compliance roles. She also serves as a Non-Executive Independent Director on the Boards of Wildcraft India Limited with effect from September 16, 2022 and is a Chairperson of the Audit Committee and Member of Nomination and Remuneration Committee at Wildcraft India Limited.

Ms. Vidya Sarathy holds a 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).

Expertise in Specific Functional Areas	Finance, Tax, Treasury, Mergers and Acquisitions and General Management of Business
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2023	Wildcraft India Limited

### Mr. Amit Laroya

*(Non-Executive Director)*

Mr. Amit Laroya (58 years) 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 the India region and the 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 has good understanding of global corporate strategies at 3M having 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 holds a Masters in Business Administration 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, 2023	Nil



**Ms. Yun Jin***(Non-Executive Director Non-Independent Director)*

Ms. Yun Jin (49 years) 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 28 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 organisation, 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 the Shanghai University with a Major in Accounting and holds a Masters in Business Administration 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, 2023	Nil

**Mr. James Ernest Falteisek***(Non-Executive Independent Director)*

Mr. James Ernest Falteisek (57 years) was appointed as a Non-Executive Non-Independent Director of the Company with effect from September 1, 2020. He resigned as Director from close of India business hours on May 30, 2023 consequent upon his retirement from the 3M Group. He was the Vice President, 3M Asia Corporate Affairs and Managing Director of 3M Korea. Prior to this role, he also served as Vice President, Commercialisation, Consumer Business Group, St. Paul. He has over 34 years of diverse experience having worked in different capacities. He has affiliations with business, professional and civic organisations.

Mr. James Ernest Falteisek holds a Master of Business Administration degree from the University of St. Thomas, St. Paul, Minnesota, USA and a Bachelor of Chemical Engineering degree from 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, 2023	Nil

**Details of Committees Membership/Chairmanships held by Directors as on March 31, 2023 including names of other listed companies, where directors of the Company are directors and category of directorship:**

Name of the Director	Name of the Company (Including 3M India Limited)	Category	Membership of Committee		Chairmanship of Committees	
			Audit	Stakeholders' Relationship	Audit	Stakeholders' Relationship
Bharat D. Shah	3M India Limited	Independent Director	Yes	Yes		Yes
	Spandana Sphoorty Financial Limited	Independent Director	Yes			
	Strides Pharma Science Limited	Independent Director	Yes	Yes		Yes
Biren Gabhawala	Exide Industries Limited	Independent Director				
	3M India Limited	Independent Director	Yes	Yes	Yes	
Radhika Rajan	eClerx Services Limited	Independent Director	Yes	Yes	Yes	
	3M India Limited	Independent Director	Yes	Yes		
Ramesh Ramadurai	Sonata Software Limited	Independent Director	Yes	Yes		
	Sonata Information Technology Limited <sup>1</sup>	Independent Director	Yes			
Vidya Sarathy	3M India Limited	Executive Director		Yes		
	3M India Limited	Executive Director				
Amit Laroya	Wildcraft India Limited <sup>1</sup>	Independent Director	Yes		Yes	
	3M India Limited	Non-Executive Director				
Yun Jin	3M India Limited	Non-Executive Director	Yes			
James E Falteisek <sup>2</sup>	3M India Limited	Non-Executive Director				

1. Unlisted Public Company.

2. Director upto May 30, 2023.

## 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.

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 finalised 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 FY 22-23, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### Details of Board Meetings during FY 22-23:

During FY 22-23, Five (5) Meetings of the Board were held on May 27, 2022, August 10, 2022, November 9, 2022, February 8, 2023 and February 27, 2023.

The 35<sup>th</sup> AGM for FY 21-22 was held on August 25, 2022.

None of the Directors is a Director in more than Seven (7) Listed Companies or Ten (10) Public Limited Companies or acts as an Independent Director in more than Seven (7) Listed Companies. Further, none of the Directors acts as a member of more than Ten (10) Committees or acts as Chairman of more than Five (5) Committees across all Public Limited Companies in which he/she is a Director.

Particulars of the Directorships of Board, Membership and office of Chairman of Board Committees across all companies as on March 31, 2023 and attendance at the Board Meetings and AGM of the Company are exhibited below:

Name of the Director	Category	No. of Meetings held during the year under review		No. of other Directorships and Committee Memberships / Chairmanships (Including 3M India Limited)			Whether attended last AGM
		Held	Attended	Directorships held <sup>1</sup>	Committee Memberships <sup>3</sup>	Committee Chairmanships <sup>3</sup>	
Bharat D. Shah (Chairman)	Non-Executive & Independent Director	5	5	4	5	2	Yes
Biren Gabhawala	Non-Executive & Independent Director	5	5	2	4	2	Yes
Radhika Rajan	Non-Executive & Independent Director	5	5	3	5	-	Yes
Ramesh Ramadurai (Managing Director)	Executive Director	5	5	1	1	-	Yes
Vidya Sarathy (Whole-time Director and CFO) <sup>4</sup>	Executive Director	4 <sup>2</sup>	4 <sup>2</sup>	2	1	1	Yes
Amit Laroya	Non-Executive Director	5	4	1	-	-	Yes
Yun Jin	Non-Executive Director	5	5	1	1	-	Yes
James E Falteisek <sup>5</sup>	Non-Executive Director	5	5	1	-	-	Yes
Mamta Janak Gore <sup>6</sup>	Non-Executive Director	1 <sup>2</sup>	1 <sup>2</sup>	-	-	-	NA

1. Excludes directorship in private companies, foreign companies, Section 8 Companies and includes directorship in 3M India Limited.

2. No. of Meetings held after the date of appointment during the term of the Director.

3. Excludes committees other than Audit Committee and Stakeholders' Relationship Committee.

4. Whole-time Director from June 1, 2022.

5. Director upto May 30, 2023.

6. Director upto May 31, 2022.



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 27, 2022	August 10, 2022	November 9, 2022	February 8, 2023	February 27, 2023
Bharat D. Shah	Yes	Yes	Yes	Yes	Yes
Biren Gabhawala	Yes	Yes	Yes	Yes	Yes
Radhika Rajan	Yes	Yes	Yes	Yes	Yes
Ramesh Ramadurai	Yes	Yes	Yes	Yes	Yes
Vidya Sarathy <sup>1</sup>	NA	Yes	Yes	Yes	Yes
Amit Laroya	Yes	Yes	Yes	Yes	No
Yun Jin	Yes	Yes	Yes	Yes	Yes
James E Falteisek <sup>2</sup>	Yes	Yes	Yes	Yes	Yes
Mamta Janak Gore <sup>3</sup>	Yes	NA	NA	NA	NA

1. Director from June 1, 2022.

2. Director upto May 30, 2023.

3. Director upto May 31, 2022.

#### Board Training and Induction:

At the time of appointing a Director, a “Familiarisation Programme 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. The Managing Director of the Company also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her 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 FY 22-23 includes Risk Management Framework, Key Identified Risk Action and update on Key Risk, updates from respective business groups 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/](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/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/). The Company also conducted a plant visit (Ranjangaon Plant) for Independent Directors as part of the familiarisation programme.

#### 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.

#### **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 utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter, if any;
  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;
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 ₹ 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.
23. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

#### 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. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
3. Internal Audit Reports relating to internal control weaknesses; and
4. The appointment, removal and terms of remuneration of the Chief Internal Auditor, if any.

#### Composition and details of Audit Committee Meetings during FY 22-23:

As on March 31, 2023, 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 and CFO, the Internal Auditor, General Counsel and Statutory Auditors attend the Audit Committee Meetings.

During FY 22-23, Four (4) Meetings of the Audit Committee were held on May 27, 2022, August 10, 2022, November 9, 2022 and February 8, 2023. 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:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Biren Gabhawala (Chairman)	4	4
Bharat D. Shah	4	4
Radhika Rajan	4	4
Yun Jin	4	4

#### Attendance details of the Audit Committee Meetings:

Name of the Director	May 27, 2022	August 10, 2022	November 9, 2022	February 8, 2023
Biren Gabhawala	Yes	Yes	Yes	Yes
Bharat D. Shah	Yes	Yes	Yes	Yes
Radhika Rajan	Yes	Yes	Yes	Yes
Yun Jin	Yes	Yes	Yes	Yes

#### NOMINATION AND REMUNERATION COMMITTEE

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 of the Committee shall be an Independent Director as may be elected by the Members of the Committee.
- (b) Quorum for Meeting of the Committee shall be either Two (2) Members or 1/3<sup>rd</sup> of the Members of the Committee, whichever is greater, including at least One (1) Independent Director in attendance .
- (c) 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) The Role of the Committee shall include inter-alia the following:
  - Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration

of the Directors, Key Managerial Personnel and other employees;

- Formulation of criteria for evaluation of Independent Directors and the Board;
  - 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 and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
  - Consider whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
  - Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
  - 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.
- (e) The Committee may invite such executives of the Company and such other persons as it may consider appropriate.
- (f) The Company Secretary acts as the Secretary of the Committee who flag the actions and serve as executive support to the Committee.

The Nomination and Remuneration Policy for Directors, Key Managerial Personnel and for other employees is 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/).

#### **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 pay structure to attract and motivate a well-qualified, diverse workforce.





Your Company is committed to fair and equitable pay. The Company differentiates pay based on role, responsibilities, skill set, competence 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. The Company follows a global process using data from multiple surveys to benchmark pay levels and map job grades, which helps drive principles for fair and equitable pay.

As an annual activity, the 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 Compensation (TCC) which includes Fixed and Variable Pay of selected comparator basket/peer companies from where we attract / loose our talent.

GMPP Team, after finalisation of peer companies from 3M India shortlisted companies (Peer companies) understand their roles and map them to the 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). Leveraging the insights from market outlook and data, the annual budget and Annual Salary Review (ASR) are established.

Simulated analysis, Salary Forecast, Market Insights are presented to the Leadership Team and a detailed timeline for the Annual Salary Review cycle is tabled to the Leaders. Total Rewards & Services Team further extracts the Annual Increase for the Managing Director and the leadership team and shares with the Company Secretary for Board's Approval.

The Company pays ₹ 40,000/- to each Independent Director per Board and Audit Committee Meetings, ₹ 20,000/- to each Independent Director for other Committee Meetings as sitting fees (effective from August 2021). The Company pays effective from April 1, 2021 a fixed Commission not exceeding ₹ 2,000,000/- P.A. to each of the Independent Directors and additional ₹ 200,000/- P.A. to a Chairman of the Board, ₹ 100,000/- P.A. to a Chairman of the Audit Committee and ₹ 40,000/- P.A. to the 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 FY 22-23:

As on March 31, 2023, 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 D. Shah and Mr. Amit Laroya.

During FY 22-23, Five (5) Meetings of the Nomination and Remuneration Committee were held i.e., on May 27, 2022, August 10, 2022, November 9, 2022, February 8, 2023 and February 27, 2023. 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 Members	No. of Meetings held during the year under review	No. of Meetings attended
Biren Gabhawala (Chairman)	5	5
Bharat D. Shah	5	5
Amit Laroya	5	4

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

Name of Members	May 27, 2022	August 10, 2022	November 9, 2022	February 8, 2023	February 27, 2023
Biren Gabhawala	Yes	Yes	Yes	Yes	Yes
Bharat D. Shah	Yes	Yes	Yes	Yes	Yes
Amit Laroya	Yes	Yes	Yes	Yes	No

#### Remuneration to Directors:

As on March 31, 2023, the Company had Two (2) Executive Directors, Mr. Ramesh Ramadurai, Managing Director and Ms. Vidya Sarathy, Whole-time Director and CFO.

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 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. The Members of the Company have approved his re-appointment by way of an Ordinary Resolution through Postal Ballot Notice dated February 3, 2022.

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 and her appointment was approved by the Members at the Thirty Fifth (35<sup>th</sup>) Annual General Meetings for a period from June 1, 2022 to February 21, 2026 (till the date of her superannuation).

Managing Director and Whole-time Directors of the Company have been appointed based on employment contract 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, 2023:

##### (a) Executive Directors:

Name and Designation	No. of Shares Held	Salaries & Allowances (₹)	Contribution to Provident Fund (₹)	Estimated Value of Benefits (₹)	Total (₹)	Present term expires on
Ramesh Ramadurai (Managing Director)	Nil	34,070,532	1,278,024	715,968	36,064,524	February 12, 2024
Vidya Sarathy (Whole-time Director and CFO)	Nil	12,390,981	531,324	Nil	12,922,305	February 21, 2026

(Whole-time Director from June 1, 2022)

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

Name of the Director	No. of Shares Held	Sitting Fees for Board Meetings (Gross) (paid during FY 22-23) (₹)	Sitting Fees for Committee Meetings (Gross) (paid during FY 22-23) (₹)	Commission* (Gross) (₹)	Total (₹)
Bharat D. Shah	Nil	200,000	420,000	2,280,000	2,900,000
Biren Gabhawala	Nil	200,000	380,000	2,180,000	2,760,000
Radhika Rajan	Nil	200,000	320,000	2,000,000	2,520,000

\*Remuneration by way of Commission for FY 22-23 will be paid to the Independent Directors after the financial statements for FY 22-23 have been adopted and approved by the Members at the ensuing Annual General Meeting.

The Non-Executive Directors viz., Mr. Amit Laroya, Mr. James E Falteisek, Ms. Yun Jin do not receive sitting fees and Commission. None of the Non-Executive Directors have any pecuniary relationship with the Company.

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

The terms of Reference of the Committee are as under:

- To look into the redressal of grievances of Shareholders, Debenture holders and other security holders including complaints related to transfer of Shares, non-receipt of Balance Sheet and non-receipt of dividends.
- 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.



6. Report to the Board about the important developments in the area of servicing of the shareholders.

The Committee meets at least once in a year. Company Secretary acts as the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

**Composition and details of Stakeholders' Relationship Committee Meetings during FY 22-23:**

As on March 31, 2023, 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 D. Shah, Mr. Biren Gabhawala, Ms. Radhika Rajan and Mr. Ramesh Ramadurai.

Mr. Bharat D. Shah is Chairman of the Committee. The Company Secretary Mr. Pratap Rudra Bhuvanagiri is the Compliance Officer of the Company and act as Secretary to the Committee.

During FY 22-23, Four (4) Meetings of the Stakeholders' Relationship Committee were held on May 27, 2022, August 10, 2022, November 9, 2022 and February 8, 2023. 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 Member	No. of Meetings held during the year under review	No. of Meetings attended
Bharat D. Shah (Chairman)	4	4
Biren Gabhawala	4	4
Radhika Rajan	4	4
Ramesh Ramadurai	4	4

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

Name of Member	May 27, 2022	August 10, 2022	November 9, 2022	February 8, 2023
Bharat D. Shah	Yes	Yes	Yes	Yes
Biren Gabhawala	Yes	Yes	Yes	Yes
Radhika Rajan	Yes	Yes	Yes	Yes
Ramesh Ramadurai	Yes	Yes	Yes	Yes

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, 2022	Nil
No. of complaints received during FY 22-23	76
No. of Shareholders' complaints resolved during FY 22-23	76
No. of Shareholders' complaints pending as on March 31, 2023	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:

- Chairman of the CSR Committee shall be an Independent Director as may be elected by the Members of the CSR Committee.
- Quorum of the CSR Committee shall be minimum of Two (2) Members provided One (1) of them shall always be an Independent Director.
- The CSR Committee may meet at such times and at such intervals as it may deem necessary.
- 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.
- 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 FY 22-23:

As on March 31, 2023, 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. Vidya Sarathy.

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

During FY 22-23, Two (2) Meetings of the CSR Committee were held on May 27, 2022 and November 9, 2022. 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 Member	No. of Meetings held during the year under review	No. of Meetings attended
Bharat D. Shah (Chairman)	2	2
Radhika Rajan	2	2
Ramesh Ramadurai	2	2
Vidya Sarathy <sup>1</sup>	2	1
Mamta Janak Gore <sup>2</sup>	2	1

1. Member from June 1, 2022

2. Member upto May 31, 2022

### Attendance details of Corporate Social Responsibility Meetings:

Name of Member	May 27, 2022	November 9, 2022
Bharat D. Shah	Yes	Yes
Radhika Rajan	Yes	Yes
Ramesh Ramadurai	Yes	Yes
Vidya Sarathy <sup>1</sup>	NA	Yes
Mamta Janak Gore <sup>2</sup>	Yes	NA

1. Member from June 1, 2022

2. Member upto May 31, 2022

### INDEPENDENT DIRECTORS' MEETING

During the financial year under review, the Independent Directors met on February 8, 2023, 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 8, 2023, which was held

through Video conference. Mr. Bharat D. Shah is the Lead Independent Director.

### PERFORMANCE EVALUATION OF BOARD/ COMMITTEES /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:

#### Board as a whole:

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

#### 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.

#### 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.

The Head-HR was invited for the Independent Directors Meeting held on February 8, 2023 for facilitating, summarising 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 Independent Directors briefed the Board. The Head-HR facilitated by summarising and sharing the results from the filled in questionnaire for each of the Directors. The Directors were satisfied with the evaluations results which reflected the overall engagement and effectiveness of the Board and its Committees.

**RISK MANAGEMENT**

The Risk Management Policy of the Company is intended to:

- Serve as a document wherein risks affecting the entire organisation, 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 to keep abreast of changes through a process of periodical monitoring of risks and the level of operational efficiency of controls. Newly identified risks are assessed, understood and impact measured. An evaluation of checks and balances and the need for additional measures are considered. This is achieved through the collaborative efforts of all heads of business and functional divisions. The 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 Council are 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.

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)**

As per Listing Regulations, the majority of Members of the Risk Management Committee would consist of Members of the Board of Directors. The Chairperson of the Risk Management Committee 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 has constituted a Risk Management Committee 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 Risk Management Committee 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 FY 22-23:**

As on March 31, 2023, 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 FY 22-23, 2 (two) Meetings of the Risk Management Committee held on August 10, 2022 and February 3, 2023. 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 Member	No. of Meetings held during the year under review	No. of Meetings attended
Biren Gabhawala (Chairman)	2	2
Bharat D. Shah	2	2
Radhika Rajan	2	2
Ramesh Ramadurai	2	2
James E Falteisek	2	2

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

Name of Member	August 10, 2022	February 3, 2023
Biren Gabhawala	Yes	Yes
Bharat D. Shah	Yes	Yes
Radhika Rajan	Yes	Yes
Ramesh Ramadurai	Yes	Yes
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 Blower Policy) for Upholding 3M's Code of Conduct (available at 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](http://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/](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", which forms part of this report. 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 FY 20-21, FY 21-22 and FY 22-23 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 FY 20-21, FY 21-22 and FY 22-23 at the Thirty Third (33<sup>rd</sup>) AGM held on August 26, 2020.

Further the Company has taken the approval of Members of the Company through Postal Ballot notice dated November 9, 2022 for the material related party transactions to be entered by the Company with 3M Company, USA and 3M Innovation Singapore Pte Ltd., from December 21, 2022 to December 20, 2023 (1 Year).

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, 2023 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 recognised 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 FY 22-23.

**General Body Meetings:**

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

Date	Meeting	Mode	Location/Deemed Location	Time
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)	3.00 pm
August 26, 2021	AGM	Video Conference/ Other audio-visual means	Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100 (Registered Office)	10.30 am
August 25, 2022	AGM	Video Conference/ Other audio-visual means	Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100 (Registered Office)	10.30 am

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

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.
August 25, 2022	Nil

**Particulars of Special Resolution passed through Postal Ballot Process:**

During FY 22-23 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 scrutiniser 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/](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.

Currently no resolution is proposed to be passed through Postal Ballot. However, if required, the same shall be passed in compliance with the provisions of Companies Act, 2013 and Listing Regulations and other applicable Laws.

**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 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.

The Auditor’s opinion on the financial statements is Unmodified.

**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.



**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/](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.

**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 dematerialised 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/](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.

**GENERAL SHAREHOLDER INFORMATION:**

Annual General Meeting	August 25, 2023 (Friday) at 10.30 am (IST) over Video Conference ("VC")/ Other Audio-Visual Means ("OAVM"). For details, please refer Notice of the AGM
Record Date	Record date/book closure: July 26, 2023 (Wednesday), for the purpose of payment of final dividend.
E-voting period	Starts at 9.00 am (IST) on August 22, 2023 (Tuesday) and ends at 5.00 pm (IST) on August 24, 2023 (Thursday).
Dividend payment date	The final dividend, if approved shall be paid/dispatched to the shareholders within 30 days from the date of Annual General Meeting of the Company.



Financial Results calendar (Tentative)	1 <sup>st</sup> Quarter Results : On or before August 14, 2023 2 <sup>nd</sup> Quarter Results : On or before November 14, 2023 3 <sup>rd</sup> Quarter Results : On or before February 14, 2024 4 <sup>th</sup> Quarter & Annual Results : On or before May 30, 2024
Listing on Stock Exchanges	National Stock Exchange of India Limited (Stock Code –3MINDIA) BSE Limited (Stock Code - 523395)
International Securities Identification Number	INE470A01017
Corporate Identification Number	L31300KA1987PLC013543

The Company has paid Annual Listing fees, as prescribed, to the National Stock Exchange of India Limited and BSE Limited for FY 23-24.

#### Annual Custody / Issuer Charges:

The Company has paid the Annual Custody fees for FY 23-24 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

KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032,

Ph: 040-67161524

E-mail: rajeev.kr@kfintech.com.,

Website: <https://www.kfintech.com>

Contact person: Mr. Rajeev Kumar.

#### Share Transfer System & Dematerialisation:

In accordance with Regulation 40 of the SEBI Listing Regulations, as amended, the Company has stopped accepting any fresh transfer requests for securities held in physical form. Accordingly, securities of listed companies can be transferred only in dematerialised form. Dematerialisation of holdings will curb fraud in physical transfer of securities by unscrupulous entities and improve ease, convenience and safety of transactions for investors. Further, SEBI has, vide its circular dated January 25, 2022, mandated companies to issue its securities in demat form only while processing various service requests such as issue of duplicate share certificates, sub-division, consolidation, transmission, etc. to enhance ease of dealing in securities markets by investors. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4. In view of the aforesaid, Members who are holding shares in physical form are hereby requested to convert their holdings in electronic mode to avail various benefits of dematerialisation. All requests for dematerialisation 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).

#### Top Ten (10) Members of the Company as on March 31, 2023:

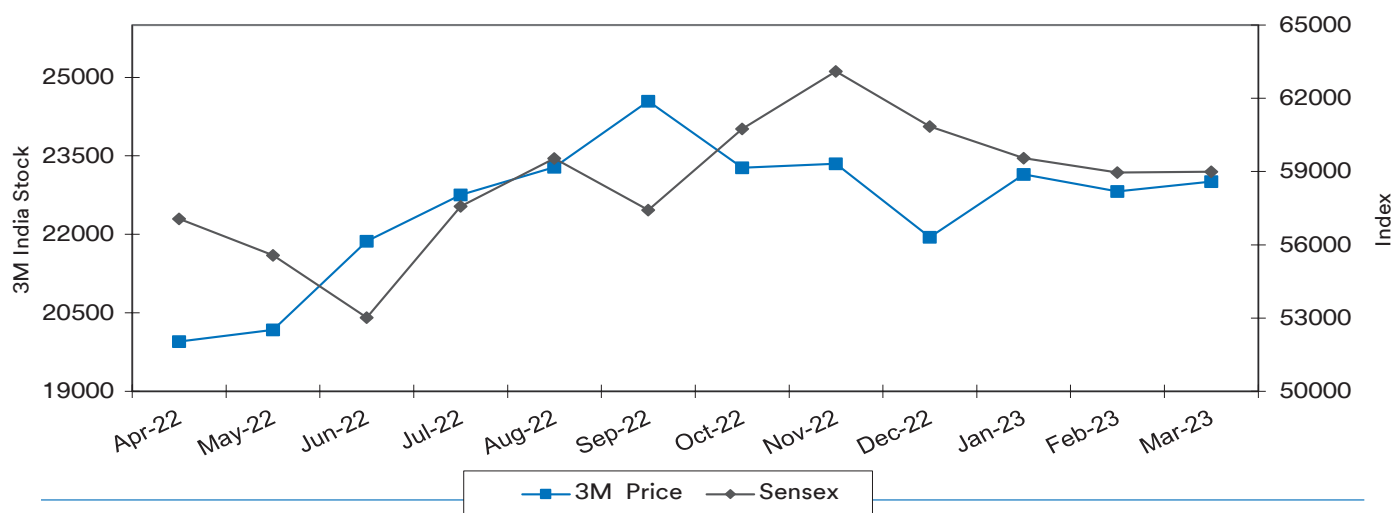
Name of the Members	No. of shares held	% to paid-up capital	Category
3M Company	84,48,802	74.9999	Foreign Promoter
Bright Star Investments Pvt Ltd	166,700	1.4797	Company
HDFC Life Insurance Company Limited	90,061	0.7994	Insurance
UTI Flexi Cap Fund	88,985	0.7899	Mutual Fund
Government Pension Fund Global	82,436	0.7317	FPI/ FII
Nippon Life India Trustee Ltd (a/c Nippon India Focused Equity Fund)	80,438	0.7140	Mutual Fund
Nippon Life India Trustee Ltd (a/c Nippon India Growth Fund)	60,000	0.5326	Mutual Fund
Axis Mutual fund Trustee Limited (a/c Axis Mutual & a/c Axis Midcap Fund)	58,171	0.5163	Mutual Fund
HSBC Midcap Fund	56,500	0.5015	Mutual Fund
Nippon Life India Trustee Ltd (a/c Nippon India Multi Cap Fund)	50,000	0.4438	Mutual Fund
<b>TOTAL</b>	<b>91,82,093</b>	<b>81.5094</b>	

**Stock Market Price Data for FY 22-23:**

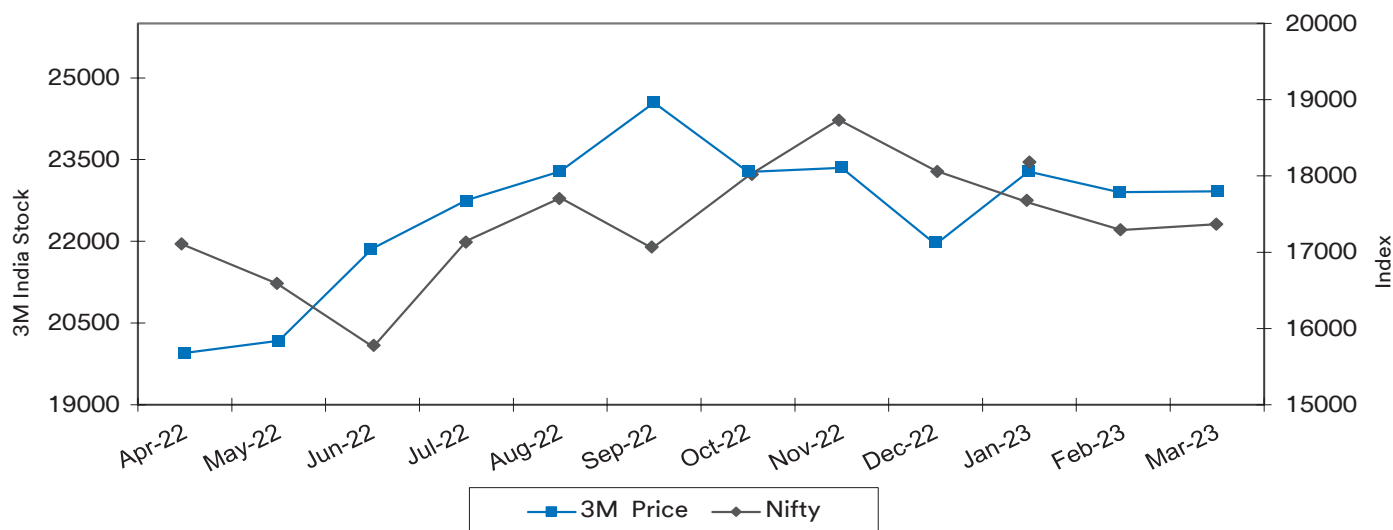
Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
April 2022	21,775	19,705	5,345	21,800	19,680	50,942
May 2022	23,558	17,300	16,262	20,899	17,273	151,988
June 2022	22,861	19,419	6,976	22,858	19,411	219,470
July 2022	23,584	21,157	6,730	23,600	21,126	57,053
August 2022	24,062	21,979	6,374	24,100	22,000	123,696
September 2022	24,850	22,534	12,865	24,850	22,550	114,080
October 2022	25,240	22,351	28,842	25,209	22,507	62,145
November 2022	24,994	22,165	10,234	24,900	22,291	108,365
December 2022	23,445	21,878	3,914	23,549	21,900	40,864
January 2023	23,610	21,381	3,186	23,686	21,300	56,424
February 2023	23,958	21,405	6,135	23,995	21,500	241,046
March 2023	23,870	21,740	3,446	23,888	21,730	70,403

**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)



**Consolidated Shareholding Pattern as on March 31, 2023:**

Category	No. of Holders	Total No. of Shares	% to Equity
Foreign Promoters <sup>1</sup>	1	84,48,802	75.0000
Resident Individuals	27,821	10,89,530	9.6718
Mutual Funds	59	774,559	6.8758
Foreign Portfolio - Corp	131	419,517	3.7241
Bodies Corporates	499	307,102	2.7261
Qualified Institutional Buyer	11	107,772	0.9567
H U F	987	43,902	0.3897
Non-Resident Indian	1321	58,913	0.5230
Alternative Investment Fund	5	10,184	0.0904
NBFC	5	4,447	0.0395
Trusts	3	231	0.0021
Insurance Companies	1	60	0.0005
Clearing Members	8	30	0.0003
Nationalised Banks	1	20	0.0002
Key Management Personnel	1	1	0.0000
<b>TOTAL</b>	<b>30,854</b>	<b>1,12,65,070</b>	<b>100</b>

1. None of Foreign Promoter Shares has been pledged as on March 31, 2023

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

**Summary of Shareholding as on March 31, 2023:**

Category	No. of Holders	Total No. of Shares	% to Equity
Physical	747	49,529	0.4396
N S D L	17,888	1,07,98,498	95.8582
C D S L	12,219	4,17,043	3.7020
<b>Total</b>	<b>30,854</b>	<b>1,12,65,070</b>	<b>100.00</b>

**Distribution Schedule as on March 31, 2023:**

Category (Amount)	Total Shares	No. of Cases	% to Cases	Amount (₹)	% to Amount
1-5000	6,85,792	30,459	98.7197	6,857,920	6.0877
5001-10000	1,21,388	166	0.5380	1,213,880	1.0775
10001-20000	1,15,728	86	0.2787	1,157,280	1.0273
20001-30000	91,322	36	0.1166	913,220	0.8106
30001-40000	48,398	14	0.0453	483,980	0.4296
40001-50000	26,618	6	0.0194	266,180	0.2362
50001-100000	3,87,197	52	0.1685	3,871,970	3.4371
100001 and above	97,88,627	35	0.1134	97,886,270	86.8936
<b>Total</b>	<b>1,12,65,070</b>	<b>30,854</b>	<b>100.00</b>	<b>112,650,700</b>	<b>100.00</b>



**Dematerialisation of Shares and Liquidity:**

99.56% of the total equity capital was held in dematerialised form as on March 31, 2023.

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

**Plant Locations:**

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

**Branch Locations:**

1. No. 60-61, Udyog Vihar, Phase IV, Gurgaon, Haryana-122001.
2. UrbanWrk, Unit No 503, 5<sup>th</sup> Floor, Westport, Pancard Club Road, Baner, Pune 411045.

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

The Company has adequate risk assessment and minimisation 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.

**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/](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/](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.
- Total fees paid by the Company and its subsidiary to the Statutory Auditors and all the entities in their network firm/network entities for all services rendered by them during FY 22-23 is ₹ 157.05 lakhs.

**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.

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

**Compliance Officer:**

Mr. Pratap Rudra Bhuvanagiri: Inquiries, if any, may be addressed to the Compliance Officer.



## 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, 2023 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**

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru  
Date: May 30, 2023

## 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/](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, 2022 to March 31, 2023.

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, 2023.

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

Place: Bengaluru  
Date: May 30, 2023

## 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**

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru  
Date: May 30, 2023

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## 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 March 31, 2023 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.

**Vijayakrishna KT**  
Practising Company Secretary  
FCS- 1788 CP-980  
UDIN: F001788E000421966

Place: Bengaluru  
Date: May 30, 2023



## 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 March 31, 2023 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	Vidya Sarathy	01689378	01/06/2022

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 30, 2023


**Vijaykrishna KT**  
Practising Company Secretary  
FCS- 1788 CP-980  
UDIN: F001788E000421999




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

### Business Responsibility & Sustainability Reporting

#### SECTION A: GENERAL DISCLOSURES

I.	Details of the listed entity	
1	Corporate Identity Number (CIN) of the Listed Entity	L31300KA1987PLC013543
2	Name of the Listed Entity	3M INDIA LIMITED
3	Year of incorporation	04-07-1987
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	investorhelpdesk.in@mmm.com
7	Telephone	+91-80-2223 1414
8	Website	<a href="https://www.3mindia.in">https://www.3mindia.in</a>
9	Financial year for which reporting is being done	April 1, 2022 to March 31, 2023
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11	Paid-up Capital (In ₹)	112,650,700
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Smitha Gopalkrishnan 080 22231414 sgopalkrishnan@mmm.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis

II.	Products/services		
14.	Details of business activities (accounting for 90% of the turnover):		
S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Other manufacturing	60.00%
2	Trading	Wholesale Trading	37.00%
15.	Products/Services sold by the entity (accounting for 90% of the entity's Turnover):		
S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Transportation & Electronics products	3290	42.00%
2	Safety & Industrial products	3290	33.00%
3	Healthcare products	3290	14.00%
4	Consumer products	3290	11.00%

**III. Operations****16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	3	3	6
International	0	0	0

**17. Markets served by the entity:****A. Number of locations**

Locations	Number
National	28
International	15

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

0.59%

**c. A brief on types of customers**

3M was incorporated in India in 1987 and has completed more than 35 years of operations. The Company has established a broad footprint across the country serving customers through its four business groups for a variety of markets like Automotive, Consumer, Electronics, Energy, Health Care, Manufacturing, Safety & Transportation.

**IV. Employees****18. Details as at the end of Financial Year:****A. Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female		Other	
			No. (B)	%(B / A)	No. (C)	%(C / A)	No. (H)	%(H / A)
<b>EMPLOYEES</b>								
1.	Permanent (D)	817	685	83.84%	132	16.16%	0	0.00%
2.	Other than Permanent (E)*	225	195	86.67%	30	13.33%	0	0.00%
3.	<b>Total employees (D + E)</b>	<b>1042</b>	<b>880</b>	<b>84.45%</b>	<b>162</b>	<b>15.55%</b>	<b>0</b>	<b>0.00%</b>
<b>WORKERS</b>								
4.	Permanent (F)*	291	280	96.22%	11	3.78%	0	0.00%
5.	Other than Permanent (G)*	821	766	93.30%	55	6.70%	0	0.00%
6.	<b>Total workers (F + G)</b>	<b>1112</b>	<b>1046</b>	<b>94.06%</b>	<b>66</b>	<b>5.94%</b>	<b>0</b>	<b>0.00%</b>

**B. Differently abled Employees and workers:**

S. No.	Particulars	Total (A)	Male		Female		Other	
			No. (B)	%(B / A)	No. (C)	%(C / A)	No. (H)	%(H / A)
<b>EMPLOYEES</b>								
1.	Permanent (D)	0	0		0		0	
2.	Other than Permanent (E)*	0	0		0		0	
3.	<b>Total employees (D + E)</b>	<b>0</b>	<b>0</b>		<b>0</b>		<b>0</b>	
<b>WORKERS</b>								
4.	Permanent (F)*	1	1	100.00%	0	0.00%	0	0.00%
5.	Other than Permanent (G)*	0	0		0		0	
6.	<b>Total workers (F + G)</b>	<b>1</b>	<b>1</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

## 19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	%(B / A)
Board of Directors	8	3	37.50%
Key Management Personnel	3	1	33.33%

## 20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	Turnover rate in current FY 22-23				Turnover rate in previous FY 21-22				Turnover rate in the year prior to the previous FY 20-21			
	Male	Female	Other	Total	Male	Female	Other	Total	Male	Female	Other	Total
Permanent Employees	7.40%	16.00%	0.00%	8.79%	8.30%	13.00%	0.00%	8.94%	7.50%	13.10%	0.00%	8.23%
Permanent Workers*	1.91%	0.00%	0.00%	2.05%	1.96%	23.76%	0.00%	1.71%	1.05%	15.00%	0.00%	1.37%

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



## 21 (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary/ associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	3M Company	Holding	0.00%	Yes
2	3M Electro & Communication India Private Limited	Subsidiary	100.00%	No

## VI. CSR Details



22 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes.

(ii) Turnover (in ₹) - 37,334,420,567

(iii) Net worth (in ₹) - 19,478,382,000



## VII. Transparency and Disclosures Compliances



### 23 Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	(If Yes, then provide web-link for grievance redress policy)	FY 22-23			FY 21-22		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	YES	<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>	0	0	None	0	0	None
Investors (other than shareholders)	YES	<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>	0	0	Investors reach the Company through a dedicated Investor helpdesk via email.	0	0	None
Shareholders	YES	<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>	76	0	Shareholders reach the Company or Registrar & Share Transfer Agent.	16	0	None
Employees and workers	YES	<a href="https://secure.ethicspoint.com/domain/media/en/gui/8897/index.html">https://secure.ethicspoint.com/domain/media/en/gui/8897/index.html</a>	22	5	Dedicated portal to log complaints anonymously called Ethicspoint com. Includes anonymous complaints which may have been registered by non-employees.	38	0	None
Customers	YES	Customer grievances are addressed through an online portal called Customer Issue Resolution portal. Every customer has unique access to this portal to log complaints and view their status for resolution. The average cycle time to address queries is 9 days.	12632	198	Via Customer Portal	14008	697	None
Value Chain Partners	YES	<a href="https://secure.ethicspoint.com/domain/media/en/gui/8897/index.html">https://secure.ethicspoint.com/domain/media/en/gui/8897/index.html</a>	0	0	Covered under complaints registered on Ethicspoint.com which may include anonymous complaints by non-employees.			None



## 24 Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Sustainable products and solutions	O	Our Sustainability Value Commitment (SVC) embeds sustainability into the pipeline that produces 3M's diverse global products. Considerations include reusability, recyclability, waste reduction, energy and water savings and responsible sourcing or use of renewable materials appropriate to the specific product throughout its life cycle.	Opportunity	Positive Implications
2	Safety of products and services	R & O	Any health and safety incident related to our products poses a risk to the demand of the product with our customers, brand and reputation of the Company. Safety and health issues are to be followed to meet regulatory compliances in turn impacting the reputation of the brand.	Product safety, quality and stewardship must always be primary considerations during the design, manufacturing, marketing and sale of 3M products, as outlined by our Product Safety, Quality and Stewardship Principle. 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, disposal methodology, etc.	Positive Implications
3	Health and Safety of employees	R & O	Employee safety and health is a priority for the Company as it directly has an impact on people and operations.	3M's approach to managing and assuring human rights, workplace safety and well-being within our workplace is derived from the 3M Code of Conduct. We implement these programmes through our global policies, management systems, assessments, audits, training and metrics tracking. 3M promotes a culture of health and well-being for our employees through disease prevention programmes, on site clinical services, employee assistance programmes and comprehensive health care benefits.	Positive Implications



S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Climate change and GHG Emissions	R	Scope 1 and 2 GHG emissions is an outcome of the Company's manufacturing operations which have an impact on the environment.	<p>3M Company has made global commitments to support environmental goals, including achieving carbon neutrality in our operations by 2050.</p> <p>3M India Limited is guided by the parent company's commitments to environmental priorities, including climate and energy, water, waste and plastic. The Company is also compliant with applicable environmental law/ regulations/ guidelines in India.</p>	Positive Implications
5	Ethical and transparent business practices	R&O	3M's reputation is built on trust and non compliance to ethical practices or behaviour has a significant impact on the brand and reputation of the Company and potentially the law of the land.	<p>3M has a global culture of compliance and deploys a robust programme that is consistent across the world and it consists of -</p> <ul style="list-style-type: none"> <li>• A core set of business conduct principles.</li> <li>• Education, training and communication.</li> <li>• Periodic evaluations, audits, risk assessment and measurement.</li> <li>• A 24-hour global helpline and website through which employees, customers, vendors and other external parties can report concerns and ask questions (anonymously).</li> <li>• Risk-based due diligence on business partners and others as appropriate.</li> <li>• Investigation expertise.</li> </ul>	Positive Implications
6	Community health, safety and well being	R&O	The community is a key stakeholder for the sustainability of our operations. Proactively engaging with our communities to understand their needs and supporting them through CSR interventions leads to a positive impact.	<p>The Company's community philosophy is enshrined in the CSR policy which states that it seeks to engage in outcome-based CSR programmes that will impact and enrich the communities around its areas of operation.</p> <p>The interventions are mapped to the activities listed under Schedule VII of the Companies Act 2013 and to the Sustainable Development Goals (SDGs), broadly falling under the three focus themes of Education, Community &amp; Environment.</p>	Positive Implications

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1 a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes, the entity's policies cover all the 9 principles and the core elements of the NGRBCs.								
b. Has the policy been approved by the Board? (Yes/No)	Yes, all the policies pertaining to the 9 principles have been approved by the entity's Board.								
c. Web Link of the Policies, if available	<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 Whether the entity has translated the policy into procedures. (Yes / No)	Yes, the entity has translated some of these policies into procedures and standards.								
3 Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, the enlisted policies extend to the entity's value chain partners.								
4 Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<b>P1-</b>				-				
	<b>P2-</b> The entity has voluntarily adopted GHS SDS (Global Harmonised System for Classification, Labelling, Packaging of Hazardous Chemicals) to be in synergy with global standards and provide its customers with the most comprehensive information about the environmental, health and safety of its products.								
	<b>P3-</b> Most 3M manufacturing facilities are ISO 45001 certified. All the entity's manufacturing sites are certified with ISO 45001: 2018 for Occupational Health and Safety Management Systems.								
	<b>P4-</b>				-				
	<b>P5-</b> 3M Company support several external human rights charters, including: <ul style="list-style-type: none"> <li>• United Nations Global Compact</li> <li>• Universal Declaration of Human Rights</li> <li>• United Nations Guiding Principles on Business and Human Rights</li> <li>• International Labor Organization's Declaration on Fundamental Principles and Rights at Work</li> <li>• Organisation for Economic Cooperation and Development (OECD) — Guidelines for Multinational Enterprises, including OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</li> </ul>								
	<b>P6-</b> All 3M India manufacturing sites are certified with ISO 14001: 2015 for Environment Management Systems								
	<b>P7-</b>				-				
	<b>P8-</b>				-				
	<b>P9-</b> The entity is certified with ISO 9001 - Quality management standards.								
5 Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>3M Company made significant commitments towards decarbonisation in 2021, with an investment of USD 1 billion commitment over 20 years to achieve carbon neutrality, reduce water use, improve water quality and reduce plastics.</p> <p>Specific environmental goals and targets include:</p> <ul style="list-style-type: none"> <li>• Reduce Scope 1 and 2 emissions by 50% by 2030, 80% by 2040 and achieve neutrality in our operations by 2050.</li> <li>• Help customers reduce 250 million tonnes of CO2 equivalent emissions by use of 3M products by 2025.</li> <li>• Improvements in energy efficiency by 30% by 2025, renewable energy use to 50% by 2025 and 100% by 2050.</li> <li>• Reductions in water use by 25% by 2030.</li> <li>• Reduce dependence on virgin fossil-based plastic by 125 million pounds by 2025.</li> </ul> <p>Social and Governance goals and targets include:</p> <ul style="list-style-type: none"> <li>• Create 5 million unique STEM and Skill Trades learning experiences by 2025.</li> <li>• Training to five million people globally on worker and patient safety by 2025.</li> <li>• Double the pipeline of diverse talent in management by 2025.</li> </ul>								



Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	<p>The entity has undertaken projects to contribute to 3M Company's goals towards reducing energy, water and waste management. The entity's manufacturing sites at Ranjangaon, Pune and Electronics city, Bengaluru have targeted programmes to meet these goals. For instance:</p> <p>The Ranjangaon manufacturing site has several initiatives underway to conserve water and reduce carbon emissions by switching to renewable energy and cleaner fuel sources.</p> <ul style="list-style-type: none"> <li>The entity has invested in an on-site solar installation at the Ranjangaon site generating annual power of 6,25,000 kW and contributing to reducing carbon emissions annually by 500 metric tonnes. The site has also switched from propane to natural gas to run the equipment at the plant.</li> </ul> <p>The entity's Bengaluru manufacturing site has partnerships with the local utilities to purchase solar power from the grid through solar wheeling.</p>								
<b>Governance, leadership and oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	<p>The entity voluntarily disclosed its sustainability and ESG performance in FY 21-22 as a part of its Annual reporting. The entity continues to build on its sustainability performance and provide disclosures through the BRSR for FY 22-23. 3M India Limited is well aligned to 3M Company's ESG practices, metrics and reporting standards and aims to contribute to the global ESG commitments.</p> <p>3M Company is taking the necessary steps to be Carbon Neutral by 2050, reduce water at our facilities by 25% by 2030 and reduce our dependence on virgin fossil-based plastic by 125 million pounds by 2025. Our Sustainability framework around Science for Circular, Climate and Community directs our efforts to where we can make the greatest impact. The entity aims to continue to embed and strengthen ESG practices within the organisation to enhance the overall impact of the enterprise.</p>								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Ramesh Ramadurai, Managing Director, 3M India Limited								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No).	Yes.								
If yes, provide details.	<p>The Managing Director is a member of the Board and is also a member of the India ESG Council, a management level ESG committee which has been formed with stakeholders from all business groups and functions comprising Finance, Supply Chain &amp; Sourcing, Quality, Customer Operations, Legal &amp; Compliance, Human Resources, EHS, Plant Engineering and Manufacturing, Ethics &amp; Compliance, Public Relations &amp; Communications and CSR. The Committee meets periodically to review topics and progress on ESG.</p>								



## 10. Details of Review of NGRBCs by the Company

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee	Frequency (Annually / Half yearly /Quarterly/ Any other-please specify)
Performance against above policies and follow up action	P1 - Any other Committee	P1 - Quarterly
	P2 - Any other Committee	P2 - Annually
	P3 - Any other Committee	P3 - Half Yearly
	P4 - Any other Committee	P4 - Half Yearly
	P5 - Any other Committee	P5 - Half Yearly
	P6 - Any other Committee	P6 - Annually
	P7 - Any other Committee	P7 - Annually
	P8 - Committee of the Board	P8 - Half Yearly
	P9 - Any other Committee	P9 - Annually
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	P1 - Any other Committee	P1 - Quarterly
	P2 - Any other Committee	P2 - Annually
	P3 - Any other Committee	P3 - Half Yearly
	P4 - Any other Committee	P4 - Half Yearly
	P5 - Any other Committee	P5 - Half Yearly
	P6 - Any other Committee	P6 - Annually
	P7 - Any other Committee	P7 - Annually
	P8 - Committee of the Board	P8 - Half Yearly
	P9 - Any other Committee	P9 - Annually

11.	P1	P2	P3	P4	P5	P6	P7	P8	P9
Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	The entity has not carried out any independent assessments or evaluations of its policies by an external agency.								
If Yes, Provide name of the agency									

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

**PRINCIPLE 1 Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.****Essential Indicators****1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	4	<p>Compliance topics are regularly included as a part of the agenda for the entity's Board meetings. There is a regular <b>Whistleblower policy</b> update during every Board meeting. During the year under review, there were updates and presentations made to the Board on the following topics for their awareness and understanding.</p> <ol style="list-style-type: none"> <li>1. 3M Code of Conduct</li> <li>2. Regulatory changes</li> <li>3. Whistleblower policy</li> <li>4. Investor Relations</li> </ol>	100.00%
Key Managerial Personnel	4	<p>Key managerial personnel of the entity are a part of the all-employee coverage of legal and compliance courses that are mandated by the Global Ethics &amp; Compliance department of 3M Company. All employees are assigned online training modules on various topics and on-time completion is tracked diligently. During the year under review, key managerial personnel of the entity completed the following training programmes and awareness sessions.</p> <ol style="list-style-type: none"> <li>1. Promoting Fair competition</li> <li>2. Conflict of Interest</li> <li>3. Anti-bribery (Gifts/Entertainment - giving or receiving)</li> <li>4. Sexual Harassment at the Workplace Training – This is conducted with the help of an external agency.</li> <li>5. Manager Dialogue Case Study Sessions – These are quarterly supervisor-led awareness sessions on various ethics and compliance related topics with actual case stories and examples depicting employee behaviour and actions.</li> <li>6. Preventing Workplace Harassment</li> <li>7. Working with Third Parties</li> <li>8. Confidential Information and Computer Security</li> <li>9. 3M Code of Conduct and Ethical Decision Making</li> <li>10. Reporting and Non-Retaliation</li> </ol> <p>Awareness e-mailers were also circulated to all employees covering the following topics:</p> <ol style="list-style-type: none"> <li>1. Conflict of Interest</li> <li>2. Anti-bribery (Gifts/Entertainment - giving or receiving)</li> </ol>	100.00%

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Employees other than BoD and KMPs	4	<p>Employees other than BoD and KMPs of the entity are a part of the all-employee coverage of legal and compliance courses that are mandated by the Global Ethics &amp; Compliance department of 3M Company. All employees are assigned online training modules on various topics and on-time completion is tracked diligently. During the year under review, employees other BOD and KMPs of the entity completed the following training programmes and awareness sessions.</p> <ol style="list-style-type: none"> <li>Promoting Fair competition</li> <li>Conflict of Interest</li> <li>Anti-bribery (Gifts/Entertainment - giving or receiving)</li> <li>Sexual Harassment at the Workplace Training – This is conducted with the help of an external agency.</li> <li>Manager Dialogue Case Study Sessions – These are quarterly supervisor-led awareness sessions on various ethics and compliance related topics with actual case stories and examples depicting employee behaviour and actions. Employees in supervisory roles with direct reports will facilitate these discussions with their teams.</li> <li>Preventing Workplace Harassment</li> <li>Working with Third Parties</li> <li>Confidential Information and Computer Security</li> <li>3M Code of Conduct and Ethical Decision Making</li> <li>Reporting and Non-Retaliation</li> </ol> <p>Awareness e-mailers were also circulated to all employees covering the following topics:</p> <ol style="list-style-type: none"> <li>Conflict of Interest</li> <li>Anti-bribery (Gifts/Entertainment - giving or receiving)</li> </ol>	100.00%
Workers		<p>Manufacturing workers are exposed to ethics and compliance topics like anti-bribery, anti-competition and conflict of interest through in-person trainings or awareness sessions. Conflict of interest declarations are taken from manufacturing workers. Manager Dialogue Case Study Sessions are facilitated by supervisors for their teams periodically.</p>	100.00%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

#### Monetary

##### Penalty/ Fine

Details of penalty or fine					
Sr.	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
			Not Applicable		

##### Settlement

Details of settlement					
Sr.	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
			Not Applicable		

**Compounding fee**

Details of compounding fee					
Sr.	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
			Not Applicable		

**Non- Monetary****Imprisonment**

Details of imprisonment				
Sr.	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
			Not Applicable	

**Punishment**

Details of Punishment				
Sr.	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
			Not Applicable	

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed

**Details Of The Appeal Or Revision Preferred In Cases Where Monetary Or Non Monetary Action Has Been Appealed**

Sr.	Case Details	Name of the regulatory/ enforcement agencies/judicial institutions
		Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy?

Yes.

If yes, provide details in brief Provide a web-link to the policy, if available

3M prohibits bribery. 3M employees and any third party must not provide, offer or accept bribes, kickbacks, corrupt payments, facilitation payments, or inappropriate gifts to or from Government Officials or any commercial person or entity, regardless of local practices or customs.

Employees have an obligation to carefully select every business partner that acts on 3M's behalf.

Employees must conduct assessments of existing and prospective business partners in accordance with 3M's Integrity Assessment procedures to determine if they are in compliance with applicable anti-bribery laws and this policy.

Employees, supervisors and managers must promptly report suspected violations of anti-bribery laws and this policy to appropriate channels and may do so anonymously.

**Web link anti corruption or anti bribery policy is place**

[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. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 22-23	PY 21-22
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

**6. Details of complaints with regard to conflict of interest:**

	FY 22-23		PY 21-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NIL	0	NIL
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NIL	0	NIL

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**  
Not applicable.

### Leadership Indicators

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year**  
The entity establishes clear communications with our value chain partners on topics related to responsible business covering safety and regulatory compliance, environmental, health and safety, human resources guidelines including child labour, forced labour & trafficking, discrimination and working conditions.

Awareness programmes conducted for value chain partners on any of the Principles during the financial year			
Sr.	Total number of awareness programmes held	Topics / principles covered under the training	Percentage of value chain partners covered (by value of business done with such partners) under the awareness programmes
-	-	-	-

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board?**  
Yes.

**Provide details if the entity has processes in place to avoid/ manage conflict of interests involving members of the Board.**

3M Code of Conduct applies to the members of the entity's Board. Board Members are expected to disclose any matters of conflict of interest. Conflict of Interest declarations and intimations are obtained from Board members periodically and recorded.

**PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe****Essential Indicators**

1. 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 entity, respectively.

	FY 22-23	PY 21-22	Details of improvements in environmental and social impacts
R&D	0.00%	0.00%	
Capex	0.00%	0.00%	

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)  
Yes.
- b. If yes, what percentage of inputs were sourced sustainably?  
The mechanism to track and monitor sustainably sourced inputs is yet to be designed for the entity.
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

**(a) Plastics (including packaging)**

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 plastic waste in an environmentally sound manner. Rules emphasise on the Polluter's Pay Principle through mandates on Extended Producer Responsibility (EPR) where Brand Owners are expected to collect back the plastic packaging waste generated due to their products either individually or collectively through waste collection agencies.

Pre-consumer plastic packaging waste from each facility is channelised to the Pollution Control Board (PCB) approved plastic waste processors for end-of-life waste management activities such as recycling.

Extended Producer Responsibility for post-consumer plastic packaging waste is executed by registered plastic waste processors in designated states through tie-ups with urban local bodies, logistic partners for collecting and transporting plastic waste and a vast network of collection centers managed through numerous collection partners located across India.

A mechanical recycling method is used to process the plastic waste into recyclate without significantly changing the chemical structure of the material. Major unit operations for the recyclate preparation and production constitute identification & segregation (according to resin type, quality, structure, shape, recyclability etc.), washing, grinding, agglomeration, extrusion & granulation. Before being used in the production of new plastic products, the properties of recyclates are assessed through quality testing for the specifications of intended use.

**(b) E-waste**

E-Waste (Management) Rules, 2022 rules is applicable for every manufacturer, producer, consumer, bulk consumer, collection centers, dealers, e-retailer, refurbisher, dismantler and recycler involved in the 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 the EPR regime, producers of EEE, are given annual e-waste collection and recycling targets based on the generation from the previously sold EEE.

The entity has an obligation to report for product categories like Variable Messaging Signs (VMS), Polishers, Dust extraction machines and a few medical products (Antivac, sterilisation machine, etc.) as per Schedule 1 which will be applicable from FY 23-24.

**(c) Hazardous waste**

Hazardous waste generated at the entity's manufacturing locations are disposed as per the Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2022 which is managed by the entity's Environment Health & Safety Department.

Products sold by the entity are categorised as hazardous waste after their end of life based on the hazard, the nature and area of application. As a part of the regulatory assessment during new product introduction, every product before its launch is checked to see if it falls under the scope of these rules after the shelf life. Accordingly, the applicability is communicated to the end customer through Section 15 of 3M's Material Safety Data Sheet (MSDS).

**(d) Other waste**

The Battery Waste Management Rules (BWMR), notified in 2022 replaces the Battery (Management & Handling) rules, 2001. The rules shall apply to producer, dealer and consumer entities involved in the collection, segregation, transportation, re-furnishment and recycling of waste battery and all types of batteries are included in the rule regardless of chemistry, shape, volume, weight, material composition and use.

The entity falls under the "Producer" category and has applied for registration with the Central Pollution Control Board (CPCB) for compliance to the new BWM Rule. Batteries introduced in the market shall meet the collection and recycling targets as mentioned in Schedule II of the Extended Producer Responsibility rules.

The producer shall also provide an Extended Producer Responsibility plan to the Central Pollution Control Board by 30<sup>th</sup> June of every year for the batteries manufactured in the preceding financial year. It shall contain information on the quantity, weight of battery along with the dry weight of the battery materials through the centralised portal.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).**

Yes.

**If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?**

Yes.

The Extended Producer Responsibility target for Brand Owners is set at 70% of the eligible quantity of packaging waste by the Plastic Waste Management (Amendment) Rules, 2022, published by the Ministry of Environment, Forest and Climate Change.

For FY 22-23, the entity has partnered with registered plastic waste processors to collect and recycle 1004.54 metric tonnes of plastic packaging waste, fulfilling our Extended Producer Responsibility obligations.

This has been achieved in accordance with the Brand Owner registration granted by the Central Pollution Control Board and Action Plan on the Centralised Extended Producers Responsibility Portal for Plastic Packaging.

**If not, provide steps taken to address the same.**

**Leadership Indicators****1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?**

No.

Life cycle management (LCM) is integrated into all 3M products through the new product introduction process, covering the Environmental Health & Safety evaluation of raw material composition and product characteristics, assessments in human health and environmental toxicology, conformance to regulatory and customer EHS requirements and hazard communication documents.

For select products, we conduct Life Cycle Assessments (LCAs), Environmental Product Declarations (EPDs), product carbon footprints (PCFs) and screening assessments, which help us better understand the potential impact of our products.

During the year under review, the entity did not conduct any Lifecycle assessment (LCA) for any of its locally manufactured products. The entity is putting in place a mechanism to conduct LCAs for new locally manufactured products.



If yes, provide details

**The entity conducted Life Cycle Perspective/Assessments (LCA)**

Sr.	NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	If yes, provide the web-link.
Not Applicable							

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

**Action taken to mitigate significant social or environmental concerns and/or risks arising from production or disposal of products / services**

Sr.	Name of Product/Service	Description of the risk/concern	Action Taken
Not Applicable			

During the year under review, the entity did not conduct any Lifecycle assessment (LCA) for any of its locally manufactured products. The entity is putting in place a mechanism to conduct LCAs for new locally manufactured products.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

We have made conscious efforts to use recycled plastics and paper as input material in our products. We are currently putting in a mechanism to monitor and track the recycled and reused input material used in our production.

**Percentage of recycled or reused input material to total material (by value) used in production or providing services**

Sr.	Indicate input material	Recycled or re-used input material to total material	
		FY 22-23	PY 21-22
1	Plastic (PET)	20.00%	0.00%
2	Plastic (LDPE)	40.00%	5.00%
3	Paper & Paper Board	90.00%	70.00%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled and safely disposed, as per the following format:

	FY 22-23			PY 21-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	1,004.54	0	0	0	0
E waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0

Other waste

**Details of other waste**

Name Of Other Waste	FY 22-23			PY 21-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Not Applicable						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

**Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

Sr.	Indicate product category	Reclaimed products and their packaging materials as Percentage of total products sold in respective category
1	Plastic packaging waste	70.00%



**PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

**1. a. Details of measures for the well-being of employees:**

Category	Total (A)	% of Employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	685	685	100.00%	685	100.00%			685	100%		
Female	132	132	100.00%	132	100.00%	132	100%			132	100%
<b>Total</b>	<b>817</b>	<b>817</b>	<b>100.00%</b>	<b>817</b>	<b>100.00%</b>	<b>132</b>	<b>16.16%</b>	<b>685</b>	<b>83.84%</b>	<b>132</b>	<b>16.16%</b>
<b>Other than Permanent Employees</b>											
Male	195	195	100.00%	195	100.00%						
Female	30	30	100.00%	30	100.00%						
<b>Total</b>	<b>225</b>	<b>225</b>	<b>100.00%</b>	<b>225</b>	<b>100.00%</b>						

**b. Details of measures for the well-being of workers:**

Category	Total (A)	% of Employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent workers</b>											
Male	280	280	100.00%	280	100.00%			280	100%		
Female	11	11	100.00%	11	100.00%	11	100%			11	100%
<b>Total</b>	<b>291</b>	<b>291</b>	<b>100.00%</b>	<b>291</b>	<b>100.00%</b>	<b>11</b>	<b>3.78%</b>	<b>280</b>	<b>96.22%</b>	<b>11</b>	<b>3.78%</b>
<b>Other than permanent workers</b>											
Male	766	766	100.00%								
Female	55	55	100.00%			55	100.00%				
<b>Total</b>	<b>821</b>	<b>821</b>	<b>100.00%</b>			<b>55</b>	<b>6.70%</b>				

**2. Details of retirement benefits**

Benefits	FY 22-23			PY 21-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100.00%	100.00%	Yes	100.00%	100.00%	Yes
Gratuity	100.00%	100.00%	Yes	100.00%	100.00%	Yes
ESI						



### 3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

No.

If not, whether any steps are being taken by the entity in this regard.

The entity plans to complete the audit of all its workplaces in 2023 and implement the recommendations as stipulated under the Rights of People with Disability Act 2016, by the end of 2024.

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016?

Yes.

If so, provide a web-link to the policy.

The equal opportunity policy has been drafted by the entity and will be launched in FY 23-24.

### 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	100	100
Female	100	100	100	100
Other				
<b>Total</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

### 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers?

If yes, give details of the mechanism in brief.	Yes/ No	
Permanent Workers	Yes	<p>Permanent workers of the entity have various channels to enable them to voice their concerns with the management.</p> <p>Channels include an Employee Communication Forum (ECF), a monthly grievance committee with a women's committee that also meets on a monthly basis.</p> <p>Workers may also log their complaints via an online grievance tool which routes complaints to relevant departments for redressal. In addition, the Ethics Point online platform is available for reporting grievances.</p> <p>Plant locations also have suggestion boxes installed where workers may drop their concerns anonymously.</p>
Other than Permanent Workers	Yes	<p>Contract workers and their representatives conduct periodic meetings with the HR and Plant leadership to address their concerns.</p> <p>In addition, contract workers may drop their concerns anonymously into the suggestions boxes that are placed at all plant locations.</p>
Permanent Employees	Yes	<p>3M has a culture of transparency, which allows employees to have open and candid conversations with their leaders or HR.</p> <p>Further, concerns related to our Code of Conduct may be raised on the Ethics Point platform.</p> <p>Employees who report concerns are protected by the Anti-Retaliation policy.</p>
Other than Permanent Employees	Yes	<p>Contract employees are also entitled to access the same platforms available to permanent employees to report their grievances.</p>

## 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 22-23			PY 21-22		
	Total employees/ workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>	<b>817</b>	<b>0</b>	<b>0.00%</b>	<b>842</b>	<b>0</b>	<b>0.00%</b>
Male	685	0	0.00%	707	0	0.00%
Female	132	0	0.00%	135	0	0.00%
Other	0	0	0.00%	0	0	0.00%
<b>Total Permanent Workers</b>	<b>291</b>	<b>0</b>	<b>0.00%</b>	<b>290</b>	<b>0</b>	<b>0.00%</b>
Male	280	0	0.00%	284	0	0.00%
Female	11	0	0.00%	6	0	0.00%
Other	0	0	0.00%	0	0	0.00%

## 8. Details of training given to employees and workers:

Category	FY 22-23					PY 21-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No.(B)	% (B / A)	No.(C)	% (C / A)		No.(E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	685			685	100.00%	707	707	100.00%	707	100.00%
Female	132			132	100.00%	135	135	100.00%	135	100.00%
Other				0	0.00%					
<b>Total</b>	<b>817</b>			<b>817</b>	<b>100.00%</b>		<b>842</b>	<b>100.00%</b>	<b>842</b>	<b>100.00%</b>
<b>Workers</b>										
Male	280	280	100.00%	280	100.00%	284	284	100.00%	284	100.00%
Female	11	11	100.00%	11	100.00%	6	6	100.00%	6	100.00%
Other	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
<b>Total</b>	<b>291</b>	<b>291</b>	<b>100.00%</b>	<b>291</b>	<b>100.00%</b>	<b>290</b>	<b>290</b>	<b>100.00%</b>	<b>290</b>	<b>100.00%</b>

## 9. Details of performance and career development reviews of employees and workers:

Category	FY 22-23			PY 21-22		
	Total (A)	No. (B)	% (B / A)	Total (D)	No. (E)	% (E / D)
<b>Employees</b>						
Male	685	685	100.00%	707	707	100.00%
Female	132	132	100.00%	135	135	100.00%
Other	0	0	0.00%	0		
<b>Total</b>	<b>817</b>	<b>817</b>	<b>100.00%</b>	<b>842</b>	<b>842</b>	<b>100.00%</b>
<b>Workers</b>						
Male	280	280	100.00%	284	284	100.00%
Female	11	11	100.00%	6	6	100.00%
Other	0	0	0.00%	0	0	0.00%
<b>Total</b>	<b>291</b>	<b>291</b>	<b>100.00%</b>	<b>290</b>	<b>290</b>	<b>100.00%</b>



## 10. Health and safety management system:

- a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No)**  
Yes.

**If yes, the coverage of such a system?**

3M continually strives to maintain the highest standard of safety at all workplaces to ensure people, assets and our businesses are operating in the most efficient manner. All our manufacturing facilities have been certified with ISO 45001, a standard for management systems of Occupational Health and Safety Standards reinforcing the Company's commitment to leadership in safety and health. We utilise the Compliance & Audit Management & Metrics System (CAMMS) portal customised to 3M requirements to track and monitor all applicable EHS compliance and legal obligations.

Initiatives like the 'See & Act' programme enable us to strengthen the safety culture at our sites, by involving workers on the shop floor and empowering them to take ownership of unsafe acts and problem solve for improved safety. The entity has a resolution rate of 76% of problems identified through the 'See & Act' programme.

Zero Lost Time Injury is a key metric to uphold safety performance. All manufacturing sites were able to maintain Zero Lost time injuries during the year due to continuous focus on preventive actions.

The Company's EHS Cultural Excellence programme lays down the execution model and manufacturing excellence principles which ensure a safe and healthy workforce. This framework covers sections like ergonomics, industrial hygiene, process hazard management (PHM), ventilation programmes, static management plan, combustible dust management, safety trainings, health and wellness programmes.

Our progress against each of these parameters is assessed through regular audits.

- b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The entity proactively identifies risks and mitigates them through programmes like High Hazard Activity (HHA), Safety Hour and See & Act.

Our Process Hazard Management workbook identifies process safety risks and their mitigation plans. Risk Assessment for Machine (RAM) identifies machine safety risks. The Ergonomic Job Risk Analyzer tool addresses ergonomic risks and Job Safety Analysis assesses non-routine activities.

Each of these tools are specially curated to handle various types of risks. The actions arising from these risk assessments are tracked electronically in our 'EHS 360' tool for completion with proper evidence for closure.

- c. **Whether you have processes for workers to report the work related hazards and to remove themselves from such risks?**

Yes.

The entity has an EHS cultural acceleration programme which engages employees to take initiative to create safe environments, understand and reduce the risks, adhere to safety practices and be comfortable raising concerns.

The 'SEE & ACT' programme empowers employees to identify unsafe acts and conditions and understand the root cause of their occurrence through dialogue.

Monthly focus themes are observed to drive improvements across each of the EHS categories.

Competencies are enhanced through trainings on various EHS topics like fire safety, process safety, behavior based safety, use of PPEs, first aid, machine safety to name a few.

All these efforts translate into the EHS metrics being achieved. Notably, there has been ZERO Lost Time injuries at all three manufacturing sites.

- d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?**  
Yes.

All our manufacturing facilities are equipped with fully functional Occupational Health centers that are available 24x7 for employees and workers with both basic occupational and non-occupational healthcare support.



**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 22-23	PY 21-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	2	2
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

We monitor our employees based on their potential exposure to chemical and physical hazards in the workplace. We screen for early signs of occupational illnesses to protect workers from further exposure and we provide medical support. We look for trends in the health data of working populations to assure that potential hazards are well controlled. Certain employees working on the shop floor who are exposed to certain chemical / physical hazards undergo tests like Pulmonary function test (PFT), vision test, Audiogram, etc.,

Hepatitis B Vaccination has been provided to all the ERT (emergency response team members) at the entity's sites. Shopfloor awareness sessions are conducted on important observance days like World Hearing Day, World Heart Day, Women's Day and World Diabetes Day.

Certified First Aid Training is provided for the first responders team.

Chemical Health Hazard Awareness sessions are organised to create awareness on the health impact of chemical exposure and control measures.

Employees' families are also invited to manufacturing sites to showcase the entity's health & safety systems providing families reassurance on the safe working conditions on site.

**13. Number of Complaints on the following made by employees and workers:**

Category	FY 22-23			PY 21-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0		0	0	
Health & Safety	0	0		0	0	

**14. Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100.00%
Working Conditions	100.00%

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

Not applicable.



## Leadership Indicators

**1. Does the entity extend any life insurance or any compensatory package in the event of death of**

(A) Employees (Y/N) Yes.

(B) Workers (Y/N). Yes.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

For contract workers and suppliers, reports are sent to the entity's HR department which provide evidence that the statutory deposits are made to the government like PT, PF, ESI etc.

**3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 22-23	PY 21-22	FY 22-23	PY 21-22
Employees	0	0	0	0
Workers	0	0	0	0

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes.

The entity offers out placement support through a reputed organisation to facilitate and equip transitioning employees or workers along their career journey.

**5. Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	6.00%
Working Conditions	6.00%

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Although it applies to all suppliers, our supply chain risk assessment process prioritises higher-risk suppliers. The process begins with a self-assessment questionnaire (SAQ) that helps us understand supplier programmes and determine if they meet our expectations. The SAQ focuses on our Supplier Responsibility Code (SRC) requirements. 3M may conduct a virtual or on-site assessment. We address any deficiencies through a Supplier Responsibility Code (SRC) Corrective Action Preventive Action (CAPA) process. Follow-up on the CAPA may include additional audits. If a supplier is unable or unwilling to resolve any gaps or findings, the CAPA process moves to the Responsible Sourcing Supplier Issue Escalation process. If the supplier is still unwilling to work on the gaps or can't resolve them in a reasonable amount of time, a cross-functional team considers alternative actions to elevate and resolve the situation.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders****Essential Indicators****1. Describe the processes for identifying key stakeholder groups of the entity.**

We continually look to our stakeholders to help us increase our understanding and awareness, seek technical input and expertise and evaluate possible collaborations and strategic relationships. We believe stakeholder engagement should be based on candid and authentic dialogue — grounded in 3M's Principles — and should help us evolve our strategic priorities.

3M Company globally conducts a study commissioned through an independent research consultancy to help better understand our stakeholders' perspectives on key issues and assess their impact or influence on business operations as well as the impact the entity's operations might have on them.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.****List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Sr.	Stakeholder Group	Whether identified as Vulnerable & Marginalised Group	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Employees	No	Other Emails, Townhall meetings, Surveys, Employee engagement initiatives, Performance Appraisal discussions, Training programmes	Others – please specify Ongoing	Regular updates on company purpose, strategies and milestones Diversity, equity & inclusion Employee health and wellbeing Ethics and compliance Learning and upskilling Performance management and career development.
2	Investors & Shareholders	No	E-mail Annual Report, Annual general meetings, investor meetings and press releases.	Half yearly	Appropriate and timely communication with shareholders and investors.
3	Customers & Partners	No	E-mail Site visits, Digital, Events and Partner meets	Others – please specify Ongoing	Understand customer needs, match 3M products and solutions and drive growth.
4	Government, Regulators	No	Other In-person meetings, industry body meetings	Others – please specify Ongoing	Participation in key government initiatives and development projects
5	Local Communities	Yes	Community Meetings	Others – please specify Ongoing	Providing economic and social value to communities while minimising environmental impact
6	Suppliers	No	E-mail	Others – please specify Ongoing	Ongoing business interactions



## Leadership Indicators

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**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

We consider both internal and external stakeholders on matters related to economic, environmental and social topics. During Board meetings, business and departmental heads present various internal and external company related topics with the board members who share insights on taking appropriate actions and steps.

At the Board level, the Stakeholder Committee reviews topics and concerns related to shareholders and investors. The CSR Committee reviews CSR programmes and investments in communities on a periodic basis.

**2. Whether stakeholder consultation is used to support the identification and management of environmental and social topics.**

Yes.

**If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Our manufacturing sites operate close to rural communities. Our manufacturing teams have established good relations with local authorities to learn about local environmental and social challenges. We have developed some of our CSR programmes taking into consideration the needs of the local communities.

For instance, during the year under review, the entity implemented a CSR project in Shirur Taluk, rural belt of Pune, where our manufacturing site is located (Ranjangaon) to strengthen primary healthcare infrastructure with solar powered installations. Through all stages of implementation, the District and Tehsil Health Officials along with the medical officers of each of the primary health centers were important stakeholders providing input on the challenges of running these centers with frequent power outages.

During the year, we also recognised the first set of graduates emerging from the Project Nanhi Kali programme which is currently educating girls from underprivileged backgrounds in Ambegaon, Pune. The felicitation programme served as an encouragement to the girls to continue their higher education after completing their formal education. Inputs from the non profit implementation partner, local school authorities and parents of the children were considered when developing this initiative which has enhanced the impact of the programme.

**3. Provide details of instances of engagement with and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.**

In addition to the examples provided against Q2, our partnership with the Smile Foundation supports the operations of 4 mobile health vans in aspirational districts and rural communities. These vans offer a comprehensive range of preventive, promotive and curative healthcare services to underserved populations. One of the vans operating in an aspirational district in Assam played a crucial role in providing vital healthcare access and relief materials to the affected communities during a natural disaster.



**PRINCIPLE 5 Businesses should respect and promote human rights****Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 22-23			PY 21-22		
	Total (A)	No. of employees/workers covered (B)	% (B / A)	Total (C)	No. of employees/workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	817	817	100.00%	842	842	100.00%
Other than permanent						
<b>Total Employees</b>	<b>817</b>	<b>817</b>	<b>100.00%</b>	<b>842</b>	<b>842</b>	<b>100.00%</b>
<b>Workers</b>						
Permanent	291	291	100.00%	290	290	100.00%
Other than permanent						
<b>Total Workers</b>	<b>291</b>	<b>291</b>	<b>100.00%</b>	<b>290</b>	<b>290</b>	<b>100.00%</b>

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 22-23				FY 21-22					
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Permanent	817			817	100.00%	842			842	100.00%
Male	685			685	100.00%	707			707	100.00%
Female	132			132	100.00%	135			135	100.00%
Other	0			0	0.00%	0			0	0.00%
Other than Permanent	225			225	100.00%	344			344	100%
Male	195			195	100.00%	313			313	100%
Female	30			30	100.00%	31			31	100%
Other	0			0	0.00%	0			0	0.00%
<b>Workers</b>										
Permanent	291			291	100.00%	290			290	100.00%
Male	280			280	100.00%	284			284	100.00%
Female	11			11	100.00%	6			6	100.00%
Other	0			0	0.00%	0			0	0.00%
Other than Permanent	821	821	100.00%	0	0.00%	568	568	100%		
Male	766	766	100.00%			526	526	100%		
Female	55	55	100.00%			42	42	100%		
Other	0	0	0.00%	0	0.00%	0				



3. Details of remuneration/salary/wages, in the following format:

	Male		Female		Other	
	Number	Median remuneration/salary/ wages of respective category	Number	Median remuneration/salary/ wages of respective category	Number	Median remuneration/salary/ wages of respective category
Board of Directors (BoD)	1		1		0	
Key Managerial Personnel	1		0		0	
Employees other than BoD and KMP	683	25,37,796	131	20,93,055	0	
Workers	280	780,196	11	294,000	0	

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Respect for human rights is deeply engrained in 3M's culture. Within our own business, our approach to managing and assuring human rights is guided by the 3M Code of Conduct, which recognises the right of 3M workers to a respectful work environment.

The entity 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 the 3M Code of Conduct. The entity works with a third party platform called NAVEX to record, monitor and address these issues. Employees can anonymously log in complaints to an online platform called Ethics point.

For the Prevention of Sexual Harassment, the entity has constituted multiple internal committees across its plants and locations, led by the Prevention of Sexual Harrassment (POSH) Chair and supported by an external organisation as stipulated by law.

6. Number of Complaints on the following made by employees and workers:

Category	FY 22-23			FY 21-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	0	0	None	0	0	None
Discrimination at workplace	0	0	None	0	0	0
Child Labour	0	0	None	0	0	0
Forced Labour/ Involuntary Labour	0	0	None	0	0	None
Wages	0	0		0	0	
Other human rights related issues	0	0	None	0	0	None

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

3M has a strong anti-retaliation policy that protects any employee that makes a complaint, raises a concern or assists with an investigation. The whistleblower rights are protected and whenever there are investigations into violations of our Code of Conduct, we respect the anonymity of the whistleblower and if the identity is self disclosed, extra care and caution is taken to ensure that the whistleblower is monitored and protected.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes.

The entity follows 3M Company's Supplier Responsibility Code (SRC) which outlines 3M's basic expectations for suppliers in the areas of Management Systems, Labor, Health and Safety, Environment and Ethics.

The standards apply to the selection and retention of all suppliers that provide goods or services to 3M worldwide and establish a framework that 3M considers important to a safe and healthy workplace, to the maintenance of fair and reasonable labour and human resource practices and to the management of manufacturing and distribution operations to minimise adverse impact to the environment.

3M's contracts and purchase order terms also contain provisions to which suppliers agree, as a form of self-certification, that they will comply with all applicable local laws and regulations and adopt policies consistent with the 3M Supplier Responsibility Code which include specific prohibitions against forced labour and other forms of coercive conduct, including labour that is a result of mental or physical coercion, physical punishment, slavery or other oppressive conditions.

**9. Assessments for the year:**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child labour	100.00%
Forced/involuntary labour	100.00%
Sexual harassment	100.00%
Discrimination at workplace	100.00%
Wages	

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

No untoward incidents have been reported through our assessments. Through Ethics Point investigations, if any case is substantiated, 3M takes quick action based on severity and disciplinary action is enforced.

**Leadership Indicators****1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

Not applicable.

**2. Details of the scope and coverage of any Human rights due-diligence conducted**

This is covered as a part of the business process as explained earlier.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes.

**4. Details on assessment of value chain partners:**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual harassment	6.00%
Discrimination at workplace	6.00%
Child Labour	6.00%
Forced Labour/Involuntary Labour	6.00%
Wages	6.00%
Others – please specify -	Not Applicable

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

All the vendors covered under the Supplier Responsibility Code (SRC) are meeting the expectations of the entity.

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment****Essential Indicators****1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 22-23	PY 21-22
Total electricity consumption (A)	52900	46800
Total fuel consumption (B)	36600	27000
Energy consumption through other sources (C)		
<b>Total energy consumption (A+B+C)</b>	<b>89500</b>	<b>73800</b>
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	2.39	1.97
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?**

Yes.

**If yes, name of the external agency.**

Apex is an independent professional services company that specialises in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services. APEX has provided the assurance for environmental data reported in 3M Company's Global Impact Report 2023.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India?**

No.

If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

**3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 22-23	PY 21-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	76700	71700
(iv) Seawater / desalinated water	0	0
(v) Others		
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>76700</b>	<b>71700</b>
Total volume of water consumption (in kilolitres)	65600	61620
Water intensity per rupee of turnover (Water consumed / turnover)	0.002	0.002
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?**

Yes.

**If yes, name of the external agency.**

Apex is an independent professional services company that specialises in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services. APEX has provided the assurance for environmental data reported in 3M Company's Global Impact Report 2023.



#### 4. Has the entity implemented a mechanism for Zero Liquid Discharge?

Yes.

If yes, provide details of its coverage and implementation.

All the three manufacturing facilities follow Zero Liquid Discharge (ZLD) which is implemented through numerous water conservation initiatives.

- A full-capacity rainwater harvesting system at the Ranjangoan plant collects rainwater from the rooftops and roads into a rainwater recharge borewell.
- Ongoing water monitoring, measurement and data analysis help identify and quickly address leaks at all plants.
- All new manufacturing processes align with the principle of zero water discharge.
- Treated water from effluent treatment plants are taken into the scrubber operations, further reducing water consumption.
- Treated water from the sewage treatment plant is used for gardening and in restroom flushing.
- After reviewing the underground hydrant network, corroded pipes were brought above the ground at all plants to eliminate the root cause and correct leakages.
- Engagement drives were conducted at factories to identify and arrest the leakages. Additionally, a leakage survey was conducted across the sites to rectify and improve water conservation efforts.
- An online ozonator was installed for water disinfection and safe handling by gardeners.
- New drip irrigation lines were added in the garden area which eliminated conventional flooding & better utilised available water.

#### 5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 22-23	PY 21-22
NOx	mg/Nm <sup>3</sup>	27.2	79.2
SOx	mg/Nm <sup>3</sup>	15.3	41.1
Particulate matter (PM)	mg/Nm <sup>3</sup>	26.9	117
Persistent organic pollutants (POP)		0	0
Volatile organic compounds (VOC)	mg/Nm <sup>3</sup>	12.8	13.4
Hazardous air pollutants (HAP)		0	0

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No. An independent assurance by an external agency was not done for air emissions.

If yes, name of the external agency.

#### 6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 22-23	PY 21-22
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes	8790	8500
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes	8230	6330
Total Scope 1 and Scope 2 emissions per rupee of turnover	Kgs of CO <sub>2</sub> per turnover	0.0005	0.0004
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-



**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)**

Yes.

**If yes, name of the external agency.**

Apex is an independent professional services company that specialises in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services. APEX has provided the assurance for environmental data reported in 3M Company's Global Impact Report 2023.

**7. Does the entity have any project related to reducing Green House Gas emission?**

Yes.

**If Yes, then provide details.**

The entity is taking steps to transition to renewables and cleaner sources of energy across our operations as a way to reduce greenhouse gas emissions.

At its manufacturing site in Ranjangaon, Pune, the entity has invested in an on-site solar installation by converting the unused rooftop of the facility into a solar power plant. The plant currently generates annual power of 6,25,000 kW contributing to reducing carbon emissions annually by 500 metric tonnes.

At its Bangalore manufacturing site, the entity has partnerships with local utilities to purchase solar power from the grid through solar wheeling.

The share of renewable energy is growing with these initiatives which is at 21.3 % of total energy consumption.

The Ranjangaon site also switched to natural gas, a cleaner and lighter fuel, from propane, to fire the equipment at the plant.

Other energy efficiency efforts include upgrading the chiller equipment, installing LED lighting at all sites, HVAC machinery optimisation and waste minimisation at source at production lines to improve yield, which have helped reduce energy consumption at all sites.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 22-23	PY 21-22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	967	955
E-waste (B)	95	1.2
Bio-medical waste (C)	33	5.1
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	418	409
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	2580	2070
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>4093</b>	<b>3440.3</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	903	727
(ii) Re-used	350	264
(iii) Other recovery operations	1320	1080
<b>Total</b>	<b>2573</b>	<b>2071</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	333	320
(ii) Landfilling	95	94
(iii) Other disposal operations		
<b>Total</b>	<b>428</b>	<b>414</b>

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)**

Yes.

**If yes, name of the external agency.**

Apex is an independent professional services company that specialises in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services. APEX has provided the assurance for environmental data reported in 3M Company's Global Impact Report 2023.

- 9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

For the end-of-life management of product plastic packaging waste, the entity has partnered with Central Pollution Control Board authorised Plastic Waste Processors. Plastic packaging waste, which can be recycled, is channelised to registered plastic waste processors for recycling operations and then converted into recycled plastic granules which are further used for manufacturing plastic products.

A zero waste approach guides product design, development of process technologies and material reduction actions within our manufacturing operations.

Packaging material like wooden pallets, carton boxes, discarded containers etc. are sent to Central Pollution Control Board authorised recyclers.

- 10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Sr No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with?	If no, the reasons thereof and corrective action taken, if any.
Not Applicable				

- 11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Sr No.	Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable						

- 12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).**

Yes.

**If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not Applicable				



## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 22-23	PY 21-22
<b>From renewable sources</b>		
Total electricity consumption (A)	13000	11700
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>13000</b>	<b>11700</b>

### Details of Energy consumed from renewable

Sr.	Name of other parameter	FY 22-23	PY 21-22

Parameter	FY 22-23	PY 21-22
<b>From non-renewable sources</b>		
Total electricity consumption (D)	39900	35100
Total fuel consumption (E)	36600	27000
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>76500</b>	<b>62100</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

Yes.

If yes, name of the external agency.

Apex is an independent professional services company that specialises in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services. APEX has provided the assurance for environmental data reported in 3M Company's Global Impact Report 2023.

2. Provide the following details related to water discharged:

Parameter	FY 22-23	PY 21-22
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater		
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iii) To Seawater		
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iv) Sent to third-parties		
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(v) Others	11100	10080
No treatment	NA	NA
With treatment – please specify level of treatment	11100	10080
<b>Total water discharged (in kilolitres)</b>	<b>11100</b>	<b>10080</b>



**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)**

Yes.

**If yes, name of the external agency.**

Apex is an independent professional services company that specialises in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services. APEX has provided the assurance for environmental data reported in 3M Company's Global Impact Report 2023.

**3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

**For each facility / plant located in areas of water stress, provide the following information:**

S. No.	Particulars						
1	Name of the area	Ranjangaon	Bangalore	Ahmedabad			
2	Nature of operations	Manufacturing	Manufacturing	Manufacturing			
3	Water withdrawal, consumption and discharge in the following format:						
	<b>Parameter</b>	<b>FY 22-23</b>	<b>PY 21-22</b>	<b>FY 22-23</b>	<b>PY 21-22</b>	<b>FY 22-23</b>	<b>PY 21-22</b>
	<b>Water withdrawal by source (in kilolitres)</b>						
	(i) Surface water						
	(ii) Groundwater						
	(iii) Third party water	68315	70085	6725	5249	1660	1876
	(iv) Seawater / desalinated water						
	(v) Others						
	Total volume of water withdrawal (in kilolitres)	68315	70085	6725	5249	1660	1876
	Total volume of water consumption (in kilolitres)	63815		725		1060	
	Water intensity per rupee of turnover (Water consumed / turnover)						
	Water intensity (optional) – the relevant metric may be selected by the entity						
	Water discharge by destination and level of treatment (in kilolitres)						
	(i) Into Surface water						
	No treatment						
	With treatment – please specify level of treatment						
	(ii) Into Groundwater						
	No treatment						
	With treatment – please specify level of treatment						
	(iii) Into Seawater						
	No treatment						
	With treatment – please specify level of treatment						
	(iv) Sent to third-parties						



S. No.	Particulars					
	No treatment					
	With treatment – please specify level of treatment					
(v)	Others	4500		6000		600
	No treatment					
	With treatment – please specify level of treatment	4500		6000		600
	<b>Total water discharged (in kilolitres)</b>	<b>4500</b>		<b>6000</b>		<b>600</b>

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

Yes.

**If yes, name of the external agency.**

Apex is an independent professional services company that specialises in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services. APEX has provided the assurance for environmental data reported in 3M Company's Global Impact Report 2023.

**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 22-23	PY 21-22
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes	161,000	138,000
Total Scope 3 emissions per rupee of turnover	Kgs of CO <sub>2</sub> / Turnover	0.0043	0.0037
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

Yes.

**If yes, name of the external agency.**

Apex is an independent professional services company that specialises in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services. APEX has provided the assurance for environmental data reported in 3M Company's Global Impact Report 2023.

**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not Applicable

**6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative	Corrective action taken, if any
1	Transitioning to renewables. Installation of additional solar plant capacity at manufacturing site in Ranjangaon, Pune.	Expansion of capacity with construction of additional 750 kWp rooftop solar power plant.	Benefit in next financial year	
2	Energy efficiency projects at entity's manufacturing sites.	Chiller upgrade, LED lighting, HVAC Optimisation and yield improvement projects	Reduce energy consumption at all sites	

**7. Does the entity have a business continuity and disaster management plan?**

Yes.

**Details of entity at which business continuity and disaster management plan is placed or weblink.**

3M Business Resilience Plan workbook tool is updated with facility/site details and it contains the core elements and requirements of Environmental Health and Safety (EHS) plans, crisis plans, cyber security plans, as well as business continuity and recovery plans. The plan is aligned with our key policies and takes into account the responsibilities we have towards our workers, customers and communities.

The purpose of having a Business Resilience Plan is to ensure every site is prepared and able to respond to and recover from emergencies, severe incidents and crisis.

It has 4 Sections -

1. Key Information : Site plans/layouts, site overview, maps, roles of individuals, hazards of the facility, evacuation plan, inventory and links to important government and rescue departments are provided
2. Prepare Section: Self assessment, gap assessment, exercise results, worksheets are updated in this section.
3. Respond Section : Initial Response Actions, Site emergency communication, 3M Alerts communication, Severe incident and crisis notification and threshold, corporate crisis team action, IT incident worksheet, EHS&M procedures for responding to emergencies, security and IT procedures are updated in this section.
4. Recover Section : Common recovery tasks, department recovery tasks, production risk mitigation strategies, IT risk mitigation, network WAN/ mitigation, human capital and workspace requirements are updated in this section.

All the Business Resilience Plans are uploaded as shareable files which may be accessed from any place across 3M subsidiaries in real time.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

No incidents of adverse impact to the environment were reported from the value chain partners of the entity.

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

6% of our value chain partners (by value of business done) were covered under the entity's Supplier Responsibility Code assessments which evaluate partners for environment impact.

**ASSURANCE STATEMENT:**

*The environment data published under Principle 6 of the BRSR has been assured by APEX, an independent professional services company that specialises in health, safety, social and environmental management services. The scope of work was limited to assurance over Scope 1 greenhouse gas (GHG) emissions, Scope 2 GHG emissions (location-based and market-based), Scope 3 GHG emissions, energy data, water data and waste data for the period Fiscal Year 2023 (April 1, 2022 to March 31, 2023) (the 'Subject Matter'). Based on the methodology adopted by APEX and scope of work, the following conclusions have been made by APEX:*

- *Nothing has come to our attention to indicate that the Subject Matter is not fairly stated in all material respects; and*
- *It is our opinion that 3M has established appropriate systems for the collection, aggregation and analysis of quantitative data.*



**PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations - 7  
 b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National/International)
1	Confederation of Indian Industry (CII)	National
2	American Chamber of Commerce (AMCHAM)	National
3	US India Business Council (USIBC)	National
4	US India Strategic Partnership Forum (USISPF)	National
5	Karnataka Employer Association (KEA)	State
6	Electronics City Industrial Township Authority (ELCITA)	Local
7	Ranjangaon Industrial Association (RIA)	State

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Sr.	Name of authority	Brief of the case	Corrective action taken
There were no issues related to anti-competitive conduct by the entity.			

**Leadership Indicators**

**Details of public policy positions advocated by the entity**

Sr no.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board	Web Link,if available
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The entity endeavours to continuously engage with relevant Ministries and other Government organisations through industry and trade associations. Through such engagement, the entity seeks to highlight issues of importance to the industry sector.



**PRINCIPLE 8 Businesses should promote inclusive growth and equitable development****Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Sr.	Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency	Results communicated in public domain	Relevant Web link
No Social Impact Assessments were conducted during the year.						

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in FY (In ₹)
The entity does not have ongoing projects undertaken for rehabilitation and resettlement (R&R).						

3. Describe the mechanisms to receive and redress grievances of the community.

Communities may reach out via email or pass on their grievances through the entity's NGO partners.

Our manufacturing teams visit CSR project sites to interact with local authorities and other stakeholders to learn about community concerns.

Through our NGO partners, we conduct needs assessment prior to the start of any intervention. Based on the findings from the needs assessment, programmes are crafted with an implementation plan over multiple years to track progress.

Stakeholder input is considered at various stages of implementation. Community interactions and events are held to celebrate important project milestones and recognise the efforts of the community members involved in the interventions.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 22-23	PY 21-22
Directly sourced from MSMEs/ small producers	30%	30%
Sourced directly from within the district and neighbouring districts	50%	50%

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments

Sr.	Details of negative social impact identified	Corrective action taken
Not Applicable		



2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies			
S. No.	State	Aspirational District	Amount spent (In ₹)
1	Uttar Pradesh	Siddharthnagar	32,76,147
2	Odisha	Balangir	34,65,281
3	Assam	Goalpara	31,63,950

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)  
No.
- (b) From which marginalised /vulnerable groups do you procure?  
NIL.
- (c) What percentage of total procurement (by value) does it constitute?  
0.00%

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge				
Sr.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
				Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.		
Sr.	Name of authority	Corrective action taken
		Not Applicable

6. Details of beneficiaries of CSR Projects:

Details of beneficiaries of CSR Projects			
Sr.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Project Nanhi Kali Girl Child Education Programme	2861	100.00%
2	Solar Powered Primary Healthcenter Infrastructure Programme	350,000	100.00%
3	Smile on Wheels Mobile Primary Healthcare Programme	107,826	100.00%
4	3M Wonder Tinkering Labs Programme	2800	100.00%
5	COVID Vaccination Programme	78,440	100.00%

**PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner****Essential Indicators****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The entity has a comprehensive process in place to log in customer complaints and track them to eventual resolution. This is a centralised process called PACE, with a dedicated customer complaints resolution team based at 3M's centralised service center.

The PACE (Product Application and Customer Experience) team is responsible for receiving complaints, tagging them to different departments and business groups and following up to ensure they are properly resolved to closure.

The PACE team has been trained on the requirements of the reporting metrics in the BRSR and flags off complaints related to the topics of advertising, data privacy, cyber-security, delivery of essential services, restrictive trade practices and unfair trade practices.

The overall process may be outlined as follows -

- The PACE team receives customer complaints, flags them accordingly depending on the topic and directs them to the assigned subject matter experts with escalation to senior leaders or the legal department.
- On a weekly basis, the PACE team follows up with respective SMEs for status on pending responses.
- Reverts to the complainant to: 1) Inform them of the investigation result and the resolution/s carried out and; 2) Seek their feedback.
- Once resolved, the case is closed and updates are provided to the PACE team for documentation and confirmation of resolution.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

The entity 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.

The entity has voluntarily adopted GHS SDS (Global Harmonised System for Classification, Labelling, Packaging of Hazardous Chemicals) to be in synergy with global standards and provide our customers with the most comprehensive information about environmental, health and safety of our products.

**3. Number of consumer complaints in respect of the following**

	FY 22-23		Remark	PY 21-22		Remark
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0		0	0	
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	
Other	0	0		0	0	

**4. Details of instances of product recalls on account of safety issues**

	Number	Reasons for recall
Voluntary recalls	0	NA
Forced recalls	0	NA

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy?**

Yes.

3M Company has established a policy which lays down a consistent approach to protect 3M information assets.

Safeguarding our ideas, technologies, processes, plans and other company information is essential for maintaining competitive advantage while complying with relevant legal requirements.

Guarding the integrity of information and business processes and ensuring availability of IT services is vital for the Company's operations worldwide.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

No issues reported during the year.

**Leadership Indicators**

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**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

All our products are available in web catalogues on the 3M India website.

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

Our products are also available on leading ecommerce platforms.

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

a. The entity 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.

b. Consumer packs carry safety and application instructions

c. Instruction videos pertaining to the safe and responsible usage of products are available on leading ecommerce platforms.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

The Business Groups send targeted communications to their customer base during instances of any risk of disruption or discontinuation of products and services.

**4. Does the entity display product information on the product over and above what is mandated as per local laws?**

Yes.

**If yes, provide details in brief.**

Products may include a visual representation of the usage of the product where personal application is required. It may also include guidance on how to store the product and information on recycling.

**Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole?**

No.

**5. Provide the following information relating to data breaches**

a. **Number of instances of data breaches along-with impact**

0

b. **Percentage of data breaches involving personally identifiable information of customers**

0%







## 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:
  - 1) 3M Company, USA - Holding (Parent) Company of the Company
  - 2) 3M Innovation Singapore Pte Ltd - Fellow Subsidiary

- (b) Nature of contracts/arrangements/transactions:

**Sl. No. Nature of Transactions**

1. Income from Contract Research
2. Sale of Goods
3. Purchases of Materials
4. Royalty
5. Re-charge (Net)
6. Corporate Management Fee

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

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

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

(₹ in crores)

Sl. No.	Nature of Transactions	Actual value of transactions for FY 22-23 (Standalone)	
		3M Company, USA - Holding (Parent) Company of the Company	3M Innovation Singapore Pte Ltd - Fellow Subsidiary
<b>Income</b>			
1.	Income from Contract Research	14.58	0.00
2.	Sale of Goods	1.25	0.00
3.	Re-charge of expenses received	0.00	2.40
	<b>Total</b>	<b>15.83</b>	<b>2.40</b>
<b>Expenditure</b>			
1.	Purchases of Materials	633.73	272.93
2.	Royalty	57.45	0.00
3.	Re-charge of expenses paid	0.00	0.00
4.	Corporate Management Fee	0.00	0.00
	<b>Total</b>	<b>690.38</b>	<b>272.93</b>
	<b>Grand Total</b>	<b>706.21</b>	<b>275.33</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 Board:

Not applicable, as the transactions referred to above are in the ordinary course of business and on arm's length basis. Omnibus approval of Audit Committee has been sought for the estimated value of the transactions for the year 2022-2023 and approval of Shareholders for material related party transactions with 3M Company, USA and 3M Innovation Singapore Pte Ltd.

Audit Committee reviews of the actual transactions against the estimated at their Meetings.

(f) Amount paid as advances, if any: Nil

**On behalf of the Board of Directors**

**Ramesh Ramadurai**  
Managing Director  
DIN: 0136969

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru  
Date: May 30, 2023



## 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 of the Company:

Your Company's corporate social responsibility philosophy stems from its purpose to unlock the power of people, ideas and science to reimagine what is possible. In line with its core values, the CSR framework is centered around three pillars – Education, Community and Environment. Each pillar represents 3M's strategic intent to create social impact and improve lives through innovative investments in education, underserved communities and the environment. The interventions are mapped to the Schedule VII of the Companies Act 2013 and to the Sustainable Development Goals (SDGs).

##### Education:

Your Company's education initiatives aim to build scientific temperament as a life skill, improve academic outcomes and provide transformational opportunities for the next generation.

- Encourage scientific temper through creative and engaging education models that stimulate curiosity and creativity
- Support the next generation of scientists, innovators and entrepreneurs with resources to drive social impact
- Promote equity by driving access to quality education amongst underserved students

##### Community:

Your Company's community efforts are aimed at improving lives in communities around areas it operates and have manufacturing presence, with interventions to improve the quality-of-life index like skills development, education, health and livelihood initiatives. The Company's response to community interventions during times of natural disasters also come under the community initiatives.

##### Environment:

In line with 3M's global sustainability goals, your Company's environment responsibilities extend to the communities we serve around our areas of operation, through interventions in water conservation and clean energy.

##### Objectives:

- To engage in outcome-based corporate social responsibility programmes 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 CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Bharat D. Shah	Independent Director : Chairman	2	2
2	Ramesh Ramadurai	Managing Director : Member	2	2
3	Radhika Rajan	Managing Director : Member	2	2
4	Vidya Sarathy	Whole-time Director & CFO : Member	2	2

#### 3. Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company:

CSR policy is 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/).



**4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:** Not Applicable

5. (a) Average net profit of the Company as per sub-section (5) of section 135: ₹ 29,418 lakhs  
 (b) Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹ 588.36 lakhs  
 (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil  
 (d) Amount required to be set-off for the financial year, (if any): Not Applicable  
 (e) Total CSR obligation for FY 22-23 [(b)+(c)-(d)]: ₹ 588.36 lakhs
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 588.91 lakhs  
 (b) Amount spent in Administrative Overheads: Nil  
 (c) Amount spent on Impact Assessment, if applicable: Not Applicable  
 (d) Total amount spent for FY 22-23 [(a)+(b)+(c)]: ₹ 588.91 lakhs  
 (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for FY 22-23 (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
589.91 lakhs	Nil	NA	NA	Nil	NA

**(f) Excess amount for set-off, if any:** Not Applicable

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
i	Two percent of average net profit of the Company as per sub-section (5) of section 135	Not Applicable
ii	Total amount spent for the Financial Year	
iii	Excess amount spent for the Financial Year [(ii)-(i)]	
iv	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
v	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:** Not Applicable

1	2	3	4	5	6		7	8
S. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY-1	Nil	NA	Nil	Nil	NA	NA	NA
2	FY-2	Nil	NA	Nil	Nil	NA	NA	NA
3	FY-3	Nil	NA	Nil	Nil	NA	NA	NA



**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Short particulars of the property of asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

**9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: Not Applicable**

**On behalf of the Board of Directors**

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Bharat D. Shah**  
Chairman, CSR Committee  
DIN: 00136969

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru  
Date: May 30, 2023

**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, 2023.**

Sl. No.	Name	Age Yrs	Designation	Remuneration ₹ (Gross)	Educational Qualifications	Date of joining	Date of leaving	Previous employment and designation
1	2	3	4	5	6	7	8	9
<b>A: Top ten (10) employees in terms of remuneration drawn during the year:</b>								
1	Ramesh Ramadurai	61	Managing Director	34,070,532	IIT-Chemical Engineering, IIM-PG Diploma in Marketing	June 1, 2019		3M China, Business Director – Asia & GCA
2	Rajiv Gupta	52	Head-Health Care Business	17,074,357	BE (Mechanical), MBA	April 14, 1997		JCB India Limited, Sales Manager
3	Ashutosh Shirodkar	52	Head-Safety & Industrial Business	13,770,793	Diploma in Chemical Technology	November 1, 2020		3M Indonesia, Country Sales Leader - SIBG
4	Pawan Kumar Singh	52	Head-Transportation & Electronics	13,594,706	B. Tech, M. Plan, MBA	September 05, 2005		CMS Traffic Systems Ltd, Regional Manager-North .
5	Vidya Sarathy	57	Whole-time Director and CFO	12,390,981	Bsc, FCA, FCS, CMA (Inter), Dipl in IFRS from ACCA (UK)	April 29, 2021		Sud-Chemie India Pvt Ltd, Clariant Group USA, CFO and Company Secretary
6	Priya Menon	50	General Counsel	11,822,984	BA LLB (Hons)	August 03, 2020		Wework India Pvt Ltd - General Counsel
7	Girish Appu	50	Head Manufacturing Operation	11,468,657	BE (Mechanical), PGDM (IIMK)-specialisation in Operations & Finance	December 30, 2009		Motorola India Ltd, Manufacturing & Lean Leader
8	Amlendukumar Singh	46	Divisional Sales Manager-Automotive after-market Division	11,119,719	BCS, MBA	November 08, 2010		Kansai Nerolac Paints Ltd, Divisional Sales Manager
9	Radhika Anne	48	Divisional Sales Manager-Medical Solutions Division	10,240,246	BE- ECE, Osmania university; PGDCM- IIMC	April 01, 2003		Johnson & Johnson Ltd, Product Manager-Mktg
10	Milind Joglekar	52	Head Taxation	10,323,793	BCom, ACMA, DFM.	June 16, 2014		Lenovo India Pvt Ltd, Head Taxation India Region



Sl. No.	Name	Age Yrs	Designation	Remuneration ₹ (Gross)	Educational Qualifications	Date of joining	Date of leaving	Previous employment and designation
1	2	3	4	5	6	7	8	9
<b>B: Other employees drawing a remuneration of not less than ₹ 1.02 crores p.a. and employed throughout the year other than A</b>								
None								
<b>C: Employees drawing a remuneration of not less than ₹ 8.50 lakhs p.m. and employed for part of the year other than A &amp; B</b>								
1	Abhijeet Saungikar	59	Head India & SEA Region Application Engineer-Automotive aftermarket Division	26,306,446	B.Tech, PGD in Marketing	December 23, 1992	December 20, 2022	Cravatex Ltd, Production Supervisor
2	Anoop Kumar Siddharth	53	Asia MTC Lead Business Transformation	17,314,428	MBA, B.E. (Mechanical)	December 31, 2004	November 15, 2022	Honda Siel Cars India Limited, Sr. Manager, After Sales Service
3	Uppili Srinivasan Desikachari	51	Country Div Sales Mgr, TSD	14,873,403	BE (Mechanical)	October 15, 2003	November 15, 2022	Larsen & Toubro Ltd, Sr Sales Engineer
4	Deepu Cherickal Thomas	59	General Manager	12,284,645	MBA	September 14, 2004	November 15, 2022	Millipore India Ltd, Regional Sales Manager
5	Jose Nellikunnam	55	General Manager	10,269,011	MSC Physics	May 16, 2001	November 15, 2022	Concio Technologies Pvt Ltd, Member Technical Staff

**Notes**

1. Remuneration includes salary, bonus, allowances, Company'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.
2. No one listed above is related to any of the Directors of the Company and all the above appointments are/were on contractual basis.
3. Other terms and conditions are as per rules of the Company and, where required, according to sanctions from the Government.
4. Employees whose remuneration cost cross-charged/reimbursed by another 3M group entity are not considered in the above list.
5. None of the above employees holds shares of the Company.

**On behalf of the Board of Directors**

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru  
Date: May 30, 2023

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

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

#### A. CONSERVATION OF ENERGY

##### (i) The steps taken or impact on 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.

##### Heating, Ventilation and Air Conditioning (HVAC)

- Replaced the old chiller with energy efficient chiller.
- Installed a heat pump for heat recovery from the Chiller system and used the heat to dehumidify air in the HVAC system. This helped to reduce the energy required for dehumidification.
- Modified/ Replaced the existing conventional HVAC motors with energy-efficient EC (electronic commutation) motors.
- Installed VFD for the Chiller water pump to reduce energy consumption.
- Optimised the HVAC system to reduce energy consumption.

##### Compressed Air

- Continue to optimise the air compressor operation by optimising the pressure and distribution through VFD and controller.

##### Lighting

- Replacement of conventional lights with LED lights across the plant.

##### Ovens

- Purchased energy-efficient dryers for new projects.
- Continue to optimise the oven temperature to improve specific fuel consumption.
- Continue to optimise the exhaust of driers and the addition of an energy-efficient blower.

##### (ii) The steps taken by the Company for utilising alternate sources of energy:

Continued initiatives for onsite rooftop solar installation and offsite solar power purchase through open access routes to increase our renewable energy share. Your

Company is adding a 700kWp capacity onsite solar plant to increase renewable energy share and a new solar plant is expected to be commissioned in financial year 2023-24 (Q3).

##### (iii) The capital investment on energy conservation equipment(s):

During the year under review, the Company focused on investments aiming at energy conservation projects and increasing the usage of renewable energy and optimisation of energy utilisation. During the year, the Company invested 278.8 lakhs on various energy conservation projects.

#### B. TECHNOLOGY ABSORPTION

##### (i) The efforts made towards technology absorption:

The Company's technical team has been 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 to adopt new technologies from the parent company for FY 22-23. New products and applications were developed to meet customer requirements based on insights gathered from the market, cost effective solutions were provided to our customers.

##### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution

New products have been introduced in all the four business segments. Several products launched were developed with technical knowledge and expertise of the India laboratory team, leveraging the global knowledge base. Several local and global patents were filed to protect your Company's intellectual property.

##### (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

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 non-wovens for consumer, industrial and safety needs. No technology was imported from other companies other than from the parent company.



**(iv) The expenditure incurred on Research and Development during FY 22-23:**

	(₹ in lakhs)
(a) Capital:	₹ 767.35
(b) Revenue:	₹ 3,922.86
Total:	₹ 4,690.21
(c) Total R&D expenditure as a percentage of total turnover:	1.26%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO DURING FY 22-23**

- (a) Foreign Exchange earned in terms of actual inflows: ₹ 7,450.72 lakhs  
(b) Foreign exchange outgo in term of actual outflows: ₹ 178,919.83 lakhs

**On behalf of the Board of Directors**

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru  
Date: May 30, 2023

**ANNEXURE 'I' TO THE REPORT OF THE BOARD OF DIRECTORS****Form No. MR-3****Secretarial Audit Report****For the financial year ended March 31, 2023**

(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 authorised 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 March 31, 2023 has 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 March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA,1956') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws 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 1992'):-
  - (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) 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 Securities and Exchange Board of India (Buy-back 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 there under;
- (vi) The other following laws as may be applicable specifically to the Company.
  - (a) Pharmacy Act, 1948
  - (b) Drugs and Cosmetics Act, 1940
  - (c) The Indian Copyright Act, 1957
  - (d) The Patents Act, 1970
  - (e) The Trade Marks Act, 1999
- (vii) The other general laws as may be applicable to the Company including the following:



## (1) Employer/Employee Related Laws &amp; Rules:

- The Factories Act, 1948
- The Employees State Insurance Act, 1948
- The Employees' Provident Funds and 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 &amp; 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 &amp; 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 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.

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.

**Parameshwar G Bhat**

Practising Company Secretary

Place: Bengaluru

FCS : 8860 CP:11004

Date: May 30, 2023

UDIN: F008860E000421107

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.

**Parameshwar G Bhat**

Place: Bengaluru

Practising Company Secretary

Date: May 30, 2023

FCS : 8860 CP:11004

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 'J' 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, modernisation 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;
- (o) Any other methods of delivering value to shareholders; and
- (p) Accumulated reserves and surplus.

**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 may utilise the retained earnings to further the business objectives and operations of the Company, to increase value for shareholders in the long run or may distribute amongst the shareholders by way of a dividend in line with this Policy.

**2.8.** The Board may declare interim or recommend final and/or special dividend as may be permitted under the Companies Act, 2013 or any amendment, modification, variation or re-enactment thereof.

**2.9.** The Company presently has only one class of shares, being equity shares of face value of ₹ 10 each.



**ANNEXURE 'K' 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, 2023 salient features of the Financial Statement of Subsidiaries/ Associate Companies/Joint Ventures**

**PART A: Subsidiaries**

								(₹ 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, 2023	₹	1	-	50.00	23,411.36	30,836.00	30,836.00

							(₹ in lakhs)
Investments	Turnover	Profit/(loss) before taxation	Provision for taxation	Profit/(loss) after taxation	Proposed dividend	% of share holding	Country
Nil	28,525.29	4,682.33	1,176.67	3,505.66	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**

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

Place: Bengaluru  
Date: May 30, 2023



# **Financial Statements**

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# Independent Auditor's 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 March 31, 2023, 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 March 31, 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Revenue Recognition

See Note 3(h) and 19 to standalone financial statements

#### The key audit matter

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.

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.

### 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 Matter

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.

#### How the matter was addressed in our audit

To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others:

- Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.
- Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis.
- Tested the design, implementation and operating effectiveness of the Company's general IT controls and key application controls over the Company's IT systems which govern revenue recognition in the general ledger accounting system.
- Performed substantive testing of selected samples of revenue transactions, recorded during the year by testing the underlying documents.



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**The key audit matter**

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**How the matter was addressed in our audit**

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- Analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.
  - Circularization of independent confirmation on a sample basis of customer balances at the balance sheet date.
  - Obtaining supporting documentation, on a sample basis for sales transactions recorded near to balance sheet date to determine whether revenue was recognised in the correct period.
  - Tested, on a sample basis, manual journal entries relating to revenues to identify and inquire on unusual items, if any.
- 

**Information Other than the 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 financial statements and auditor's report(s) 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.
- 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, except that the back-up of the books of account and other relevant books and papers in electronic mode has not been kept on servers physically located in India on a daily basis. However, the back-up is kept in a servers located outside India on a daily basis.
  - 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. The remarks relating to the maintenance of back up of books and accounts in servers physically located in India on a daily basis, therewith are as stated in the paragraph 2(A)(b) above.
  - g. 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 Auditors) 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 March 31, 2023 on its financial position in its standalone financial statements - Refer Note 15, 34 and 36 to the standalone financial statements.
- 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 the 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 person(s) or entity(ies), 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 by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 43 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), 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 by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act.
- As stated in Note 47 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 01, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- 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 **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No. :101248W/W-100022

**Vikash Gupta**  
Partner

Place: Bangalore

Membership No.: 064597

Date: May 30, 2023 ICAI UDIN:23064597BGYQQA5089

## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of 3M India Limited for the year ended March 31, 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of 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 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 advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has granted loans to other parties during the year in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured, to Companies, firms or limited liability partnership during the year.
- (a) A. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not granted any loans to its subsidiary
- B. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted interest free loans to other parties as below:
- | Particulars  | Amount<br>(₹ in lakhs) |
|--|------------------------|
| Aggregate amount during the year- Others             | 51.92                  |
| Balance outstanding as at balance sheet date- Others | 41.03                  |
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the interest free loans given are, prima facie, not prejudicial to the interest of the Company



- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of interest free loans given, in our opinion the repayment of principal has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party 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 is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdues of existing loans given to the same party
- (f) 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 either repayable on demand or without specifying any terms or period of repayment
- (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) 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 July 01, 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, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.
- 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 Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at March 31, 2023 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 of the Company, statutory dues relating to Income-Tax, Sales-tax, Service-tax, Duty of Customs, Duty of Excise, Value added tax and Goods and Service Tax which have not been deposited on account of any dispute are as follows:

Statute/ Nature of dues	Demand amount (₹ in lakhs)	Payment under protest	Net amount (₹ in lakhs)	Period to which it pertains	Forum where the dispute is pending
Income tax	28,289.87	5,777.18	22,512.69	2005-06, 2010-11 to 2018-19	Commissioner of Income Tax (Appeals)
	890.86	756.30	134.56	2006-08	High Court
	582.08	460.84	121.24	2008-10	Income Tax Apellate Tribunal
Sales tax / Value added tax/ Central Sales tax	9,546.73	2,062.21	7,484.52	2003-09 and 2010-18	Appellate Authority up to Commissioner's level
	1,381.85	613.40	768.45	2009-12	Sales Tax Apellate Tribunal

Statute/ Nature of dues	Demand amount (₹ in lakhs)	Payment under protest	Net amount (₹ in lakhs)	Period to which it pertains	Forum where the dispute is pending
Excise (including service tax)	1,008.60	32.23	976.38	2010-17, 2016-17 and 2018	Commissioner Appeals
	1,878.81	104.50	1,774.31	2007-18	Customs, Excise & Service Tax Appellate Tribunal
Custom Duty	1,961.51	-	1,961.51	2005-10	Customs, Excise & Service Tax Appellate Tribunal
	16,387.03	577.01	15,810.02	2011-14	Directorate of Revenue Intelligence
Goods and Services Tax	206.48	-	206.48	2017-21	Appellate Authority up to Commissioner's level

- (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 account, 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.
- (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).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (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, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the 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 the 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 our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the





## Annexure B to the Independent Auditor's Report on the Standalone Financial Statements of 3M India Limited for the year ended March 31, 2023

### 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 Act

(Referred to in paragraph 2(A)(g) 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 March 31, 2023 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 March 31, 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial

controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



# Standalone Balance Sheet

as at March 31, 2023

(₹ in lakhs)

	Note	As at March 31, 2023	As at March 31, 2022
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	29,295.63	26,502.51
(b) Capital work-in-progress	4	2,457.02	2,259.78
(c) Right - of - use assets	39	2,914.82	2,520.34
(d) Other intangible assets	5	31.06	56.17
(e) Financial assets			
(i) Investments	6	50,480.00	50,480.00
(ii) Loans	8	14.28	13.69
(iii) Other financial assets	9	552.18	687.65
(f) Deferred tax assets (net)	35	2,221.65	2,735.23
(g) Income tax assets (net)	35	13,021.31	13,021.35
(h) Other non-current assets	10	4,347.25	5,104.61
<b>Total non-current assets</b>		<b>105,335.20</b>	<b>103,381.33</b>
<b>(2) Current assets</b>			
(a) Inventories	11	56,760.33	45,347.77
(b) Financial assets			
(i) Trade receivables	7	59,510.20	48,857.75
(ii) Cash and cash equivalents	12(a)	63,198.06	1,20,653.96
(iii) Bank balances other than (ii) above	12(b)	245.33	-
(iv) Loans	8	35.97	29.07
(v) Other financial assets	9	837.71	2,593.09
(c) Other current assets	10	5,519.01	4,874.85
<b>Total current assets</b>		<b>186,106.61</b>	<b>222,356.49</b>
<b>Total assets</b>		<b>291,441.81</b>	<b>325,737.82</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	193,657.31	247,751.61
<b>Total equity</b>		<b>194,783.82</b>	<b>248,878.12</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	39	1,359.00	682.22
(b) Provisions	15	3,902.70	5,005.92
<b>Total non-current liabilities</b>		<b>5,261.70</b>	<b>5,688.14</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	39	1,314.00	1,761.80
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises; and	16	4,629.97	3,991.00
- Total outstanding dues of creditors other than micro and small enterprises	16	66,536.83	46,198.00
(iii) Other financial liabilities	17	6,193.94	6,142.69
(b) Other current liabilities	18	4,196.06	3,531.48
(c) Provisions	15	5,117.67	5,400.57
(d) Current tax liabilities (net)	35	3,407.82	4,146.02
<b>Total current liabilities</b>		<b>91,396.29</b>	<b>71,171.56</b>
<b>Total liabilities</b>		<b>96,657.99</b>	<b>76,859.70</b>
<b>Total equity and liabilities</b>		<b>291,441.81</b>	<b>325,737.82</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 No.: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**  
Partner  
Membership No.: 064597

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

**Pratap Rudra Bhuvanagiri**  
Company Secretary  
M. No. A22297

Place: Bengaluru  
Date: May 30, 2023

Place: Bengaluru  
Date: May 30, 2023



# Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in lakhs)

	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>I. Income</b>			
Revenue from operations	19	373,344.21	307,830.08
Other income	20	6,422.12	3,471.84
<b>Total income</b>		<b>379,766.33</b>	<b>311,301.92</b>
<b>II. Expenses</b>			
Cost of materials consumed	21	156,580.77	130,084.69
Purchases of stock-in-trade	22	81,310.30	62,193.44
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(3,914.37)	(853.23)
Employee benefits expense	24	36,553.40	34,940.51
Finance costs	25	709.96	363.56
Depreciation and amortisation expense	4, 5 and 39	5,611.72	5,327.62
Other expenses	26	46,834.94	43,275.73
<b>Total expenses</b>		<b>323,686.72</b>	<b>275,332.32</b>
<b>III. Profit before tax</b>		<b>56,079.61</b>	<b>35,969.60</b>
<b>IV. Tax expense :</b>			
(i) Current tax	35	13,966.57	9,563.45
(ii) Deferred tax credit	35	498.65	(211.36)
<b>Total tax expenses</b>		<b>14,465.22</b>	<b>9,352.09</b>
<b>V. Profit for the year</b>		<b>41,614.39</b>	<b>26,617.51</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	59.34	146.83
Income tax relating to items that will not be reclassified subsequently to profit or loss	35	(14.93)	(36.96)
<b>Other comprehensive income, net of tax</b>		<b>44.41</b>	<b>109.87</b>
<b>VII. Total comprehensive income for the year</b>		<b>41,658.80</b>	<b>26,727.38</b>
<b>VIII. Earnings per share (Nominal value of ₹10 each)</b>	27		
- Basic (in ₹)		369.41	236.28
- Diluted (in ₹)		369.41	236.28
Significant accounting policies	3		

See accompanying notes to the standalone financial statements

As per our report of even date attached  
for **BSR & Co. LLP**  
Chartered Accountants  
Firm registration No.: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**  
Partner  
Membership No.: 064597

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

**Pratap Rudra Bhuvanagiri**  
Company Secretary  
M. No. A22297

Place: Bengaluru  
Date: May 30, 2023

Place: Bengaluru  
Date: May 30, 2023

# Standalone Statement of changes in equity

for the year ended March 31, 2023

## A. Equity share capital

For the year ended March 31, 2023

(₹ in lakhs, except for number of shares)

Equity shares of ₹10 each issued, subscribed and fully paid up	Number of shares	Amount
<b>Balance as at April 01, 2022</b>	11,265,070	1,126.51
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
<b>Balance as at March 31, 2023</b>	<b>11,265,070</b>	<b>1,126.51</b>

For the year ended March 31, 2022

(₹ in lakhs, except for number of shares)

Equity shares of ₹10 each issued, subscribed and fully paid up	Number of shares	Amount
<b>Balance as at April 01, 2021</b>	11,265,070	1,126.51
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
<b>Balance as at March 31, 2022</b>	<b>11,265,070</b>	<b>1,126.51</b>

## B. Other equity

(₹ 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	Remeasurements of net defined benefits Liability/ (asset), net of tax		
<b>Balance as at April 01, 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 March 31, 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 March 31, 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>
<b>Balance as at April 01, 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>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
<b>Changes in equity for the year ended March 31, 2022</b>							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	44.41	44.41	44.41
Profit for the year	-	-	-	41,614.39	-	41,614.39	41,614.39
Dividends	-	-	-	(95,753.10)	-	(95,753.10)	(95,753.10)
<b>Balance as at March 31, 2023</b>	<b>1,126.51</b>	<b>949.90</b>	<b>32.25</b>	<b>193,493.35</b>	<b>(818.19)</b>	<b>193,657.31</b>	<b>194,783.82</b>

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 No.: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**  
Partner  
Membership No.: 064597

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

**Pratap Rudra Bhuvanagiri**  
Company Secretary  
M. No. A22297

Place: Bengaluru  
Date: May 30, 2023

Place: Bengaluru  
Date: May 30, 2023





# Standalone Statement of Cash Flow

for the year ended March 31, 2023

	(₹ in lakhs)
	Year ended March 31, 2023
	Year ended March 31, 2022
<b>Cash flow from operating activities</b>	
Profit before tax	35,969.60
<b>Adjustments for:</b>	
Depreciation and amortisation expense	5,327.62
Bad debts and allowance for doubtful trade receivables (net)	(350.05)
Liabilities no longer required written back (net)	(131.38)
Unrealised exchange loss/ (gain) on foreign currency transactions (net)	(33.88)
Net gain on disposal of property, plant and equipment	(159.63)
Interest income	(2,726.19)
Finance costs	363.56
	<b>58,021.42</b>
<b>Working capital adjustments:</b>	
Increase in trade payables	3,532.74
Increase / (decrease) in provisions	1,976.86
Increase in other financial liabilities and other liabilities	148.86
Increase in trade receivables	(2,457.94)
Increase in inventories	(2,320.72)
Decrease in loans, other bank balances, other financial assets, other current and non current assets	4,331.74
	<b>43,471.19</b>
<b>Cash generated from operations activities</b>	
Income tax paid, (net of refund)	(10,106.62)
<b>Net cash generated from operating activities (A)</b>	<b>33,364.57</b>
<b>Cash flow from investing activities</b>	
Acquisition of property, plant and equipment and intangible assets	(6,999.06)
Proceeds from sale of property, plant and equipment	204.75
Interest received	2,474.39
<b>Net cash used in from investing activities (B)</b>	<b>(4,319.92)</b>
<b>Cash flow from financing activities</b>	
Payment of lease liability (including interest thereon)	(2,106.08)
Dividends paid	-
<b>Net cash used in financing activities (C)</b>	<b>(2,106.08)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>26,938.57</b>

# Standalone Statement of Cash Flow

for the year ended March 31, 2023

(₹ in lakhs)

	Year ended March 31, 2023	Year ended March 31, 2022
Cash and cash equivalents at the beginning of the year	120,653.96	93,715.39
<b>Cash and cash equivalents at the end of the year</b>	<b>63,198.06</b>	<b>120,653.96</b>
<b>Cash and cash equivalents comprise of (refer note 12):</b>		
Cash on hand	-	0.02
Balances with banks :		
- in current accounts	2,798.06	11,653.94
- deposits accounts (original maturity of less than three months)	60,400.00	109,000.00
	<b>63,198.06</b>	<b>120,653.96</b>
<b>Debt reconciliation statement in accordance with Ind AS 7</b>		
<b>Reconciliation of lease liability (Non-current and Current) (Refer note 39)</b>		
Opening balance	2,444.02	2,287.52
Addition to lease liability (refer note 39)	2,496.60	2,062.11
Interest cost	177.03	200.47
Payment of lease liability (including interest thereon)	(2,444.64)	(2,106.08)
<b>Closing balance</b>	<b>2,673.00</b>	<b>2,444.02</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 No. : 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**  
Partner  
Membership No. : 064597

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

**Pratap Rudra Bhuvanagiri**  
Company Secretary  
M. No. A22297

Place: Bengaluru  
Date: May 30, 2023

Place: Bengaluru  
Date: May 30, 2023



# Notes to the Standalone Financial Statements

## 1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in four operating segments: Safety & Industrial, Transportation & Electronics, Health Care and Consumer. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's four business segments bring together common or related 3M technologies that enhance the development of innovative products and services and provide efficient sharing of business resources. The Company is a public limited Company domiciled in India with its registered office situated at Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560 100 and is listed on the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange Ltd (NSE).

## 2. Basis of preparation

### A. Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on May 30, 2023.

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 (₹), 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

These financial statements have been prepared under the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- Note 29 - share-based payment arrangements and
- Note 38 - financial instruments

### 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, lease classification and lease term.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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;
- 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.

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

# Notes to the Standalone Financial Statements

- 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

## F. Current/ Non-current classification

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in

its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

## 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



# Notes to the Standalone Financial Statements

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.

### **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**

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably

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



## Notes to the Standalone Financial Statements

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

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

#### i. 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.

#### 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. Others

Other intangible assets are stated at acquisition cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of profit and loss. The amortisation rates used are:

Asset	Useful life
Computer software	3 years

### (d) Investment in subsidiaries

Investment in equity shares in subsidiaries is carried at cost, less impairment, if any, in the financial statements.

### (e) Impairment

#### (i) Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition



# Notes to the Standalone Financial Statements

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.

## Write off:

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## (ii) Non-financial assets

### Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units (CGUs) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates

used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

## (f) Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. The costs of raw materials and traded goods are ascertained on First-In-First-Out basis, whereas manufactured work-in-progress and finished goods are ascertained on weighted average method.

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for inventory obsolescence is ascertained regularly based on estimated usage of the products.

## (g) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the balance sheet date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

# Notes to the Standalone Financial Statements

## (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. All the revenue is point in time.

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.

## (i) Employee benefits

### *Short-term employee benefits*

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

### *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 benefits 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



# Notes to the Standalone Financial Statements

/ gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

## *Termination benefits*

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

## **(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 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.

## Notes to the Standalone Financial Statements

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 April 01, 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 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.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Company presents right-of-use assets that do not meet the definition of investment property separately in the balance sheet and lease liabilities separately within 'Financial Liabilities'.

### **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**

Operating segments are reported in a manner consistent with the internal reporting provided





# Notes to the Standalone Financial Statements

to the Chief Operating Decision Maker (CODM). The Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. 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) Government grants**

The Company recognises an unconditional government grant related to PSI scheme in profit or loss as other income when the grant becomes receivable.

**(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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 01, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements:**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes:**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

## Notes to the Standalone Financial Statements

### 4 Property, plant and equipment and capital work-in-progress

#### Gross block

Particulars	(₹ in lakhs)									
	Freehold land*	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Vehicles	Leasehold improvements	Total	
Balance at April 01, 2021	227.95	15,482.01	24,966.03	1,828.24	826.66	57.01	2.87	41.51	43,432.28	
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 March 31, 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>	
Balance at April 01, 2022	227.95	15,902.77	30,683.82	1,836.14	811.15	57.01	2.87	41.51	49,563.21	
Additions	-	2,162.27	4,049.41	83.57	6.35	-	-	-	6,301.60	
Disposals	-	(0.19)	(634.29)	(3.97)	(2.24)	(0.95)	-	(0.04)	(641.68)	
<b>Balance at March 31, 2023</b>	<b>227.95</b>	<b>18,064.85</b>	<b>34,098.94</b>	<b>1,915.74</b>	<b>815.26</b>	<b>56.06</b>	<b>2.87</b>	<b>41.47</b>	<b>55,223.13</b>	
<b>Accumulated Depreciation</b>										
Balance at April 01, 2021	-	3,836.48	15,120.41	1,253.38	740.58	57.01	2.87	41.41	21,052.14	
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 March 31, 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>	
Balance at April 01, 2022	-	4,460.77	16,372.57	1,365.44	760.64	57.01	2.87	41.41	23,060.71	
Depreciation for the year	-	701.63	2,583.52	172.18	27.16	-	-	-	3,484.49	
Disposals	-	(0.06)	(610.44)	(3.97)	(2.24)	(0.95)	-	(0.04)	(617.70)	
<b>Balance at March 31, 2023</b>	<b>-</b>	<b>5,162.34</b>	<b>18,345.65</b>	<b>1,533.65</b>	<b>785.56</b>	<b>56.06</b>	<b>2.87</b>	<b>41.37</b>	<b>25,927.50</b>	
<b>Carrying value (net)</b>										
As at March 31, 2022	227.95	11,442.01	14,311.25	470.70	50.51	-	-	0.10	26,502.51	
As at March 31, 2023	227.95	12,902.51	15,753.29	382.09	29.70	-	-	0.10	29,295.63	

\*Title deeds of the freehold land is in the name of the Company. There has been no revaluation of property, plant and equipment done during the year.



## Notes to the Standalone Financial Statements

### 4 Property, plant and equipment and capital work-in-progress (continued)

Capital work-in-progress	(₹ in lakhs)
Balance at April 01, 2021	2,349.66
Additions during the year	7,476.58
Capitalised during the year	7,566.46
<b>Balance at March 31, 2022</b>	<b>2,259.78</b>
Balance at April 01, 2022	2,349.66
Additions during the year	6,498.84
Capitalised during the year	6,301.60
<b>Balance at March 31, 2023</b>	<b>2,457.02</b>

### Capital work-in-progress aging schedule

March 31, 2023	Amount in capital work-in-progress for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	2,390.87	66.15	-	2,457.02
Projects temporarily suspended	-	-	-	-
	<b>2,390.87</b>	<b>66.15</b>	<b>-</b>	<b>2,457.02</b>

March 31, 2022	Amount in capital work-in-progress for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
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>2,259.78</b>

### Capital work in progress whose completion is overdue:

March 31, 2023	To be completed in			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-

March 31, 2022	To be completed in			Total
	Less than 1 year	1-2 years	2-3 years	
Fire Suppression System	43.59	-	-	43.59
	<b>43.59</b>	<b>-</b>	<b>-</b>	<b>43.59</b>

# Notes to the Standalone Financial Statements

## 5 Other intangible assets

	(₹ in lakhs)
<b>Particulars</b>	<b>Computer Software</b>
Balance at April 01, 2021	212.35
Additions	46.50
Disposals	(14.98)
<b>Balance at March 31, 2022</b>	<b>243.87</b>
Balance at April 01, 2022	243.87
Additions	-
Disposals	(28.69)
<b>Balance at March 31, 2023</b>	<b>215.18</b>
Accumulated depreciation as on April 01, 2021	178.23
Amortisation for the year	24.45
Disposals	(14.98)
<b>Balance at March 31, 2022</b>	<b>187.70</b>
Accumulated depreciation as on April 01, 2022	187.70
Amortisation for the year	25.11
Disposals	(28.69)
<b>Balance at March 31, 2023</b>	<b>184.12</b>
<b>Carrying value (net)</b>	
<b>As at March 31, 2022</b>	<b>56.17</b>
<b>As at March 31, 2023</b>	<b>31.06</b>

## 6 Investments

	(₹ in lakhs)	(₹ in lakhs)
	As at March 31, 2023	As at March 31, 2022
<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 ₹10/- each fully paid up]	50,480.00	50,480.00
	<b>50,480.00</b>	<b>50,480.00</b>
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	<b>50,480.00</b>	<b>50,480.00</b>

Refer note 40 for disclosures with respect to section 186(4) of Companies Act, 2013.

## 7 Trade receivables

	(₹ in lakhs)	(₹ in lakhs)
	As at March 31, 2023	As at March 31, 2022
<b>Billed - considered good</b>		
Trade receivables - secured*	523.85	716.93
Trade receivables - unsecured	58,302.55	48,475.36
Less: Loss allowance	(416.23)	(334.54)
	<b>58,410.17</b>	<b>48,857.75</b>
Credit impaired	3,566.22	3,595.63
Less: Loss allowance	(3,566.22)	(3,595.63)
	-	-
	<b>58,410.17</b>	<b>48,857.75</b>



# Notes to the Standalone Financial Statements

	(₹ in lakhs)
	As at March 31, 2023
	As at March 31, 2022
<b>Unbilled - considered good</b>	
Trade receivables - unsecured	1,100.03
	<b>1,100.03</b>
	<b>59,510.20</b>
	<b>48,857.75</b>

Of the above, trade receivables from related parties are as below (also refer note 31):

Total trade receivables from related parties	2,170.90	315.57
Loss allowance	-	-
<b>Net trade receivables</b>	<b>2,170.90</b>	<b>315.57</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

As at March 31, 2023	Unbilled	Current 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	1,100.03	55,498.75	3,070.68	242.76		14.20
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-	
Undisputed Trade receivable - credit impaired	-	-	-	186.22	109.50	58.50	858.88	-	1,213.10
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-	
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-	
Disputed Trade receivables - credit impaired	-	-	-	-	-	945.05	1,408.08	-	2,353.13
<b>Total</b>	<b>1,100.03</b>	<b>55,498.75</b>	<b>3,070.68</b>	<b>428.98</b>	<b>123.70</b>	<b>1,003.55</b>	<b>2,266.96</b>	<b>63,492.65</b>	

As at March 31, 2022	Unbilled	Current 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		
			Undisputed Trade Receivables - considered good	-	48,306.10	822.76	63.43		-
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	-	1,333.16
<b>Total</b>	<b>-</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>	



# Notes to the Standalone Financial Statements

## 8 Loans

	As at March 31, 2023	As at March 31, 2022
	(₹ in lakhs)	
<b>Non current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	14.28	13.69
	<b>14.28</b>	<b>13.69</b>
<b>Current</b>		
Loans to employees - unsecured	35.97	29.07
	<b>35.97</b>	<b>29.07</b>
	<b>50.25</b>	<b>42.76</b>

## 9 Other financial assets

	As at March 31, 2023	As at March 31, 2022
	(₹ in lakhs)	
<b>Non current</b>		
<b>Unsecured, considered good</b>		
Security deposits	552.18	687.65
	<b>552.18</b>	<b>687.65</b>
<b>Unsecured, considered doubtful</b>		
Security deposits	41.24	41.24
Less : Provision for impairment	(41.24)	(41.24)
	-	-
	<b>552.18</b>	<b>687.65</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Interest accrued but not due	404.72	424.63
Security deposits	416.31	353.01
Receivables from related parties (refer note 31)	-	1,794.77
Others receivables	16.68	20.68
	<b>837.71</b>	<b>2,593.09</b>
<b>Unsecured, considered doubtful</b>		
Receivables from related parties (refer note 31)	-	135.21
Less : Provision for impairment	-	(135.21)
	-	-
	<b>837.71</b>	<b>2,593.09</b>
	<b>1,389.89</b>	<b>3,280.74</b>

## 10 Other assets

	As at March 31, 2023	As at March 31, 2022
	(₹ in lakhs)	
<b>Non current</b>		
Capital advances	201.99	799.01
Prepayments	-	28.88
Payments under protest*		
Unsecured, considered good	4,145.26	4,276.72



# Notes to the Standalone Financial Statements

	As at March 31, 2023	As at March 31, 2022
		(₹ in lakhs)
Unsecured, considered doubtful	178.93	178.93
Less: Allowance for doubtful advances	(178.93)	(178.93)
	<b>4,145.26</b>	<b>4,276.72</b>
	<b>4,347.25</b>	<b>5,104.61</b>
<b>Current</b>		
Prepayments	446.93	507.28
Advance for supply of goods	1,381.07	892.01
Balances with government authorities		
Unsecured, considered good	3,691.01	3,475.56
Unsecured, considered doubtful	540.90	540.90
Less : Allowance for doubtful receivables	(540.90)	(540.90)
	<b>3,691.01</b>	<b>3,475.56</b>
	<b>5,519.01</b>	<b>4,874.85</b>
	<b>9,866.26</b>	<b>9,979.46</b>

\*These payments represents deposits given to government authorities against the ongoing litigations.

## 11 Inventories\*

	As at March 31, 2023	As at March 31, 2022
		(₹ in lakhs)
Raw materials	26,826.90	19,363.07
[Including in - transit ₹9,846.22 lakhs (2022: ₹9,023.85 lakhs)]		
Packing materials	825.90	791.54
Work-in-progress	2,063.83	1,629.64
Finished goods	8,033.24	7,159.42
Stock-in-trade	19,010.46	16,404.10
[Including in - transit ₹6,228.68 lakhs (2022: ₹5,794.42 lakhs)]		
	<b>56,760.33</b>	<b>45,347.77</b>

\* 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 ₹ 612.21 lakhs (March 31, 2022 : ₹ 364.24 lakhs). The provision estimated by the management for obsolete stock during the year amounted to ₹ 1,234.69 lakhs (March 31, 2022 : ₹ 1,895.02 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(a) Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
		(₹ in lakhs)
Cash on hand	-	0.02
<b>Balances with banks</b>		
- In current accounts	2,798.06	11,653.94
- Deposit accounts (original maturity of less than three months)	60,400.00	1,09,000.00
	<b>63,198.06</b>	<b>1,20,653.96</b>

# Notes to the Standalone Financial Statements

## 12(b) Other bank balances

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Earmarked accounts</b>		
- Unclaimed dividend	245.33	-
	<b>245.33</b>	<b>-</b>

## 13 Equity share capital

	(₹ in lakhs except for number of shares)	
	As at March 31, 2023	As at March 31, 2022
<b>Authorised :</b>		
Equity shares	1,126.51	1,126.51
[11,265,070 equity shares of ₹10/- each (March 31, 2022 : 11,265,070 equity shares of ₹ 10/- each)]		
	<b>1,126.51</b>	<b>1,126.51</b>
<b>Issued, subscribed and paid up</b>		
Equity shares fully paid up	1,126.51	1,126.51
[11,265,070 equity shares of ₹10/- each (March 31, 2022 : 11,265,070 equity shares of ₹10/- each)]		
	<b>1,126.51</b>	<b>1,126.51</b>

### (a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2023		As at March 31, 2022	
	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	<b>11,265,070</b>	<b>1,126.51</b>	<b>11,265,070</b>	<b>1,126.51</b>

### (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 ₹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 March 31, 2023		As at March 31, 2022	
	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 March 31, 2023		As at March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding company)	8,448,802	75%	8,448,802	75%



# Notes to the Standalone Financial Statements

(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 March 31, 2023		
	No of Shares	% total of shares	% Change during the year
3M Company, USA (Holding company)	8,448,802	75%	-

Promoter Name	As at March 31, 2022		
	No of Shares	% total of shares	% Change during the year
3M Company, USA (Holding company)	8,448,802	75%	-

## 14 Other equity

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
(i) Securities premium	949.90	949.90
(ii) General reserve	32.25	32.25
(iii) Remeasurement of defined benefit plans, net of tax effect	(818.19)	(862.60)
(iv) Retained earnings	193,493.35	247,632.06
	<b>193,657.31</b>	<b>247,751.61</b>

For movement of above reserves, refer statement of changes in equity.

### Nature and purpose of other equity

**(i) Securities premium:**

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 Companies Act, 2013.

**(ii) General reserve:**

General reserve comprises of the reserve generally available to the shareholders of the Company

**(iii) Remeasurement of defined benefit plans, net of tax effect:**

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.

### Dividends

The following interim dividends were declared and paid by the Company during the year:

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
₹850.00 per equity share (March 31, 2022: ₹ Nil)	95,753.10	-
	<b>95,753.10</b>	<b>-</b>

(Also refer note 47)

# Notes to the Standalone Financial Statements

## 15 Provisions

(₹ in lakhs)

	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 30)	-	2,323.52	-	3,752.78
Compensated absences	162.98	1,488.59	147.36	1,162.56
Others (refer note 36)				
Provision for asset retirement obligation	-	90.59	-	90.58
Sales tax, service tax and other litigations	1,962.99	-	2,081.29	-
Provision for sales return and volume rebate	2,991.70	-	3,171.92	-
	<b>5,117.67</b>	<b>3,902.70</b>	<b>5,400.57</b>	<b>5,005.92</b>

## 16 Trade payables

(₹ in lakhs)

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro and small enterprises (Refer note (a) below)	4,629.97	3,991.00
Total outstanding dues of creditors other than micro and small enterprises*	66,536.83	46,198.00
	<b>71,166.80</b>	<b>50,189.00</b>

### Note (a)

1. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal	4,629.97	3,991.00
- Interest	2.33	0.78
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	20.23	22.05
- Principal	54,744.14	44,663.27
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	2.33	0.78
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

Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 38.





# Notes to the Standalone Financial Statements

## Trade payables Ageing Schedule

March 31, 2023

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	4,629.97	-	-	-	4,629.97
(ii) Others	66,323.55	206.13	5.12	2.03	66,536.83
(iii) Disputed dues – Micro and small enterprises	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>70,953.52</b>	<b>206.13</b>	<b>5.12</b>	<b>2.03</b>	<b>71,166.80</b>

March 31, 2022

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>

## 17 Other financial liabilities

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Deposits from customers	726.80	1,033.58
Creditors for capital goods	198.66	306.30
Employee benefit obligation	4,076.24	3,843.12
Unpaid dividends	245.33	-
Other payables	946.91	959.69
	<b>6,193.94</b>	<b>6,142.69</b>

The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 38.

## 18 Other current liabilities

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Advance from customers	427.59	333.74
Statutory liabilities	3,768.47	3,197.74
	<b>4,196.06</b>	<b>3,531.48</b>

# Notes to the Standalone Financial Statements

## 19 Revenue from operations

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products		
Finished goods	223,158.90	185,951.03
Traded goods	145,515.97	115,428.27
Sale of services*	4,460.91	6,260.50
Other operating revenue		
Scrap sales	208.43	190.28
	<b>373,344.21</b>	<b>307,830.08</b>

\* Sale of services includes income from contract research ₹1,457.76 lakhs (March 31, 2022 : ₹1,610.75 lakhs) and management support service fee of ₹3,003.15 lakhs (March 31, 2022 : ₹4,649.75 lakhs). Also refer note 28 and 31.

Disaggregation of revenue from operations:

	(₹ in lakhs)	
Business Segments	Year ended March 31, 2023	Year ended March 31, 2022
Safety and Industrial	123,171.72	105,118.82
Transportation and Electronics	155,128.67	115,947.10
Health Care	51,681.49	45,280.51
Consumer	40,967.55	38,748.57
Others	2,394.78	2,735.08
<b>Total</b>	<b>373,344.21</b>	<b>307,830.08</b>

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

	(₹ in lakhs)	
Contracted Price	383,006.21	316,797.97
Less: Reduction towards sales return and variable consideration components	(9,662.00)	(8,967.89)
<b>Revenue recognised</b>	<b>373,344.21</b>	<b>307,830.08</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 March 31, 2023 and March 31, 2022.

## 20 Other income

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest income from financial assets carried at amortised cost	3,962.68	2,726.19
Liabilities no longer required written back (net)	671.32	131.38
Bad debts and allowance for doubtful trade receivables (net)	-	350.05
Gain on disposal of property, plant and equipment (net)	34.56	159.63
Government grant	880.08	-
Proceeds from sale of Food Safety Division	710.00	-
Miscellaneous income	163.48	104.59
	<b>6,422.12</b>	<b>3,471.84</b>



# Notes to the Standalone Financial Statements

## 21 Cost of materials consumed

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Inventory of materials at the beginning of the year (refer note 11)	20,154.61	18,687.11
Add: Purchases (also refer note 31)	164,078.96	131,552.19
Less: Inventory of materials at the end of the year (refer note 11)	(27,652.80)	(20,154.61)
	<b>156,580.77</b>	<b>130,084.69</b>

## 22 Purchases of stock-in-trade

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Abrasive	14,820.18	12,366.00
Fusion bonded epoxy coating	5,645.50	2,398.00
Medical surgical and dental products	18,790.27	12,830.00
Self adhesive films	21,041.65	14,386.00
Others	21,012.69	20,213.44
	<b>81,310.30</b>	<b>62,193.44</b>

Also refer note 31.

## 23 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Opening 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>
Closing inventory		
- Finished goods	8,033.24	7,159.42
- Stock-in-trade	19,010.46	16,404.10
- Work-in-progress	2,063.83	1,629.64
	<b>29,107.53</b>	<b>25,193.16</b>
<b>Decrease / (increase) in inventory</b>	<b>(3,914.37)</b>	<b>(853.22)</b>

## 24 Employee benefits expense

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	31,603.28	31,129.86
Contribution to provident and other funds (refer note 30)	2,180.02	2,068.73
Share based payment expenses, cash settled (refer note 29)	703.87	(129.42)
Staff welfare expenses	2,066.23	1,871.34
	<b>36,553.40</b>	<b>34,940.51</b>

# Notes to the Standalone Financial Statements

## 25 Finance costs

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on lease liabilities	177.03	200.47
Interest on income tax matters	508.57	143.30
Others	24.36	19.79
	<b>709.96</b>	<b>363.56</b>

## 26 Other expenses

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores and spares	745.68	775.98
Power and fuel	1,999.28	1,355.91
Water charges	40.30	43.65
Rent (refer note 39)	150.63	279.44
Repairs and maintenance		
- Plant and machinery	880.78	855.23
- Building	137.14	166.41
- Others	173.51	236.98
Insurance	246.16	289.92
Rates and taxes	479.74	1,705.37
Communication expenses	217.67	197.18
Travel and conveyance	1,603.72	675.88
Legal and professional charges (refer note (a) below)	1,918.57	1,726.07
Selling, distribution and advertisement expenses	5,259.89	5,172.03
Commission	534.06	382.14
Freight outward	7,336.97	6,472.55
Royalty (refer note 28 (a) and 31)	5,744.66	4,448.16
Corporate management fees (refer note 28 (b)(i) and 31)	11,771.22	11,904.41
Directors' commission and sitting fees	83.60	83.60
Provision for doubtful debts (net)	166.36	-
Provision for doubtful advances (net)	-	135.21
Exchange loss on foreign currency transactions (net)	1,843.00	1,218.20
Expenditure towards corporate social responsibility activities (refer note 33)	588.91	683.62
Miscellaneous expenses	4,913.09	4,467.79
	<b>46,834.94</b>	<b>43,275.73</b>

### (a) Payment to auditors #

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
As auditors:		
Audit and limited review fee	115.00	108.00
Tax audit fee	9.00	9.00
Certification	1.25	1.25
Reimbursement of out-of-pocket expenses	8.58	5.91
<b>Total</b>	<b>133.83</b>	<b>124.16</b>

# Excluding goods and service tax.



# Notes to the Standalone Financial Statements

## 27 Earnings per share

	(₹ in lakhs except for number of shares)	
	Year ended March 31, 2023	Year ended March 31, 2022
Net profit attributable to equity shareholders	41,614.39	26,617.51
Weighted average number of equity shares outstanding during the year	11,265,070	11,265,070
Nominal value of equity shares (₹)	10	10
Basic earnings per share (₹)	369.41	236.28
Diluted earnings per share (₹)	369.41	236.28

## 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 July 01, 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 01, 2006 to June 30, 2009. These payments have been reinstated with effect from July 01, 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective July 01, 2013. Accordingly, the Company has incurred an expenditure of ₹5,744.66 lakhs for the year ended March 31, 2023 (March 31, 2022: ₹4,448.16 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 April 01, 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 April 01, 2009, 3M Asia Pacific Pte Limited dated January 1, 2003 and 3M Hong Kong Ltd with effect from January 1, 2011.

The Company has incurred the following expenditure:

	(₹ in lakhs except for number of shares)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Corporate management fee	11,771.22	11,904.41
- Foreign services employees expense are included in employee costs amounting to	(79.91)	154.85

The Company has accrued an amount of ₹3,022.15 lakhs (March 31, 2022 : ₹2,301.53 lakhs) in respect of estimated liability for the above services during period January 1, 2023 to March 31, 2023, the actual liability would be ascertained by December 2023. The balance is included in Trade payables, refer note 16.

(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 ₹600.45 lakhs (March 31, 2022 : ₹375.98 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 ₹3,003.15 lakhs (March 31, 2022 : ₹4,649.75 lakhs).

c) **Contract research agreement** – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective July 01, 2006 for carrying out contract research activities. During the year, Company has recognized an income of ₹1,457.76 lakhs (March 31, 2022 : ₹1,610.75 lakhs).



# Notes to the Standalone Financial Statements

## 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 ₹415.81 lakhs (2022: ₹409.89 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of ₹27.51 lakhs (2022: ₹38.55 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 i.e., stock appreciation rights (SARs) and restricted stock units (RSUs). The eligible employees are granted stock options i.e., stock appreciation rights (SARs) and 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 ₹1,314.36 lakhs (2022: ₹1,307.91 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 March 31, 2023.

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 March 31, 2023	As at March 31, 2022
	(₹ in lakhs)	
Fair value (in \$)	17.42	20.52
Share price (in \$)	105.11	148.88
Expected volatility (%)	22.79%	21.84%
Expected life (years)	6.98 years	6.92 years
Expected dividends (%)	3.30%	2.94%
Risk free interest rate (%)	3.74%	1.92%

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behaviour of the employee who receives the SAR. Expected volatility during the expected term is based on historical volatility of the observed market prices of the 3M Company USA's publicly traded equity shares particularly over the historical period commensurate with the expected term.



## Notes to the Standalone Financial Statements

### C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended March 31, 2022 is set out below:

	As at March 31, 2023		As at March 31, 2022	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
<b>Stock appreciation right</b>				
Outstanding at the beginning	64,127	-	65,762	-
Granted	17,889	-	3,962	-
Forfeited and expired	506	-	4,117	-
Exercised	4,375	-	1,480	-
Outstanding at the end	<b>77,135</b>	-	<b>64,127</b>	-
<b>Exercisable at the end</b>	<b>54,621</b>	-	<b>56,906</b>	-
<b>Restricted stock unit</b>				
Outstanding at the beginning	10,648	-	7,331	-
Granted	10,177	-	5,447	-
Forfeited and expired	654	-	371	-
Exercised	2,336	-	1,759	-
Outstanding at the end	<b>17,835</b>	-	<b>10,648</b>	-
<b>Exercisable at the end</b>	<b>12,592</b>	-	<b>6,703</b>	-

### D. Expense recognised in Statement of profit and loss

An amount of ₹703.87 lakhs has been debited (March 31, 2022: ₹129.42 lakhs has been credited) 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 126.25 and USD 117.89 respectively (March 31, 2022: USD 165.13 and USD 160.73 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:

Benefits (contribution to)	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund	1,331.40	1,266.47
Superannuation fund	127.16	115.58
Employee State Insurance Corporation	0.38	0.56
	<b>1,458.94</b>	<b>1,382.61</b>

## Notes to the Standalone Financial Statements

### (b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company contributes all ascertained liabilities towards gratuity to the 3M India Ltd Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2023 and March 31, 2022, the plan assets have been primarily invested in insurer managed funds.

(₹ in lakhs)		
<b>A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Obligation at the beginning of the year	5,602.25	5,113.46
Current service cost	479.47	467.61
Interest cost	382.77	341.74
Actuarial loss / (gains) - experience	117.53	31.51
Actuarial loss / (gains) - financial assumptions	(243.33)	(176.41)
Benefits paid	(422.21)	(175.66)
<b>Obligation at the end of the year</b>	<b>5,916.48</b>	<b>5,602.25</b>
(₹ in lakhs)		
<b>B. Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Plan assets at the beginning of the year	1,849.47	1,899.98
Interest income on plan assets	141.16	123.23
Contribution by the Company	2,091.00	-
Remeasurements- Return on plan assets excluding amounts included in interest income	(66.46)	1.93
Benefits paid	(422.21)	(175.66)
<b>Plan assets at the end of the year</b>	<b>3,592.96</b>	<b>1,849.47</b>
(₹ in lakhs)		
<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 March 31, 2023</b>	<b>As at March 31, 2022</b>
Present value of obligation at the end of the year	5,916.48	5,602.25
Fair value of plan assets at the end of the year	(3,592.96)	(1,849.47)
<b>Net defined benefit obligation</b>	<b>2,323.52</b>	<b>3,752.78</b>
(₹ in lakhs)		
<b>D. Expenses recognized in the Statement of profit and loss</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Current service cost	479.47	467.61
Interest cost	382.77	341.74
Interest income on plan assets	(141.16)	(123.23)
	<b>721.08</b>	<b>686.12</b>
(₹ in lakhs)		
<b>E. Remeasurements recognized in Other comprehensive income</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Actuarial losses on defined benefit obligation	(125.80)	(144.90)
Actuarial losses / (gains) on plan assets	66.46	(1.93)
	<b>(59.34)</b>	<b>(146.83)</b>



## Notes to the Standalone Financial Statements

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>F. Investment details of plan assets</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)	0.00%	0.98%
Fund balance with Insurance companies	100.00%	99.02%
	<b>100.00%</b>	<b>100.00%</b>
		(₹ in lakhs)
<b>G. Assumptions</b>	As at March 31, 2023	As at March 31, 2022
Discount rate (per annum)	7.20%	7.10%
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% Production - 0%	Staff - 1% Production - 0%
55-60 years		
		(₹ in lakhs)
<b>H. Sensitivity analysis</b>	As at March 31, 2023	As at March 31, 2022
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
<b>A. Discount rate</b>		
Effect on defined benefit obligation due to 1% increase in discount rate	(531.03)	(529.82)
Effect on defined benefit obligation due to 1% decrease in discount rate	434.35	623.83
<b>B. Salary escalation rate</b>		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate on production and other	434.35	616.18
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate on production and other	(537.65)	(534.02)

## Notes to the Standalone Financial Statements

	(₹ in lakhs)
<b>I. Maturity profile of defined benefit obligation</b>	
1. March 31, 2024	329.54
2. March 31, 2025	399.53
3. March 31, 2026	442.04
4. March 31, 2027	532.99
5. March 31, 2028	817.76
6. March 31, 2029 to March 31, 2033	3,440.86

### 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 ₹ Nil (March 31, 2023: ₹ Nil) is expected to be paid to the plans during the year ending March 31, 2024.

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.
3M Korea Limited	3M UK Holdings Limited	
3M Korea Health & Safety Ltd	3M Wendt GmbH	
3M Korea Hightech Limited	3M Winterthur Technologies AG	
3M United Kingdom PLC	KCI Medical India Private Limited	





## Notes to the Standalone Financial Statements

	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	3M Chile S. A.
	3M Material Tech Co. Ltd, China	3M Film Construction (Shanghai) Co. Ltd.
	3M Japan Products Limited	3M United Kingdom PLC
	3M Turkey	
iv) <b>Post employment-benefit plan entities</b>	3M India Ltd Employees Gratuity Fund Trust	
	3M India Ltd Employees Superannuation Fund Trust	
v) <b>Key management personnel</b>	<b>Executive Directors</b>	
	Ramesh Ramadurai (Managing Director)	
	Mamta Gore (Chief Financial Officer upto May 31, 2021) (Whole-time Director effective September 01, 2020 upto May 31, 2021) (Director effective June 01, 2021 upto May 27, 2022)	
	Vidya Sarathy (Chief Financial Officer effective June 01, 2021) (Whole-time Director effective June 01, 2022)	
	<b>Non-executive Directors</b>	
	Amit Laroya	
	Bharat D. Shah	
	Biren Gabhawala	
	Radhika Rajan	
	James Ernest Falteisek	
	Jongho Lee (Resigned effective February 03, 2022)	
	Yun Jin (effective from February 04, 2022)	
	<b>Others</b>	
	V. Srinivasan (Company Secretary) (Resigned effective May 10, 2022)	
	Pratap Rudra Bhuvanagiri (Company Secretary) (effective August 17, 2022)	

# Notes to the Standalone Financial Statements

The details of the amounts due to or due from related parties are as follows:

Name of related party	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
3M Company, USA	21,228.60	13,789.23
3M APAC RDC Pte Limited	1,203.23	379.99
3M Australia Pty. Limited	13.08	-
3M Canada Company	37.68	205.54
3M China Limited	425.03	555.23
3M Do Brasil Limitada	160.29	21.87
3M Electro & Communication India Private Limited	40.18	246.59
3M EMEA, GmbH	2,483.99	2,720.67
3M Hong Kong Limited	13.85	15.93
3M Innovation Singapore Pte Limited	18,895.66	4,827.53
3M International Trading (Shanghai) Co., Ltd.	-	8.34
3M Korea Limited	1,035.76	737.89
3M Technologies (S) Pte Ltd	-	21.07
3M Innovation (Thailand) Co. Ltd.	10.63	32.41
P. T. 3M Indonesia	17.96	221.73
3M Malaysia Sdn. Bhn.	-	0.77
3M Panama Pacifico S Der L.	39.11	56.59
3M Philippines, Inc.	-	18.11
3M Singapore Pte. Ltd.	-	303.61
3M Speciality Materials (Shanghai) Co. Ltd.	1,317.07	773.49
3M Taiwan Limited	59.24	181.50
3M Thailand Limited	168.81	17.75
3M Medical Devices & Mtl Mfg (Sh) Co. Ltd	11.96	0.09
Dyneon B. V.	-	21.83
3M Material Tech Hefei Co Ltd	820.02	1,037.37
Winterthur Tech Taican Co Ltd	189.87	91.03
Emfi S. A	531.95	277.97
3M Wendt GmbH	2.85	0.71
KCI Medical India Private Limited	34.34	-
3M Health Care Ltd, Japan	257.78	809.17
	<b>49,105.93</b>	<b>27,374.02</b>
<b>Trade receivables</b>		
3M Company, USA	482.68	138.04
3M Electro & Communication India Private Limited	377.39	11.98
3M Hong Kong Limited	6.13	28.73
3M Malaysia Sdn. Bhn.	18.47	-
3M Sanayi As Ticaret	-	24.29
3M Thailand Limited	2.79	3.08
3M Vietnam Limited	254.75	73.30
P.T. 3M Indonesia	0.21	14.66
3M Technologies (S) Pte Ltd	20.90	18.97
3M Lanka Private Limited	10.89	-
Trimodal Softech Solutions Private Limited	26.93	-
3M Global Service Management Company	771.29	-
3M Innovation Singapore Pte Limited	95.99	-



## Notes to the Standalone Financial Statements

Name of related party	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
3M Material Tech Co. Ltd, China	2.12	-
KCI Medical India Private Limited	44.00	-
3M South Asia Manufacturing Company Private Limited	22.12	-
Sumitomo 3M Limited	-	2.52
3M Material Tech(Guangzhou) Co., Limited	34.24	-
	<b>2,170.90</b>	<b>315.57</b>
<b>Other financial assets</b>		
3M Company, USA	-	353.85
3M China Limited	-	58.25
3M Electro & Communication India Private Limited	-	81.82
3M Philippines, Inc.	-	138.08
3M Thailand Limited	-	42.60
3M Lanka Private Limited	-	10.01
Trimodal Softech Solutions Private Limited	-	13.86
3M Global Service Management Company	-	1,153.76
3M International Trading (Shanghai) Co., Ltd.	-	57.65
3M South Asia Manufacturing Company Private Limited	-	20.11
	-	<b>1,929.98</b>

### Details of the related party transactions entered into by the company are as follows:

Name of related party	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
<b>Remuneration paid to Key management personnel<sup>#</sup></b>		
Ramesh Ramadurai	360.65	377.05
Mamta Gore	-	92.87
Vidya Sarathy	129.22	108.38
V. Srinivasan	9.01	60.11
Pratap Rudra Bhuvanagiri	35.23	-
	<b>534.11</b>	<b>638.41</b>

<sup>#</sup>Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

Name of related party	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
<b>Sitting fees and commission paid to Key management personnel</b>		
Bharat D. Shah	29.60	29.60
Biren Gabhawala	28.20	28.20
Radhika Rajan	25.80	25.80
	<b>83.60</b>	<b>83.60</b>
<b>Sales of products (net of returns)</b>		
3M Company, USA	125.05	129.59
3M Gulf Limited	-	3.63
3M Thailand Limited	106.53	1,027.33
3M Malaysia Sdn. Bhn.	47.88	131.83
3M Korea Limited	57.93	60.88
P. T. 3M Indonesia	167.66	95.49

## Notes to the Standalone Financial Statements

	(₹ in lakhs)	
Name of related party	March 31, 2023	March 31, 2022
3M EMEA, GmbH	193.31	10.47
3M China Limited	0.45	45.95
3M Innovation (Thailand) Co. Ltd.	-	281.74
3M Electro & Communication India Private Limited	5,932.73	3.52
3M Hong kong Limited	17.31	54.59
3M Technologies (S) Pte Ltd	18.65	80.03
3M Philippines, Inc.	-	0.29
3M Russia	-	0.05
3M Australia Pty. Limited	6.81	86.80
3M Vietnam Limited	473.05	300.98
3M Sanay AS Ticaret	-	24.29
Sumitomo 3M Limited	5.05	27.36
3M Saudi Arabia	963.88	-
3M Asia Pacific Pte. Ltd	-	24.35
3M Chile S.A.	3.88	-
3M New Zealand	1.38	-
	<b>8,121.54</b>	<b>2,389.17</b>
<b>Contributions during the year</b>		
3M India Ltd Employees Gratuity Fund Trust	2,091.00	-
3M India Ltd Employees Superannuation Fund Trust	127.16	115.58
	<b>2,218.16</b>	<b>115.58</b>
<b>Income from contract research</b>		
3M Company, USA	1,457.76	1,610.75
	<b>1,457.76</b>	<b>1,610.75</b>
<b>Income from management support services</b>		
3M Global Service Management Company Fellow subsidiary	2,812.75	4,496.91
3M South Asia Manufacturing Company Private Limited	69.35	12.81
3M Lanka Private Limited	-	9.88
KCI Medical India Private Limited	70.91	81.59
Trimodal Softech Solutions Private Limited	50.14	48.55
	<b>3,003.15</b>	<b>4,649.75</b>
<b>Reimbursement of expenses received</b>		
3M Korea Limited	-	280.87
3M Singapore Pte. Ltd.	360.87	-
3M Innovation Singapore Pte Ltd	239.58	-
3M Thailand Limited	-	95.12
3M Electro & Communication India Private Limited	200.55	289.27
	<b>800.99</b>	<b>665.25</b>



## Notes to the Standalone Financial Statements

Name of related party	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
<b>Purchase of materials (net of returns)</b>		
3M Company, USA	63,372.50	42,977.08
3M APAC RDC Pte Limited	4,129.28	3,771.18
3M Australia Pty. Limited	66.91	33.64
3M Film Construction (Shanghai) Co. Ltd.	131.67	149.14
3M Belgium S. A. /N. V.	22.73	10.57
3M Canada Company	281.67	287.68
3M China Limited	1,893.22	1,808.43
3M Do Brasil Limitada	706.67	508.47
3M EMEA, GmbH	7,331.40	6,057.38
3M ESPE Dental AG	1,664.60	1,135.32
3M France S. A	351.75	588.22
3M Germany Hilden GmbH	468.36	606.01
3M Hong Kong Limited	390.28	1,232.95
3M Innovation (Thailand) Co. Ltd.	2,966.29	166.00
3M Innovation Singapore Pte Limited	27,292.82	32,572.44
3M International Trading (Shanghai) Co. Ltd.	131.34	15.72
3M Italia S. P. A.	54.04	14.26
3M Japan Ltd	1,984.46	-
3M Japan Products Limited	1,807.83	-
3M Vietnam Limited	73.90	68.05
3M Korea Limited	5,667.47	2,287.66
3M Malaysia Sdn. Bhn.	-	30.07
3M Material Tech(Guangzhou) Co. , Limited	36.91	110.61
3M Matl Tech Suzhou Co Ltd	-	6.78
3M New Zealand	6.63	-
3M Panama S. A	1,100.92	343.32
3M Philippines, Inc.	7.47	26.93
3M Speciality Materials (Shanghai) Co. Ltd.	4,659.74	2,666.01
3M Taiwan Limited	611.36	124.08
3M Technologies (S) Pte Ltd	0.66	7.27
3M Thailand Limited	461.35	314.63
3M United Kingdom PLC	111.56	206.52
3M Unitek Corporation	167.17	136.44
3M Winterthur Technologies AG	2,361.01	1,939.48
3M Wroclaw SP. Z O.O.	1,021.59	924.90
3M Material Tech Hefei Co Limited	6,794.98	2,350.11
3M Korea Hightech Limited	-	5.42
3M Singapore Pte. Ltd.	152.75	427.44
3M Wendt GmbH	10.46	7.44
3M Electro & Communication India Private Limited	881.51	546.13



## Notes to the Standalone Financial Statements

	(₹ in lakhs)	
Name of related party	March 31, 2023	March 31, 2022
3M Medical Devices & Mtl Mfg (Sh) Co. Ltd	-	0.16
Emfi S.A.	992.14	673.46
P. T. 3M Indonesia	70.84	15.48
3M Health Care Limited, Japan	5,220.60	6,534.08
3M Turkey	2.01	-
Cuno 3M Poland	12.86	3.86
	<b>145,473.72</b>	<b>111,690.82</b>
<b>Corporate management fees</b>		
3M Global Service Management Company	11,771.22	11,904.41
	<b>11,771.22</b>	<b>11,904.41</b>
<b>Royalty</b>		
3M Company, USA	5,744.66	4,448.16
	<b>5,744.66</b>	<b>4,448.16</b>
<b>Recharges of expenses paid</b>		
3M Company, USA	-	66.08
3M Gulf Limited	-	88.77
	-	<b>154.85</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.

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
a) amount required to be spent by the company during the year	588.87	680.20
b) amount of expenditure incurred	588.91	683.62
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

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
a) Guarantees:		
- Issued by Company's bankers	5,327.78	5,955.41
b) Claims against the Company not acknowledged as debts:		
- Income tax demand (including interest) (refer note (i) below)	29,762.80	29,762.80
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	10,232.45	11,527.32
- Service tax matters (refer note (v) below)	1,326.80	1,442.06
- Central excise duty matters (refer note (vi) below)	899.82	1,217.13
- Goods and service tax matters (refer note (viii) below)	206.48	-

### 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 ₹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 December 08, 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 December 08, 2011 to 7 February 2014. The Company has received an order in original on October 01, 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to ₹7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of ₹1,000 lakhs. The Company has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of ₹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 2005-06 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.
- (viii) The Goods and service tax matter relates to classification of handrubs for the period July 2017 to March 2021.

	(₹ in lakhs except for number of shares)	
	As at March 31, 2023	As at March 31, 2022
<b>Capital commitments</b>		
Estimated value of contracts in capital account remaining to be executed	293.36	3,031.26

During the year ended March 31, 2023, 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

	March 31, 2023	March 31, 2022
Current tax	13,966.57	9,563.45
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	498.65	(211.36)
<b>Tax expense for the year</b>	<b>14,465.22</b>	<b>9,352.09</b>

(₹ in lakhs)

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) Amount recognised in other comprehensive income

	March 31, 2023			March 31, 2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	59.34	(14.93)	44.41	146.83	(36.96)	109.87
	<b>59.34</b>	<b>(14.93)</b>	<b>44.41</b>	<b>146.83</b>	<b>(36.96)</b>	<b>109.87</b>

(₹ in lakhs)

### (c) Reconciliation of effective tax rate

	March 31, 2023		March 31, 2022	
	Before tax	Net of tax	Before tax	Net of tax
Profit before tax	-	56,079.61	-	35,969.60
Tax at statutory income tax rate 25.168% (March 31, 2022 - 25.168%)	<b>25.168%</b>	<b>14,114.12</b>	<b>25.168%</b>	<b>9,052.83</b>
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:				
Non-deductible expenses	0.55%	307.41	0.57%	204.54
Others	0.08%	43.69	0.26%	94.72
<b>Income tax expense</b>	<b>25.79%</b>	<b>14,465.22</b>	<b>26.00%</b>	<b>9,352.09</b>

(₹ in lakhs)

### (d) Deferred tax assets and liabilities are attributable to the following:

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets) / liabilities net	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Property, plant and equipment	-	-	792.18	728.35	792.18	728.35
Employee benefits expense	1,090.75	1,360.84	-	-	(1,090.75)	(1,360.84)
Provisions	1,923.08	2,102.74	-	-	(1,923.08)	(2,102.74)
	<b>3,013.83</b>	<b>3,463.58</b>	<b>792.18</b>	<b>728.35</b>	<b>(2,221.65)</b>	<b>(2,735.23)</b>

(₹ in lakhs)



## Notes to the Standalone Financial Statements

### (e) Movement in temporary differences

(₹ in lakhs)				
Particulars	Balance as at April 01, 2021	Recognised in profit or loss	Recognised in OCI	Balance as at March 31, 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>
Particulars	Balance as at April 01, 2022	Recognised in profit or loss	Recognised in OCI	Balance as at March 31, 2023
Property, plant and equipment	728.35	63.83	-	792.18
Employee benefits expense	(1,360.84)	255.16	14.93	(1,090.75)
Provisions	(2,102.74)	179.66	-	(1,923.08)
	<b>(2,735.23)</b>	<b>498.65</b>	<b>14.93</b>	<b>(2,221.65)</b>

### (f) Details of income tax assets and income tax liabilities

(₹ in lakhs)		
	March 31, 2023	March 31, 2022
Income tax assets (net)	13,021.31	13,021.35
Current tax liabilities (net)	(3,407.82)	(4,146.02)
Net current income tax asset/ (liability) at the end of the year	<b>9,613.49</b>	<b>8,875.33</b>

### f) The gross movement in the current income tax asset / (liability)

(₹ in lakhs)		
	March 31, 2023	March 31, 2022
Net current income tax asset / (liability) at the beginning of the year	8,875.33	8,475.46
Income tax paid	15,213.30	10,106.62
Interest on income tax matters	(508.57)	(143.30)
Current income tax expense	(13,966.57)	(9,563.45)
Net current income tax asset/ (liability) at the end of the year	<b>9,613.49</b>	<b>8,875.33</b>

## 36 Movement in provisions

(₹ in lakhs)				
Particulars	April 01, 2022	Addition	Utilisation/ reversals	March 31, 2023
a) Asset retirement obligation	90.58	0.01	-	90.59
b) Sales tax, service tax and other litigations	2,081.29	65.48	183.78	1,962.99
c) Provision for sales return and volume rebate	3,171.92	2,991.70	3,171.92	2,991.70
	<b>5,343.79</b>	<b>3,057.19</b>	<b>3,355.70</b>	<b>5,045.28</b>
Non current	90.58			90.59
Current	5,253.21			4,954.69

## Notes to the Standalone Financial Statements

(₹ in lakhs)

Particulars	April 01, 2022	Addition	Utilisation/ reversals	March 31, 2023
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
	<b>6,011.26</b>	<b>3,234.02</b>	<b>2,667.60</b>	<b>5,343.79</b>
Non current	90.57			90.58
Current	4,686.80			5,253.21

### 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 March 31, 2023 and March 31, 2022 was as follows -

(₹ in lakhs)

	As at March 31, 2023	As at March 31, 2022
Lease liability	2,673.00	2,444.02
Debt	-	-
<b>Total debt</b>	<b>2,673.00</b>	<b>2,444.02</b>
<b>Total equity</b>	<b>194,783.82</b>	<b>248,878.12</b>
<b>Debt to total equity ratio</b>	<b>1.37%</b>	<b>0.98%</b>

### 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.





# Notes to the Standalone Financial Statements

The following table shows the carrying amounts of financial assets and financial liabilities as at March 31, 2023  
(₹ in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
<b>Financial assets not measured at fair value</b>						
Trade receivables	7	-	-	-	59,510.20	59,510.20
Loans	8	-	-	-	50.25	50.25
Other financial assets	9	-	-	-	1,389.89	1,389.89
Cash and cash equivalents	12	-	-	-	63,198.06	63,198.06
		-	-	-	<b>124,148.40</b>	<b>124,148.40</b>
<b>Financial liabilities not measured at fair value</b>						
Trade payables	16	-	-	-	71,166.80	71,166.80
Other financial liabilities	17	-	-	-	6,193.94	6,193.94
Lease liabilities	39	-	-	-	2,673.00	2,673.00
		-	-	-	<b>80,033.74</b>	<b>80,033.74</b>

The following table shows the carrying amounts of financial assets and financial liabilities as at March 31, 2022  
(₹ in lakhs)

	Note	Carrying amount				Total carrying amount
		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>						
Trade payables	16	-	-	-	50,189.00	50,189.00
Other financial liabilities	17	-	-	-	6,142.69	6,142.69
Lease liabilities	39	-	-	-	2,444.02	2,444.02
		-	-	-	<b>58,775.71</b>	<b>58,775.71</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 company has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## Notes to the Standalone Financial Statements

### 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:

	(₹ in lakhs)	
	Carrying amount as at	
	March 31, 2023	March 31, 2022
India	61,706.70	52,463.75
Other regions	1,785.95	324.17
	<b>63,492.65</b>	<b>52,787.92</b>

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows -

	(₹ in lakhs)	
	Carrying amount as at	
	March 31, 2023	March 31, 2022
Distributors	32,507.01	31,023.85
Other	30,985.64	21,764.07
	<b>63,492.65</b>	<b>52,787.92</b>
Less: Receivables from related party, secured receivables and receivables not considered for credit risk	2,960.43	1,121.57
Net receivables	<b>60,532.21</b>	<b>51,666.35</b>

Expected credit loss assessment for the Company as at March 31, 2022 and 2023.

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.



## Notes to the Standalone Financial Statements

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 ₹63,492.65 lakhs (March 31, 2022: 52,787.92 lakhs), the exposure considered for expected credit loss is ₹60,532.21 lakhs (March 31, 2022: ₹51,666.35). 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 -

### March 31, 2023

	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	54,836.40	0.33%	179.38
0-90 days	1,472.24	2.69%	39.64
91-180 days	648.55	29.22%	189.50
181-270 days	8.80	87.63%	7.72
271-360 days	186.21	100.00%	186.21
> 360 days	3,380.01	100.00%	3,380.01
	<b>60,532.21</b>		<b>3,982.45</b>

### March 31, 2022

	Gross carrying amount	Weighted average loss rate	Loss allowance
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>

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:

	As at March 31, 2023	As at March 31, 2022
Balance as at April 01	3,930.17	4,399.88
Utilised during the year	(114.08)	(119.66)
Impairment loss recognised	166.36	(350.05)
Balance as at March 31	<b>3,982.45</b>	<b>3,930.17</b>

(₹ in lakhs)

## Notes to the Standalone Financial Statements

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities:

#### March 31, 2023

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>					
Lease liabilities	1,314.00	979.07	379.93	-	2,673.00
Trade payables	71,166.80	-	-	-	71,166.80
Other financial liabilities	6,193.94	-	-	-	6,193.94
	<b>78,674.74</b>	<b>979.07</b>	<b>379.93</b>	<b>-</b>	<b>80,033.74</b>

#### March 31, 2022

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
<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
	<b>58,093.49</b>	<b>509.23</b>	<b>172.99</b>	<b>-</b>	<b>58,775.71</b>

### 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.



# Notes to the Standalone Financial Statements

## 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.

	March 31, 2023				March 31, 2022			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	27,603.86	3,892.27	18,895.66	594.85	17,679.25	2,868.92	4,848.60	1,063.80
Trade and other receivables	686.05	-	-	-	2,128.86	-	-	-
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>26,917.81</b>	<b>3,892.27</b>	<b>18,895.66</b>	<b>594.85</b>	<b>15,550.39</b>	<b>2,868.92</b>	<b>4,848.60</b>	<b>1,063.80</b>

(₹ in lakhs)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>March 31, 2023</b>				
USD (for 1% movement)	269.18	(269.18)	201.43	(201.43)
EURO (for 1% movement)	38.92	(38.92)	29.13	(29.13)
SGD (for 1% movement)	188.96	(188.96)	141.40	(141.40)
Others (for 1% movement)	5.95	(5.95)	4.45	(4.45)
	<b>503.01</b>	<b>(503.01)</b>	<b>376.41</b>	<b>(376.41)</b>

(₹ in lakhs)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>March 31, 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>

## 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 sixty 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

(₹ in lakhs)

Particulars	Buildings	Land	Data processing equipment	Vehicles	Total
<b>Balance as at March 31, 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 March 31, 2022</b>	<b>1,155.13</b>	<b>360.03</b>	<b>943.50</b>	<b>61.69</b>	<b>2,520.34</b>
Additions during the year	1,298.68	-	995.03	202.89	2,496.60
Depreciation charge for the year	1,287.03	3.04	734.62	77.43	2,102.12
De-recognition during the year	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>1,166.79</b>	<b>357.00</b>	<b>1,203.91</b>	<b>187.15</b>	<b>2,914.82</b>



# Notes to the Standalone Financial Statements

## II. Lease liabilities

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non current	1,359.00	682.22
Current	1,314.00	1,761.80
<b>Total</b>	<b>2,673.00</b>	<b>2,444.02</b>

The Company during the year incurred ₹150.63 lakhs (March 31, 2022: ₹279.44) towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases during the year is 2,444.64 lakhs (including interest of ₹177.03 lakhs) [March 31, 2022: ₹2,106.08 lakhs (including interest of ₹200.47 lakhs)].

The incremental borrowing rate on the previously considered operating leases is 9%.

## 40 Details of non-current investments

	(₹ in lakhs)					
Particulars	Face value per unit	As at April 01, 2022	Purchase/ addition during the year	Sold / deletion during the year	Impairment	As at March 31, 2023
Investments in subsidiaries (Carried at cost)						
<b>Equity shares, unquoted</b>						
3M Electro & Communication India Private Limited [100% Subsidiary]	₹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>

	(₹ in lakhs)					
Particulars	Face value per unit	As at April 01, 2021	Purchase/ addition during the year	Sold / deletion during the year	Impairment	As at March 31, 2022
Investments in subsidiaries (Carried at cost)						
<b>Equity shares, unquoted</b>						
3M Electro & Communication India Private Limited [100% Subsidiary]	₹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 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 is 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. The Company and 3M E&C has filed the necessary applications to seek the approval for merger as per NCLT directions and the approval order is awaited.



# Notes to the Standalone Financial Statements

## 42 Ratio Analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Change	Reasons for Variance
Current ratio	Current Assets	Current Liabilities	2.04	3.12	-34.82%	Change in cash balance due to payment of interim dividend (refer note 14)
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.01	0.01	39.74%	Changes in equity due to payment of interim dividend (refer note 14)
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	19.32	15.17	27.36%	The increase is due to the increase in profitability
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.19	0.11	65.99%	Changes in equity due to payment of interim dividend (refer note 14)
Inventory Turnover ratio	Cost of goods sold	Average Inventory	4.58	4.33	5.79%	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	6.80	6.35	7.14%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.04	4.00	1.23%	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	3.94	2.04	93.60%	Change in cash balance due to payment of interim dividend (refer note 14)
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.11	0.09	27.80%	The increase is due to the increase in profitability
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.30	0.15	92.54%	Changes in equity due to payment of interim dividend (refer note 14)
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.

# Notes to the Standalone Financial Statements

## 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** The Holding Company 3M Company, USA on July 26, 2022 has announced its intent to spin off Health Care business. There are no accounting and disclosure consequences in the financial results for the quarter ended March 31, 2023 since the conditions prescribed under the relevant Ind AS is not fulfilled. Also refer the segment information for Health Care business related assets and liabilities.

**46** Company's books of accounts and other relevant books and papers ("Books and papers") are maintained in electronic mode and accessible all time in India. In compliance with Rule 3 of Companies (Accounts) Rules, 2014, the Company had identified the composition of books and papers and broadly classified into primary (Core ERP) and secondary (workflow applications) book and papers. The back-up of books and papers in electronic mode were periodically maintained in servers physically located in India. In addition, Company maintains back-up of books and papers on daily basis in servers physically located outside India. During the year, the Company initiated actions in phased manner to maintain daily back-up of books and papers in servers physically located in India. Accordingly, from December 2022, the Company started manually maintaining daily back-ups for primary books and papers (Core ERP) in the servers physically located in India by taking a copy of the global backup into servers physically located in India. As at March 31, 2023, the Company is in the process of implementing automated maintenance of daily back-up in a server physically located in India for primary and secondary books and papers, as well as testing the restoration of the backups.

**47** For the year 2022-23, the Board recommended a final dividend of ₹100.00/- (per equity share) at its meeting held on 30 May 2023. This payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

As per our report of even date attached  
for **B S R & Co. LLP**  
Chartered Accountants  
Firm registration No.: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**  
Partner  
Membership No.: 064597

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

**Vidya Sarathy**  
Whole-time Director &  
Chief Financial Officer  
DIN: 01689378

**Pratap Rudra Bhuvanagiri**  
Company Secretary  
M. No. A22297

Place: Bengaluru  
Date: May 30, 2023

Place: Bengaluru  
Date: May 30, 2023



# Independent Auditor's Report

To the Members of 3M India Limited

## Report on the Audit of the 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 March 31, 2023, 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 March 31, 2023, 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matter

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.

### Revenue Recognition

See Note 3(i) and 18 to 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>Circularization of 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>

### **Information Other than the 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 financial statements and auditor's report(s) 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 the 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 are responsible for overseeing the financial reporting process of each company.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on 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





# Independent Auditor's Report

on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 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, except that the back-up of the books of account and other relevant books and papers in electronic mode has not been kept on servers physically located in India on a daily basis. However, the back-up is kept in a servers located outside India on a daily basis.
  - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. The remarks relating to the maintenance of back up of books and accounts in servers physically located in India on a daily basis, therewith are as stated in the paragraph 2(A)(b) above.
  - g. 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 Auditors) 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 March 31, 2023 on the consolidated financial position of the Group. Refer Note 14, 33 and 35 to the consolidated financial statements.





## Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of 3M India Limited for the year ended March 31, 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of 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 **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No.: 101248W/W-100022

Place: Bangalore  
Date: May 30, 2023

**Vikash Gupta**  
Partner  
Membership No.: 064597  
ICAI UDIN:23064597BGYQPZ7984

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## Annexure B to the Independent Auditor's Report on the Consolidated Financial Statements of 3M India Limited for the year ended March 31, 2023

### 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 Act

(Referred to in paragraph 2(A)(g) 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 3M India Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such company incorporated in India under the Act 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 financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to 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 and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the 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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance

with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;





# Consolidated Balance Sheet

as at March 31, 2023

(₹ in lakhs)

	Note	As at March 31, 2023	As at March 31, 2022
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	30,847.67	28,151.90
(b) Capital work-in-progress	4	2,457.02	2,294.80
(c) Right - of - use assets	38	2,918.45	2,534.90
(d) Other intangible assets	5	31.06	56.17
<b>(e) Financial assets</b>			
(i) Loans	7	17.18	14.30
(ii) Other financial assets	8	571.91	713.34
(f) Deferred tax assets (net)	34	2,727.67	3,284.94
(g) Income tax assets (net)	34	14,228.91	14,186.18
(h) Other non-current assets	9	4,898.44	5,657.03
<b>Total non-current assets</b>		<b>58,698.31</b>	<b>56,893.56</b>
<b>(2) Current assets</b>			
(a) Inventories	10	61,074.10	48,957.94
<b>(b) Financial assets</b>			
(i) Trade receivables	6	63,503.55	52,776.68
(ii) Cash and cash equivalents	11(a)	79,820.54	132,786.45
(iii) Bank balances other than (ii) above	11(b)	245.33	-
(iv) Loans	7	38.37	31.54
(v) Other financial assets	8	994.54	2,835.64
(c) Other current assets	9	7,067.73	6,312.62
<b>Total current assets</b>		<b>212,744.16</b>	<b>243,700.87</b>
<b>Total assets</b>		<b>271,442.47</b>	<b>300,594.43</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	166,620.54	217,230.77
<b>Total equity</b>		<b>167,747.05</b>	<b>218,357.28</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Lease liabilities	38	1,359.00	683.96
(b) Provisions	14	4,302.19	5,507.18
<b>Total non-current liabilities</b>		<b>5,661.19</b>	<b>6,191.14</b>
<b>(2) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Lease liabilities	38	1,315.74	1,773.49
<b>(ii) Trade payables</b>			
- Total outstanding dues of micro and small enterprises; and	15	4,714.25	4,145.89
- Total outstanding dues of creditors other than micro and small enterprises	15	71,730.11	49,698.42
(iii) Other financial liabilities	16	6,671.43	6,495.56
(b) Other current liabilities	17	4,501.15	3,902.56
(c) Provisions	14	5,573.90	5,737.92
(d) Current tax liabilities (net)	34	3,527.65	4,292.17
<b>Total current liabilities</b>		<b>98,034.23</b>	<b>76,046.01</b>
<b>Total liabilities</b>		<b>103,695.42</b>	<b>82,237.15</b>
<b>Total equity and liabilities</b>		<b>271,442.47</b>	<b>300,594.43</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 No.: 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No.: 064597

**Ramesh Ramadurai**

Managing Director

DIN: 07109252

**Vidya Sarathy**

Whole-time Director &

Chief Financial Officer

DIN: 01689378

**Pratap Rudra Bhuvanagiri**

Company Secretary

M. No. A22297

Place: Bengaluru

Date: May 30, 2023

Place: Bengaluru

Date: May 30, 2023



# Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in lakhs)

	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>I. Income</b>			
Revenue from operations	18	395,936.77	333,584.17
Other income	19	6,809.59	3,711.51
<b>Total income</b>		<b>402,746.36</b>	<b>337,295.68</b>
<b>II. Expenses</b>			
Cost of materials consumed	20	163,479.56	140,774.54
Purchases of stock-in-trade	21	87,856.71	69,977.05
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(5,305.47)	(1,683.02)
Employee benefits expense	23	40,034.14	38,819.21
Finance costs	24	727.03	372.04
Depreciation and amortisation expense	4, 5 and 38	5,767.91	5,511.72
Other expenses	25	49,442.67	46,772.33
<b>Total expenses</b>		<b>342,002.55</b>	<b>300,543.87</b>
<b>III. Profit before tax</b>		<b>60,743.81</b>	<b>36,751.81</b>
<b>IV. Tax expense :</b>			
(i) Current tax	34	15,098.38	9,802.95
(ii) Deferred tax credit	34	543.51	(248.25)
<b>Total tax expenses</b>		<b>15,641.89</b>	<b>9,554.70</b>
<b>V. Profit for the year</b>		<b>45,101.92</b>	<b>27,197.11</b>
<b>VI. Other comprehensive income</b>			
Items that will not be reclassified subsequently to consolidated statement of profit or loss			
Remeasurements of net defined benefit liability / asset	29	54.71	170.07
Income tax relating to items that will not be reclassified subsequently to profit or loss		(13.76)	(42.81)
<b>Other comprehensive income, net of tax</b>		<b>40.95</b>	<b>127.26</b>
<b>VII. Total comprehensive income for the year</b>		<b>45,142.87</b>	<b>27,324.37</b>
<b>VIII. Earnings per share (Nominal value of ₹10 each)</b>	26		
- Basic (in ₹)		400.37	241.43
- Diluted (in ₹)		400.37	241.43
Significant accounting policies	3		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

for and on behalf of the Board of Directors

for **BSR & Co. LLP**

Chartered Accountants

Firm registration No.: 101248W/W-100022

**Vikash Gupta**

Partner

Membership No.: 064597

**Ramesh Ramadurai**

Managing Director

DIN: 07109252

**Vidya Sarathy**

Whole-time Director &

Chief Financial Officer

DIN: 01689378

**Pratap Rudra Bhuvanagiri**

Company Secretary

M. No. A22297

Place: Bengaluru

Date: May 30, 2023

Place: Bengaluru

Date: May 30, 2023

# Consolidated Statement of change in equity

for the year ended March 31, 2023

## A. Equity share capital

For the year ended March 31, 2023

(₹ in lakhs, except for number of shares)

Equity shares of ₹10 each issued, subscribed and fully paid up	Number of shares	Amount
Balance as at April 01, 2022	11,265,070	1,126.51
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
<b>Balance as at March 31, 2023</b>	<b>11,265,070</b>	<b>1,126.51</b>

For the year ended March 31, 2022

(₹ in lakhs, except for number of shares)

Equity shares of ₹10 each issued, subscribed and fully paid up	Number of shares	Amount
Balance as at April 01, 2021	11,265,070	1,126.51
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
<b>Balance as at March 31, 2022</b>	<b>11,265,070</b>	<b>1,127</b>

## B. Other equity

(₹ in lakhs)

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity
		Surplus		Other comprehensive income			
		Securities premium	General reserve	Retained earnings	Remeasurements of net defined benefits Liability/ (asset), net of tax		
<b>Balance as at April 01, 2021</b>	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 March 31, 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 March 31, 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>
<b>Balance as at April 01, 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>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
<b>Changes in equity for the year ended March 31, 2022</b>							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	40.95	40.95	40.95
Profit for the year	-	-	-	45,101.92	-	45,101.92	45,101.92
Dividends	-	-	-	(95,753.10)	-	(95,753.10)	(95,753.10)
<b>Balance as at March 31, 2023</b>	<b>1,126.51</b>	<b>949.90</b>	<b>303.98</b>	<b>166,264.23</b>	<b>(897.58)</b>	<b>166,620.54</b>	<b>167,747.04</b>

See accompanying notes to the consolidated 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 No. : 101248W/W-100022

**Vikash Gupta**

Partner

Membership No. : 064597

**Ramesh Ramadurai**

Managing Director

DIN: 07109252

**Vidya Sarathy**

Whole-time Director &

Chief Financial Officer

DIN: 01689378

**Pratap Rudra Bhuvanagiri**

Company Secretary

M. No. A22297

Place: Bengaluru

Date: May 30, 2023

Place: Bengaluru

Date: May 30, 2023



# Consolidated Statement of Cash Flow

for the year ended March 31, 2023

(₹ in lakhs)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash flow from operating activities</b>		
Profit for the year	60,743.81	36,751.81
<b>Adjustments for:</b>		
Depreciation and amortisation expense	5,767.91	5,511.72
Bad debts and allowance for doubtful trade receivables (net)	162.94	(379.18)
Liabilities no longer required written back (net)	(691.09)	(138.44)
Unrealised exchange loss / (gain) on foreign currency transactions (net)	127.66	(37.67)
Gain on disposal of property, plant and equipment	(34.56)	(159.63)
Interest income	(4,493.86)	(3,016.88)
Finance costs	727.03	372.04
	<b>62,309.84</b>	<b>38,903.77</b>
<b>Working capital adjustments:</b>		
Increase in trade payables	23,065.71	4,414.50
Increase/ (decrease) in provisions	(1,314.30)	2,133.13
Increase in other financial liabilities and other liabilities	636.76	225.09
Increase in trade receivables	(10,816.39)	(3,833.52)
Increase in inventories	(12,116.16)	(3,303.17)
Decrease in loans, other bank balances, other financial assets, other current and non current assets	1,210.92	4,337.11
<b>Cash generated from operations activities</b>	<b>62,976.38</b>	<b>42,876.91</b>
Income tax paid (net of refund)	(16,428.72)	(10,140.20)
<b>Net cash from operating activities (A)</b>	<b>46,547.66</b>	<b>32,736.71</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(6,022.36)	(7,030.55)
Proceeds from sale of property, plant and equipment	58.54	204.75
Interest received	4,416.89	2,752.65
<b>Net cash used in from investing activities (B)</b>	<b>(1,546.93)</b>	<b>(4,073.15)</b>
<b>Cash flow from financing activities</b>		
Payment of lease liability (including interest thereon)	(2,458.87)	(2,119.40)
Dividends paid	(95,507.77)	-
<b>Net cash used in financing activities (C)</b>	<b>(97,966.64)</b>	<b>(2,119.40)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(52,965.91)</b>	<b>26,544.16</b>

# Consolidated Statement of Cash Flow

for the year ended March 31, 2023

(₹ in lakhs)

	Year ended March 31, 2023	Year ended March 31, 2022
Cash and cash equivalents at the beginning of the year	132,786.45	106,242.29
<b>Cash and cash equivalents at the end of the year</b>	<b>79,820.54</b>	<b>132,786.45</b>
<b>Cash and cash equivalents comprise of (refer note 11):</b>		
Cash on hand	-	0.02
Other bank balances		
- in current accounts	3,920.54	13,786.43
- deposits accounts (original maturity of less than three months)	75,900.00	119,000.00
	<b>79,820.54</b>	<b>132,786.45</b>
<b>Debt reconciliation statement in accordance with Ind AS 7</b>		
<b>Reconciliation of lease liability (Non-current and Current) (Refer note 38)</b>		
Opening balance	2,457.45	2,312.59
Addition to lease liability (refer note 38)	2,496.60	2,062.11
Interest cost	179.56	202.15
Payment of lease liability (including interest thereon)	(2,458.87)	(2,119.40)
<b>Closing balance</b>	<b>2,674.74</b>	<b>2,457.45</b>
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 No. : 101248W/W-100022

for and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No. : 064597

**Ramesh Ramadurai**

Managing Director

DIN: 07109252

**Vidya Sarathy**

Whole-time Director &

Chief Financial Officer

DIN: 01689378

**Pratap Rudra Bhuvanagiri**

Company Secretary

M. No. A22297

Place: Bengaluru

Date: May 30, 2023

Place: Bengaluru

Date: May 30, 2023





# 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, Heatshrinks, Coldshrinks, 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 May 29, 2023.

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 (₹), 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

These financial statements have been prepared under the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- Note 28 - share-based payment arrangements and
- Note 37 - financial instruments

### 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 assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 38 - leases: whether an arrangement contains a lease, lease classification and lease term.

### 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 March 31, 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

## F. Current/ Non-current classification

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months.

## 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



# Notes to the Consolidated Financial Statements

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 is in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
4. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserves.
5. The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
6. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

## (c) Financial instruments

### i. Recognition and initial measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition which are initially measured at transaction price. Transaction costs that

are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

### ii. Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at -

#### *Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### *Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

#### Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

# Notes to the Consolidated Financial Statements

## 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.

## 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

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably

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:

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 Consolidated 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.

## (e) Intangible assets

### i. 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.

### 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. 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.

#### Write off:

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.



# Notes to the Consolidated Financial Statements

## (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.

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. All the revenue is point in time.

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.



# Notes to the Consolidated Financial Statements

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

### *Short-term employee benefits*

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

### *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.

### *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.

#### *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

## (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.

# Notes to the Consolidated Financial Statements

## (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.

### (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.



# Notes to the Consolidated Financial Statements

## (o) Leases

The Group has applied Ind AS 116 with effect from April 01, 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 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.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Group presents right-of-use assets that do not meet the definition of investment property separately in the balance sheet and lease liabilities separately within 'Financial Liabilities'.

### 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.

## (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

# Notes to the Consolidated Financial Statements

regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

**(t) Government grants**

The Group recognises an unconditional government grant related to PSI scheme in profit or loss as other income when the grant becomes receivable.

**(u) 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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.





# Notes to the Consolidated Financial Statements

## 4 Property, plant and equipment and capital work-in-progress

Particulars	(₹ in lakhs)									
	Freehold land*	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Electrical installations	Vehicles	Leasehold improvements	Total
Balance at April 01, 2021	988.72	15,930.39	26,411.55	1,921.29	850.54	57.02	9.97	2.87	41.51	46,213.86
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 March 31, 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>
Balance at April 01, 2022	988.72	16,351.14	32,176.76	1,929.18	835.03	57.02	9.97	2.87	41.51	52,392.20
Additions	-	2,162.27	4,097.32	83.57	6.35	-	-	-	-	6,349.51
Disposals	-	(103.26)	(663.18)	(4.03)	(18.19)	(0.95)	-	-	(0.04)	(789.65)
<b>Balance at March 31, 2023</b>	<b>988.72</b>	<b>18,410.16</b>	<b>35,610.90</b>	<b>2,008.72</b>	<b>823.19</b>	<b>56.07</b>	<b>9.97</b>	<b>2.87</b>	<b>41.47</b>	<b>57,952.06</b>
<b>Accumulated depreciation</b>										
Balance at April 01, 2021	-	4,058.40	15,830.08	1,300.25	759.56	57.02	9.57	2.87	41.41	22,059.16
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 March 31, 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>
Balance at April 01, 2022	-	4,701.88	17,225.08	1,421.54	780.95	57.02	9.57	2.87	41.41	24,240.30
Depreciation for the year	-	711.87	2,710.02	180.71	27.16	-	-	-	-	3,629.76
Disposals	-	(103.13)	(639.33)	(4.03)	(18.19)	(0.95)	-	-	(0.04)	(765.67)
<b>Balance at March 31, 2023</b>	<b>-</b>	<b>5,310.62</b>	<b>19,295.77</b>	<b>1,598.22</b>	<b>789.92</b>	<b>56.07</b>	<b>9.57</b>	<b>2.87</b>	<b>41.37</b>	<b>27,104.39</b>
<b>Carrying value (net)</b>										
As at March 31, 2022	988.72	11,649.26	14,951.69	507.64	54.08	-	0.40	-	0.09	28,151.90
As at March 31, 2023	988.72	13,099.54	16,315.13	410.50	33.27	-	0.40	-	0.10	30,847.67

\*Title deeds of the freehold land is in the name of the Company

# Notes to the Consolidated Financial Statements

	(₹ in lakhs)
<b>Capital work-in-progress</b>	
Balance at April 01, 2021	2,351.89
Additions during the year	7,556.79
Capitalised during the year	7,613.88
<b>Balance at March 31, 2022</b>	<b>2,294.80</b>
Balance at April 01, 2022	6,511.73
Additions during the year	6,349.51
Capitalised during the year	2,457.02
<b>Balance at March 31, 2023</b>	<b>2,457.02</b>

## 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	Total
<b>March 31, 2023</b>					
Projects in progress	2,390.87	66.15	-	-	2,457.02
Projects temporarily suspended	-	-	-	-	-
	<b>2,390.87</b>	<b>66.15</b>	<b>-</b>	<b>-</b>	<b>2,457.02</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	Total
<b>March 31, 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>

## 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	Total
<b>March 31, 2023</b>					
	-	-	-	-	-
	-	-	-	-	-

	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>March 31, 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 Consolidated Financial Statements

## 5 Other intangible assets

		(₹ in lakhs)
Particulars		Computer Software
Balance at April 01, 2021		226.63
Additions		46.50
Disposals		(14.98)
<b>Balance at March 31, 2022</b>		<b>258.15</b>
Balance at April 01, 2022		258.15
Additions		-
Disposals		(28.69)
<b>Balance at March 31, 2023</b>		<b>229.46</b>
<b>Accumulated amortisation</b>		
Balance at April 01, 2021		192.51
Amortisation for the year		24.45
Disposals		(14.98)
<b>Balance at March 31, 2022</b>		<b>201.98</b>
Balance at April 01, 2022		201.98
Amortisation for the year		25.11
Disposals		(28.69)
<b>Balance at March 31, 2022</b>		<b>198.40</b>
<b>Carrying value (net)</b>		
<b>As at March 31, 2022</b>		<b>56.17</b>
<b>As at March 31, 2023</b>		<b>31.06</b>

## 6 Trade receivables

		(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022	
<b>Billed - considered good</b>			
Trade receivables - secured*	758.74	754.55	
Trade receivables - unsecured	61,826.45	52,387.59	
Less: Loss allowance	(432.74)	(365.46)	
	<b>62,152.46</b>	<b>52,776.68</b>	
Credit impaired	3,630.49	3,706.71	
Less: Loss allowance	(3,630.49)	(3,706.71)	
	-	-	
	<b>62,152.46</b>	<b>52,776.68</b>	
<b>Unbilled - considered good</b>			
Trade receivables - unsecured	1,351.09	-	
	<b>1,351.09</b>	-	
	<b>63,503.55</b>	<b>52,776.68</b>	
Of the above, trade receivables from related parties are as below (also refer note 30):			
Total trade receivables from related parties	2,047.77	327.41	
Loss allowance	-	-	
<b>Net trade receivables</b>	<b>2,047.77</b>	<b>327.41</b>	

# Notes to the Consolidated Financial Statements

## Trade receivables Ageing Schedule

(₹ in lakhs)

As at March 31, 2023	Unbilled	Current 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	1,351.09	58,135.52	4,192.18	243.29	14.20	-	-	63,936.28
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	186.31	143.92	59.17	887.97	1,277.37
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	945.05	1,408.08	2,353.13
<b>Total</b>	<b>1,351.09</b>	<b>58,135.52</b>	<b>4,192.18</b>	<b>429.60</b>	<b>158.12</b>	<b>1,004.22</b>	<b>2,296.05</b>	<b>67,566.78</b>

(₹ in lakhs)

As at March 31, 2022	Unbilled	Current 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>-</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>

\* 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

(₹ in lakhs)

	As at March 31, 2023	As at March 31, 2022
<b>Non current</b>		
Unsecured, considered good		
Loans to employees	17.18	14.30
	<b>17.18</b>	<b>14.30</b>
<b>Current</b>		
Unsecured, considered good		
Loans to employees	38.37	31.54
	<b>38.37</b>	<b>31.54</b>
	<b>55.55</b>	<b>45.84</b>



# Notes to the Consolidated Financial Statements

## 8 Other financial assets

	(₹ in lakhs)	
	As at March 31, 2023	
	As at March 31, 2022	
<b>Non current</b>		
<b>Unsecured, considered good</b>		
Security deposits	571.91	713.34
	<b>571.91</b>	<b>713.34</b>
<b>Unsecured, considered doubtful</b>		
Security deposits	41.24	41.24
Less : Provision for impairment	(41.24)	(41.24)
	-	-
	<b>571.91</b>	<b>713.34</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Interest accrued but not due	561.55	484.59
Security deposits	416.31	353.01
Receivables from related parties (refer note 30)	-	1,977.36
Others receivables	16.68	20.68
	<b>994.54</b>	<b>2,835.64</b>
<b>Unsecured, considered doubtful</b>		
Security deposits	15.40	15.40
Less : Provision for impairment	(15.40)	(15.40)
	-	-
Receivables from related parties (refer note 30)	-	135.21
Less : Provision for impairment	-	(135.21)
	-	-
	<b>994.54</b>	<b>2,835.64</b>
	<b>1,566.45</b>	<b>3,548.98</b>

## 9 Other assets

	(₹ in lakhs)	
	As at March 31, 2023	
	As at March 31, 2022	
<b>Non current</b>		
Capital advances	201.99	799.01
Prepayments	-	28.88
Payments under protest*		
Unsecured, considered good	4,696.45	4,829.14
Unsecured, considered doubtful	228.79	228.79
Less : Allowance for doubtful advances	(228.79)	(228.79)
	<b>4,696.45</b>	<b>4,829.14</b>
	<b>4,898.44</b>	<b>5,657.03</b>
<b>Current</b>		
Prepayments	506.13	547.64
Advance for supply of goods	1,481.16	999.70
Balances with government authorities		
Unsecured, considered good	5,080.44	4,765.28
Unsecured, considered doubtful	540.90	540.90
Less : Allowance for doubtful receivables	(540.90)	(540.90)
	<b>5,080.44</b>	<b>4,765.28</b>
	<b>7,067.73</b>	<b>6,312.62</b>
	<b>11,966.17</b>	<b>11,969.65</b>

\*These payments represents deposits given to government authorities against the ongoing litigations.



# Notes to the Consolidated Financial Statements

## 10 Inventories\*

	As at March 31, 2023	As at March 31, 2022
Raw materials [Including in - transit ₹9,846.22 lakhs (2022: ₹9,043.67 lakhs)]	27,133.04	20,330.90
Packing materials	834.34	825.79
Work-in-progress	2,064.01	1,752.77
Finished goods	9,058.55	8,136.84
Stock-in-trade [Including in - transit ₹7,379.58 lakhs (2022: ₹6,712.27 lakhs)]	21,984.16	17,911.64
	<b>61,074.10</b>	<b>48,957.94</b>

\* 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 ₹656.21 lakhs (March 31, 2022 : ₹421.22 lakhs). The provision estimated by the management for obsolete stock during the year amounted to ₹1,293.30 lakhs (March 31, 2022 : ₹2,053.84 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 (a) Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Cash on hand	-	0.02
Balances with banks		
- In current accounts	3,920.54	13,786.43
- Deposit accounts (original maturity of less than three months)	75,900.00	119,000.00
	<b>79,820.54</b>	<b>132,786.45</b>

## 11 (b) Other bank balances

	As at March 31, 2023	As at March 31, 2022
Earmarked accounts		
- Unclaimed dividend	245.33	-
	<b>245.33</b>	<b>-</b>

## 12 Equity share capital

	As at March 31, 2023	As at March 31, 2022
<b>Authorised :</b>		
Equity shares [11,265,070 equity shares of ₹10/- each (March 31, 2022: 11,265,070 equity shares of ₹10/- each)]	1,126.51	1,126.51
	<b>1,126.51</b>	<b>1,126.51</b>
<b>Issued, subscribed and paid up</b>		
Equity shares fully paid up [11,265,070 equity shares of ₹10/- each (March 31, 2022: 11,265,070 equity shares of ₹10/- each)]	1,126.51	1,126.51
	<b>1,126.51</b>	<b>1,126.51</b>



# Notes to the Consolidated Financial Statements

## (a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2023		As at March 31, 2022	
	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	<b>11,265,070</b>	<b>1,126.51</b>	<b>11,265,070</b>	<b>1,126.51</b>

## (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 ₹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 March 31, 2023		As at March 31, 2022	
	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 March 31, 2023		As at March 31, 2022	
	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 March 31, 2023		
	No. of Shares	% total of shares	% Change during the year
3M Company, USA (Holding company)	8,448,802	75%	-

Promoter Name	As at March 31, 2022		
	No of Shares	% total of shares	% Change during the year
3M Company, USA (Holding company)	8,448,802	75%	-

# Notes to the Consolidated Financial Statements

## 13 Other equity

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
(i) Securities premium	949.90	949.90
(ii) General reserve	303.98	303.98
(iii) Remeasurement of defined benefit plans, net of tax	(897.58)	(938.52)
(iv) Retained earnings	166,264.23	216,915.41
	<b>166,620.54</b>	<b>217,230.77</b>

Also refer statement of changes in equity.

### Nature and purpose of other equity

#### (i) Securities premium

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 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.

### Dividends

The following interim dividends were declared and paid by the Group during the year:

	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
₹850.00 per equity share (March 31, 2022: ₹Nil)	95,753.10	-
	<b>95,753.10</b>	<b>-</b>

(Also refer note 46)

## 14 Provisions

	As at March 31, 2023		As at March 31, 2022	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 29)	-	2,577.91	-	4,126.71
Compensated absences	176.23	1,633.69	161.44	1,289.89
Others (refer note 35)				
Provision for asset retirement obligation	-	90.59	-	90.58
Sales tax, service tax and other litigations	2,116.70	-	2,235.00	-
Provision for sales return and volume rebate	3,280.97	-	3,341.48	-
	<b>5,573.90</b>	<b>4,302.19</b>	<b>5,737.92</b>	<b>5,507.18</b>



# Notes to the Consolidated Financial Statements

## 15 Trade payables

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues to micro and small enterprises (Refer note (a) below)	4,714.25	4,145.89
Total outstanding dues to creditors other than micro and small enterprises*	71,730.11	49,698.42
	<b>76,444.36</b>	<b>53,844.31</b>

(₹ in lakhs)

### Note (a)

1. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal	4,714.25	4,145.89
- Interest	2.34	1.07
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	21.58	24.06
- Principal	56,244.93	51,258.44
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	2.34	1.07
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

\* 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

#### March 31, 2023

	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) MSME	4,714.25	-	-	
(ii) Others	71,501.93	221.03	5.12	2.03	71,730.11
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>76,216.18</b>	<b>221.03</b>	<b>5.12</b>	<b>2.03</b>	<b>76,444.36</b>

(₹ in lakhs)

# Notes to the Consolidated Financial Statements

March 31, 2022

(₹ in lakhs)

	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) MSME	4,145.89	-	-	-	4,145.89
(ii) Others	49,227.59	259.97	78.65	132.21	49,698.42
(iii) Disputed dues – MSME	-	-	-	-	-
(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>

## 16 Other financial liabilities

(₹ in lakhs)

	As at March 31, 2023	As at March 31, 2022
Deposits from customers	969.26	1,081.51
Creditors for capital goods	206.75	314.38
Employee benefit obligation	4,219.17	4,045.43
Unpaid dividends	245.33	
Other payables	1,030.92	1,054.24
	<b>6,671.43</b>	<b>6,495.56</b>

The Group's exposure to currency and liquidity risks related to other financial liabilities is disclosed in note 37.

## 17 Other current liabilities

(₹ in lakhs)

	As at March 31, 2023	As at March 31, 2022
Advance from customers	477.77	347.10
Statutory liabilities	4,023.38	3,555.46
	<b>4,501.15</b>	<b>3,902.56</b>

## 18 Revenue from operations

(₹ in lakhs)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Sale of products</b>		
Finished goods	229,159.21	199,305.88
Traded goods	161,218.50	126,903.46
Sale of services*	5,350.63	7,184.55
Other operating revenue		
Scrap sales	208.43	190.28
	<b>395,936.77</b>	<b>333,584.17</b>

\* Sale of services includes income from contract research ₹1,532.19 lakhs (March 31, 2022 : ₹1,695.72 lakhs) and management support service fee of ₹3,818.44 lakhs (March 31, 2022 : ₹5,488.83 lakhs). Refer note 29 (c) and refer note 30.





# Notes to the Consolidated Financial Statements

Disaggregation of revenue from operations:

Business Segments	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
a) Safety & Industrial	130,128.25	119,366.39
b) Transportation & Electronics	156,903.62	117,423.42
c) Health Care	65,480.53	55,211.64
d) Consumer	40,967.55	38,748.57
f) Others	2,456.82	2,834.15
<b>Total</b>	<b>395,936.77</b>	<b>333,584.17</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>406,045.27</b>	<b>342,616.89</b>
Less: Reduction towards sales return and variable consideration components	(10,108.50)	(9,032.72)
<b>Revenue recognised</b>	<b>395,936.77</b>	<b>333,584.17</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 March 31, 2022 and March 31, 2021.

## 19 Other income

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest income from financial assets carried at amortised cost	4,493.86	3,016.88
Liabilities no longer required written back (net)	691.09	138.44
Bad debts and allowance for doubtful trade receivables (net)	-	379.18
Gain on disposal of property, plant and equipment (net)	34.56	159.63
Government grant	880.08	-
Proceeds from sale of Food Safety Division	710.00	-
Miscellaneous income	-	17.38
	<b>6,809.59</b>	<b>3,711.51</b>

## 20 Cost of materials consumed

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Inventory of materials at the beginning of the year (refer note 10)	21,156.69	19,536.53
Add: Purchases (also refer note 30)	170,290.25	142,394.70
Less: Inventory of materials at the end of the year (refer note 10)	(27,967.38)	(21,156.69)
	<b>163,479.56</b>	<b>140,774.54</b>

# Notes to the Consolidated Financial Statements

## 21 Purchases of stock-in-trade

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Abrasive	14,820.18	12,366.00
Fusion bonded epoxy coating	5,645.50	2,398.00
Medical surgical and dental products	18,790.27	12,830.00
Self adhesive films	21,041.65	14,386.00
Others	27,559.10	27,997.05
	<b>87,856.71</b>	<b>69,977.05</b>

Also refer note 30

## 22 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Opening 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>
Closing inventory		
- Finished goods	9,058.55	8,136.84
- Stock-in-trade	21,984.16	17,911.64
- Work-in-progress	2,064.01	1,752.77
	<b>33,106.72</b>	<b>27,801.25</b>
<b>Decrease / (increase) in inventory</b>	<b>(5,305.47)</b>	<b>(1,683.02)</b>

## 23 Employee benefits expense

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	34,793.42	34,559.65
Contribution to provident and other funds (refer note 29)	2,397.27	2,283.76
Share based payment expenses, cash settled (refer note 28)	706.58	(115.14)
Staff welfare expenses	2,136.87	2,090.94
	<b>40,034.14</b>	<b>38,819.21</b>

## 24 Finance costs

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on lease liabilities	179.56	202.15
Interest on income tax matters	523.39	148.14
Others	24.08	21.75
	<b>727.03</b>	<b>372.04</b>



# Notes to the Consolidated Financial Statements

## 25 Other expenses

	Year ended March 31, 2023	Year ended March 31, 2022
		(₹ in lakhs)
Consumption of stores and spares	753.66	922.42
Power and fuel	2,055.35	1,529.57
Water charges	40.30	43.65
Rent (refer note 38)	336.03	348.71
Repairs and maintenance		
- Plant and machinery	939.15	1,028.74
- Building	170.91	207.51
- Others	188.43	259.29
Insurance	278.03	304.42
Rates and taxes	493.77	1,780.73
Communication expenses	235.79	214.40
Travel and conveyance	1,706.14	724.54
Legal and professional charges (refer note (a) below)	2,012.09	1,850.82
Sub-contracting charges	295.96	679.01
Selling, distribution and advertisement expenses	5,435.58	5,320.45
Commission	534.06	382.14
Freight outward	7,577.02	6,752.13
Royalty (refer note 27 (a) and 30)	6,091.79	4,772.66
Corporate management fees (refer note 27 (b)(i) and 30)	12,335.26	12,729.19
Directors' commission and sitting fees	83.60	83.60
Provision for doubtful debts (net)	162.94	-
Provision for doubtful advances (net)	-	135.21
Exchange loss on foreign currency transactions (net)	2,050.66	1,264.58
Expenditure towards corporate social responsibility activities (refer note 32)	628.91	736.84
Miscellaneous expenses	5,037.22	4,701.72
	<b>49,442.67</b>	<b>46,772.33</b>

### (a) Payment to auditors #

	Year ended March 31, 2023	Year ended March 31, 2022
		(₹ in lakhs)
Audit and limited review fee	132.00	124.00
Tax audit fee	13.00	12.00
Certification fees	2.50	6.14
Reimbursement of out-of-pocket expenses	9.55	6.90
<b>Total</b>	<b>157.05</b>	<b>149.04</b>

# Excluding goods and service tax.

# Notes to the Consolidated Financial Statements

## 26 Earnings per share

	(₹ in lakhs except for number of shares)	
	Year ended March 31, 2023	Year ended March 31, 2022
Net profit attributable to equity shareholders	45,101.92	27,197.11
Weighted average number of equity shares outstanding during the year	11,265,070	11,265,070
Nominal value of equity shares (₹)	10	10
Basic earnings per share (₹)	400.37	241.43
Diluted earnings per share (₹)	400.37	241.43

## 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 July 01, 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 01, 2006 to June 30, 2009. These payments have been reinstated with effect from July 01, 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective July 01, 2013. Accordingly, the group has incurred an expenditure of ₹6,091.79 lakhs for the year ended March 31, 2023 (March 31, 2022: ₹4,772.66 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 April 01, 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 April 01, 2009, 3M Asia Pacific Pte Limited dated January 01, 2003 and 3M Hong Kong Ltd with effect from January 01, 2011.

The Group has incurred the following expenditure:

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Corporate management fee	12,335.26	12,729.19
- Foreign services employees expense are included in employee costs amounting to	(79.91)	154.85

The Group has accrued an amount of ₹3,169.77 lakhs (March 31, 2022 : ₹2,424.87 lakhs) in respect of estimated liability for the above services during period January 01, 2023 to March 31, 2023, the actual liability would be ascertained by December 2023.

(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 ₹600.45 lakhs (March 31, 2022 : ₹375.98 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 ₹3,818.44 lakhs (March 31, 2022 : ₹5,488.83 lakhs).

c) **Contract research agreement** – The Group has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective July 01, 2006 for carrying out contract research activities. During the year, Group has recognized an income of ₹1,532.19 lakhs (March 31, 2022 : ₹1,695.72 lakhs).



# Notes to the Consolidated Financial Statements

## 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 ₹449.01 lakhs (2022: ₹440.86 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of ₹28.98 lakhs (2022: ₹45.83 lakhs) is pending remittance to the holding Company and the same is included under 'Other financial liabilities' (refer note 16).

#### 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 i.e., stock appreciation rights (SARs) and restricted stock units (RSUs). The eligible employees are granted stock options i.e., stock appreciation rights (SARs) and 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 ₹1,319.26 lakhs (2022: ₹1,337.31 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 March 31, 2023.

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 March 31, 2023	As at March 31, 2022
<b>Fair value (in \$)</b>	17.42	20.52
Share price (in \$)	105.11	148.88
Expected volatility (%)	0.23	21.84%
Expected life (years)	6.98 years	6.92 years
Expected dividends (%)	0.03	2.94%
Risk free interest rate (%)	0.04	1.92%

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.



# Notes to the Consolidated Financial Statements

## C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended March 31, 2023 is set out below:

	As at March 31, 2023		As at March 31, 2022	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
<b>Stock appreciation right</b>				
Outstanding at the beginning	66,197	-	67,231	-
Granted	17,889	-	4,563	-
Forfeited and expired	1,367	-	4,117	-
Exercised	4,375	-	1,480	-
Outstanding at the end	<b>78,344</b>	-	<b>66,197</b>	-
<b>Exercisable at the end</b>	<b>55,753</b>		<b>58,260</b>	
<b>Restricted stock unit</b>				
Outstanding at the beginning	10,757	-	7,440	-
Granted	10,177	-	5,447	-
Forfeited and expired	654	-	371	-
Exercised	2,445	-	1,759	-
Outstanding at the end	<b>17,835</b>	-	<b>10,757</b>	-
<b>Exercisable at the end</b>	<b>12,592</b>		<b>6,768</b>	

## D. Expense recognised in Statement of profit and loss

An amount of ₹706.58 lakhs has been debited (March 31, 2022: ₹115.14 lakhs has been credited) 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 126.25 and USD 117.89 respectively (March 31, 2022: USD 165.13 and USD 160.73 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:

Benefits (contribution to)	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund	1,461.81	1,394.85
Superannuation fund	139.18	127.09
Employee State Insurance Corporation	0.38	0.65
	<b>1,601.36</b>	<b>1,522.59</b>



# Notes to the Consolidated Financial Statements

## (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 March 31, 2022 and March 31, 2021, the plan assets have been primarily invested in insurer managed funds.

(₹ in lakhs)		
<b>A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Obligation at the beginning of the year	6,184.65	5,675.83
Current service cost	530.52	520.76
Interest cost	420.71	378.50
Actuarial loss / (gains) - experience	140.69	24.14
Actuarial loss / (gains) - financial assumptions	(268.79)	(195.50)
Benefits paid	(518.52)	(219.08)
<b>Obligation at the end of the year</b>	<b>6,489.26</b>	<b>6,184.65</b>
(₹ in lakhs)		
<b>B. Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Plan assets at the beginning of the year	2,057.94	2,140.23
Interest income on plan assets	155.32	138.09
Contribution by the Group	2,290.00	-
Remeasurements- Return on plan assets excluding amounts included in interest income	(73.39)	(1.30)
Benefits paid	(518.52)	(219.08)
<b>Plan assets at the end of the year</b>	<b>3,911.35</b>	<b>2,057.94</b>
(₹ in lakhs)		
<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 March 31, 2023</b>	<b>As at March 31, 2022</b>
Present value of obligation at the end of the year	6,489.26	6,184.65
Fair value of plan assets at the end of the year	(3,911.35)	(2,057.94)
<b>Net defined benefit obligation</b>	<b>2,577.91</b>	<b>4,126.71</b>
(₹ in lakhs)		
<b>D. Expenses recognized in the Statement of profit and loss</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Current service cost	530.52	520.76
Interest cost	420.71	378.50
Interest income on plan assets	(155.32)	(138.09)
	<b>795.91</b>	<b>761.17</b>
(₹ in lakhs)		
<b>E. Remeasurements recognized in Other comprehensive income</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Actuarial losses on defined benefit obligation	(128.10)	(171.36)
Actuarial losses / (gains) on plan assets	73.39	1.30
	<b>(54.71)</b>	<b>(170.06)</b>

## Notes to the Consolidated Financial Statements

<b>F. Investment details of plan assets</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</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)	0.00%	0.98%
Fund balance with Insurance companies	100.00%	99.02%
	<b>100.00%</b>	<b>100.00%</b>
<b>G. Assumptions</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Discount rate (per annum)	7.20%	7.10%
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 March 31, 2023</b>	<b>As at March 31, 2022</b>
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
<b>A. Discount rate</b>		
Effect on defined benefit obligation due to 1% increase in discount rate	(584.42)	(587.27)
Effect on defined benefit obligation due to 1% decrease in discount rate	496.51	691.30
<b>B. Salary escalation rate</b>		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate of production and others	476.79	682.82
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate of production and others	(591.70)	(591.92)



# Notes to the Consolidated Financial Statements

	(₹ in lakhs)
<b>I. Maturity profile of defined benefit obligation</b>	
1. March 31, 2024	353.41
2. March 31, 2025	426.19
3. March 31, 2026	505.38
4. March 31, 2027	594.08
5. March 31, 2028	902.90
6. March 31, 2029 to March 31, 2033	3,484.52

## 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 ₹ Nil (March 31, 2023: ₹ Nil) is expected to be paid to the plans during the year ending March 31, 2024.

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	

## Notes to the Consolidated Financial Statements

	3M Unitek Corporation	3M International Group B.V.
	3M Material Tech(Guangzhou) Co. , Limited	Emfi S.A.
	3M Wroclaw SP. Z O.O.	3M Matl Tech Suzhou Co Ltd
	3M South Asia Manufacturing 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	3M Chile S.A.
	3M Traffic Manufacturing (Shanghai) Co. Ltd.	3M Poland Sp. Z O.O
	Cuno Pacific Pty Ltd Australia	3M Medical Devices & Mtl Mfg (Sh) Co. Ltd
	KCI Medical India Private Limited	3M Material Tech Co. Ltd, China
	3M Russia	3M Japan Products Limited
	3M Turkey	Cuno 3M Germany
	Cuno 3M Poland	Cuno Europe (France)
	Cuno Inc (USA)	Cuno K.K (Japan)
	Cuno Pacific Pty Ltd Australia	3M Film Construction (Shanghai) Co. Ltd.
<b>iv) Post employment-benefit plan entities</b>	3M India Ltd Employees Gratuity Fund Trust	
	3M India Ltd Employees Superannuation Fund Trust	
	3M E&C Employees Gratuity Fund Trust	
	3M E&C Employees Superannuation Fund Trust	
<b>v) Key management personnel</b>	<b>Executive Directors</b>	
	Ramesh Ramadurai (Managing Director)	
	Mamta Gore (Chief Financial Officer upto May 31, 2021) (Whole-time Director effective September 01, 2020 upto May 31, 2021) (Director effective June 01, 2021 upto May 27, 2022)	
	Vidya Sarathy (Chief Financial Officer effective June 01, 2021) (Whole-time Director effective June 01, 2022)	
	<b>Non-executive Directors</b>	
	Amit Laroya	
	Bharat D. Shah	
	Biren Gabhawala	
	Radhika Rajan	
	James Ernest Falteisek	
	Sadhana Kaul (Resigned effective May 05, 2020)	
	Jongho Lee (Resigned effective February 03, 2022)	
	Yun Jin (effective from February 04, 2022)	
	<b>Others</b>	
	V. Srinivasan (Company Secretary) (Resigned effective May 10, 2022)	
	Pratap Rudra Bhuvanagiri (Company Secretary) (effective August 17, 2022)	





# Notes to the Consolidated Financial Statements

The details of the amounts due to or due from related parties are as follows:

Name of related party	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
<b>Trade payables</b>		
3M Company, USA	24,130.57	15,546.77
3M APAC RDC Pte Limited	1,227.44	427.67
3M Australia Pty. Limited	120.89	-
3M Canada Company	37.68	205.54
3M China Limited	426.22	586.33
3M Do Brasil Limitada	186.01	37.54
3M EMEA, GmbH	3,521.85	3,178.30
3M Health Care Ltd, Japan	257.78	818.26
3M Hong Kong Limited	13.85	15.93
3M Innovation Singapore Pte Limited	18,938.50	4,916.31
3M Malaysia Sdn. Bhn.	-	0.77
3M Panama Pacifico S Der L.	52.80	97.12
3M Philippines, Inc.	-	18.11
3M Singapore Pte. Ltd.	-	303.61
3M Speciality Materials (Shanghai) Co. Ltd.	1,317.07	773.49
3M Technologies (S) Pte Ltd	-	21.07
3M Innovation (Thailand) Co. Ltd.	10.63	32.41
3M Taiwan Limited	85.62	204.75
3M Thailand Limited	168.81	17.75
3M Traffic Manufacturing (Shanghai) Co. Ltd.	60.64	-
3M United Kingdom Plc	46.37	-
Dyneon B.V.	-	21.83
Emfi S.A	531.95	277.97
3M Poland Sp. Z O.O	19.80	19.80
3M Material Tech(Guangzhou) Co Limited	38.89	21.41
Winterthur Tech Taican Co Ltd	189.87	91.03
3M Wendt GmbH	2.85	0.71
Cuno Pacific Pty Ltd Australia	-	15.56
P. T. 3M Indonesia	17.96	221.73
3M Korea Limited	1,035.97	745.65
3M Medical Devices & Mtl Mfg (Sh) Co. Ltd	11.96	0.09
3M Material Tech Hefei Co Ltd	820.02	1,037.37
KCI Medical India Private Limited	34.34	-
3M International Trading (Shanghai) Co., Ltd.	-	8.34
	<b>53,306.33</b>	<b>29,663.22</b>
<b>Trade receivables</b>		
3M Company, USA	708.58	138.04
3M Hong Kong Limited	6.13	28.73
3M Malaysia Sdn. Bhn.	18.47	-
3M Sanayi As Ticaret	-	24.29
3M Thailand Limited	2.79	3.08
3M Vietnam Limited	257.94	97.12
3M Technologies (S) Pte Ltd	20.90	18.97
P. T. 3M Indonesia	0.21	14.66

# Notes to the Consolidated Financial Statements

	(₹ in lakhs)	
Name of related party	March 31, 2023	March 31, 2022
3M Global Service Management Company	796.46	-
3M Innovation Singapore Pte Limited	95.99	-
3M Lanka Private Limited	10.89	-
3M South Asia Manufacturing Company Private Limited	22.12	-
KCI Medical India Private Limited	44.00	-
Sumitomo 3M Limited	-	2.52
3M Material Tech Co. Ltd, China	2.12	-
3M Material Tech(Guangzhou) Co. , Limited	34.24	-
Trimodal Softech Solutions Private Limited	26.93	-
	<b>2,047.77</b>	<b>327.41</b>
<b>Other financial assets</b>		
3M Company, USA	-	541.75
3M Global Service Management Company	-	1,230.27
3M China Limited	-	58.25
3M Thailand Limited	-	42.60
3M Lanka Private Limited	-	10.01
3M International Trading (Shanghai) Co. Ltd.	-	57.66
3M South Asia Manufacturing Company Private Limited	-	20.11
3M Philippines, Inc.	-	138.08
Trimodal Softech Solutions Private Limited	-	13.86
	-	<b>2,112.59</b>

## Details of the related party transactions entered into by the company are as follows:

	(₹ in lakhs)	
Name of related party	March 31, 2023	March 31, 2022
<b>Remuneration paid to Key management personnel #</b>		
Ramesh Ramadurai	360.65	377.05
Mamta Gore	-	92.87
Vidya Sarathy	129.22	108.38
V. Srinivasan	9.01	60.11
Pratap Rudra Bhuvanagiri	35.23	-
	<b>534.11</b>	<b>638.41</b>

# Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

## Sitting fees and commission paid to Key management personnel

	(₹ in lakhs)	
Name of related party	March 31, 2023	March 31, 2022
Bharat D. Shah	29.60	29.60
Biren Gabhawala	28.20	28.20
Radhika Rajan	25.80	25.80
	<b>83.60</b>	<b>83.60</b>
<b>Sales of products (net of returns)</b>		
3M Company, USA	125.05	167.48
3M Gulf Limited	-	3.63
3M Thailand Limited	106.53	1,027.52
3M Korea Limited	58.30	60.88
P. T. 3M Indonesia	167.66	95.49
3M EMEA, GmbH	193.31	10.47



# Notes to the Consolidated Financial Statements

	(₹ in lakhs)	
Name of related party	March 31, 2023	March 31, 2022
3M China Limited	0.45	45.95
3M Hong kong Limited	17.31	54.59
3M Technologies (S) Pte Ltd	18.65	80.03
3M Innovation (Thailand) Co. Ltd.	-	281.74
3M Philippines, Inc.	-	0.29
3M Australia Pty. Limited	19.08	89.71
3M Vietnam Limited	479.41	369.05
3M Sanay AS Ticaret	-	24.29
Sumitomo 3M Limited	5.05	27.36
3M Saudi Arabia	963.88	-
3M Russia	-	0.05
3M Malaysia Sdn. Bhn.	47.88	131.83
3M Asia Pacific Pte. Ltd	-	24.35
3M New Zealand	1.38	-
3M Chile S. A.	3.88	-
	<b>2,207.81</b>	<b>2,494.72</b>
<b>Contributions during the year</b>		
3M India Ltd Employees Gratuity Fund Trust	2,091.00	-
3M India Ltd Employees Superannuation Fund Trust	127.16	115.58
3M E&C Employees Gratuity Fund Trust	199.00	-
3M E&C Employees Superannuation Fund Trust	12.02	11.51
	<b>2,429.17</b>	<b>127.09</b>
<b>Income from contract research</b>		
3M Company, USA	1,532.19	1,695.72
	<b>1,532.19</b>	<b>1,695.72</b>
<b>Income from management support services</b>		
3M Company, USA	802.26	636.48
3M Global Service Management Company	2,825.79	4,699.51
3M South Asia Manufacturing Company Private Limited	69.35	12.81
3M Lanka Private Limited	-	9.88
KCI Medical India Private Limited	70.91	81.59
Capital Safety Products India Private Limited	-	-
Trimodal Softech Solutions Private Limited	50.14	48.55
	<b>3,818.44</b>	<b>5,488.82</b>
<b>Reimbursement of expenses received</b>		
3M Global Service Management Company	-	-
P. T. 3M Indonesia	-	-
3M Korea Limited	-	280.87
3M Singapore PTE Ltd	360.87	-
3M Thailand Limited	-	95.12
3M Innovation Singapore Pte Ltd	239.58	-
	<b>600.45</b>	<b>375.99</b>
<b>Corporate management fees (excluding ineligible portion of Goods and Service Tax)</b>		
3M Global Service Management Company	12,335.26	12,729.19
	<b>12,335.26</b>	<b>12,729.19</b>

## Notes to the Consolidated Financial Statements

	(₹ in lakhs)	
Name of related party	March 31, 2023	March 31, 2022
<b>Royalty (excluding ineligible portion of Goods and Service Tax)</b>		
3M Company, USA	6,091.79	4,772.66
	<b>6,091.79</b>	<b>4,772.66</b>
<b>Recharges of expenses paid</b>		
3M Company, USA	-	66.08
3M Gulf Limited	-	88.77
	-	<b>154.85</b>
<b>Purchase of materials (net of returns)</b>		
3M Company, USA	64,596.22	44,040.29
3M APAC RDC Pte Limited	4,524.73	4,039.49
3M Matl Tech Suzhou Co Ltd	-	6.78
3M Japan Limited	1,989.47	4.68
3M Film Construction (Shanghai) Co. Ltd.	131.67	149.14
3M Australia Pty. Limited	378.26	163.73
3M Belgium S. A. /N. V.	22.73	10.57
3M Canada Company	281.67	287.68
3M China Limited	1,975.90	2,200.85
3M Do Brasil Limitada	916.68	820.89
3M EMEA, GmbH	7,570.64	6,058.40
3M ESPE Dental AG	1,664.60	1,135.32
3M France S. A	465.42	839.87
3M Germany Hilden GmbH	468.36	606.01
3M Hong Kong Limited	390.28	1,232.95
3M Innovation (Thailand) Co. Ltd.	2,966.29	166.00
3M Innovation Singapore Pte Limited	28,045.69	33,178.21
3M International Trading (Shanghai) Co. Ltd.	131.34	15.72
3M Italia S. P. A.	54.04	479.52
3M Medical Devices & Mtl Mfg (Sh) Co. Ltd	-	0.16
3M Korea Limited	5,667.47	2,385.12
3M Malaysia Sdn. Bhn.	-	30.07
3M Material Tech(Guangzhou) Co. , Limited	36.91	286.19
3M New Zealand	6.63	-
3M Panama S. A	1,100.92	343.32
3M Philippines, Inc.	7.47	26.93
3M Speciality Materials (Shanghai) Co. Ltd.	4,659.74	2,666.01
3M Taiwan Limited	806.97	253.40
3M Thailand Limited	461.35	314.63
3M United Kingdom PLC	112.67	207.91
3M Unitek Corporation	167.17	136.44
3M Wendt GmbH	10.46	7.44
3M Winterthur Technologies AG	2,361.01	1,939.48
3M Wroclaw SP. Z O. O.	1,021.59	924.90
3M Health Care Limited, Japan	5,220.60	6,534.08
3M Korea Hightech Limited	-	5.42
3M Singapore Pte. Ltd.	152.75	427.44
3M Technologies (S) Pte Ltd	0.66	7.27



# Notes to the Consolidated Financial Statements

Name of related party	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
Emfi S. A.	992.14	673.46
Cuno 3M Germany	34.03	42.02
Cuno 3M Poland	2,087.04	1,087.15
Cuno Europe (France)	5,631.18	65.89
Cuno Inc (USA)	-	3,784.10
Cuno K. K (Japan)	12.34	55.18
3M Japan Products Limited	1,807.83	-
3M Turkey	2.01	-
3M Panama Pacifico S Der L.	25.75	137.49
P. T. 3M Indonesia	70.84	15.48
Cuno Pacific Pty Ltd Australia	-	1.23
3M Vietnam Limited	73.90	68.05
3M Material Tech Hefei Co Limited	6,794.98	2,350.11
	<b>155,900.41</b>	<b>120,212.47</b>

## 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.



# Notes to the Consolidated Financial Statements

Reportable segments	Products
Transportation & Electronics	<p>Major product under this segment include personal protection products, brand &amp; 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.</p> <p>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.</p>
Consumer	<p>Consumer and Office business includes products such as Scotch brand, addressing the Home &amp; 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.</p>

## 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.

	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
<b>Segment revenue (revenue from operations)</b>		
a) Safety & Industrial	130,128.25	119,366.39
b) Transportation & Electronics	156,903.62	117,423.42
c) Health Care	65,480.53	55,211.64
d) Consumer	40,967.55	38,748.57
f) Others	2,456.82	2,834.15
<b>Total revenue</b>	<b>395,936.77</b>	<b>333,584.17</b>
<b>Segment results</b>		
a) Safety & Industrial	13,664.62	8,504.31
b) Transportation & Electronics	23,691.37	9,097.66
c) Health Care	8,016.92	6,791.94
d) Consumer	8,278.06	7,741.77
f) Others	1,010.28	1,276.66
<b>Total segment results</b>	<b>54,661.25</b>	<b>33,412.34</b>
Less : Interest expense	727.03	372.04
Add: Other un-allocable income net off un-allocable expenditure	6,809.59	3,711.51
<b>Profit before tax</b>	<b>60,743.81</b>	<b>36,751.81</b>
Tax expense	15,641.89	9,554.70
<b>Profit after tax</b>	<b>45,101.92</b>	<b>27,197.11</b>



# Notes to the Consolidated Financial Statements

	(₹ in lakhs)	
	March 31, 2023	March 31, 2022
<b>Segment assets</b>		
a) Safety & Industrial	54,623.48	49,366.74
b) Transportation & Electronics	66,874.06	53,618.14
c) Health Care	25,068.99	19,287.93
d) Consumer	9,371.32	8,447.68
e) Unallocated corporate assets	115,504.62	169,873.94
<b>Total assets</b>	<b>271,442.47</b>	<b>300,594.43</b>
<b>Segment liability</b>		
a) Safety & Industrial	28,919.77	20,778.88
b) Transportation & Electronics	30,299.33	20,633.88
c) Health Care	12,199.90	8,237.10
d) Consumer	5,362.56	4,456.11
e) Unallocated corporate liabilities	26,913.86	28,131.18
<b>Total liabilities</b>	<b>103,695.42</b>	<b>82,237.15</b>
<b>Capital expenditure</b>		
a) Safety & Industrial	2,230.70	997.75
b) Transportation & Electronics	1,386.20	5,310.05
c) Health Care	935.77	174.36
d) Consumer	490.92	196.23
e) Unallocated capital expenditure	978.77	352.16
<b>Total capital expenditure</b>	<b>6,022.36</b>	<b>7,030.55</b>
<b>Depreciation and amortisation expenses</b>		
a) Safety & Industrial	1,835.75	2,360.93
b) Transportation & Electronics	1,744.99	1,731.27
c) Health Care	804.82	890.82
d) Consumer	285.11	365.92
e) Unallocated depreciation / amortisation expenses	1,097.24	162.78
<b>Depreciation / amortisation expenses</b>	<b>5,767.91</b>	<b>5,511.72</b>
<b>Non cash expenses other than depreciation and amortisation expense</b>		
a) Safety & Industrial	-	-
b) Transportation & Electronics	-	-
c) Health Care	-	-
d) Consumer	-	-
<b>Total non cash expenses</b>	<b>-</b>	<b>-</b>

## 32 Corporate social responsibility

Details of CSR expenditure in accordance with Section 135 of the Companies Act, 2013.

	(₹ in lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
a) amount required to be spent by the company during the year	627.25	733.42
b) amount of expenditure incurred	628.91	736.84
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

	As at March 31, 2023	As at March 31, 2022
(₹ in lakhs)		
a) Guarantees :		
- Issued by Group's bankers	6,718.91	7,523.48
b) Claims against the Group not acknowledged as debts :		
- Income tax demand (including interest) (refer note (i) below)	30,248.51	30,248.51
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	10,772.87	12,084.87
- Service tax matters (refer note (v) below)	1,326.80	1,442.06
- Central excise duty matters (refer note (vi) below)	1,910.91	2,228.22
- Goods and service tax matters (refer note (vii) below)	206.48	-

### 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 ₹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 December 08, 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 December 08, 2011 to February 07, 2014. The Group has received an order in original on October 01, 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to ₹7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of ₹1,000 lakhs. The Group has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of ₹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 2005-06 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.
- (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.

	As at March 31, 2023	As at March 31, 2022
(₹ in lakhs)		
<b>Capital commitments</b>		
Estimated value of contracts in capital account remaining to be executed	293.36	3,049.39

During the year ended March 31, 2023 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

(₹ in lakhs)

Name of related party	March 31, 2023	March 31, 2022
Current tax	15,098.38	9,802.95
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	543.51	(248.25)
<b>Tax expense for the year</b>	<b>15,641.89</b>	<b>9,554.70</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) Amount recognised in other comprehensive income

(₹ in lakhs)

	March 31, 2023			March 31, 2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	54.71	(13.76)	40.95	170.07	(42.81)	127.26
	<b>54.71</b>	<b>(13.76)</b>	<b>40.95</b>	<b>170.07</b>	<b>(42.81)</b>	<b>127.26</b>

### (c) Reconciliation of effective tax rate

(₹ in lakhs)

	March 31, 2023		March 31, 2022	
Profit before tax		60,743.81		36,751.81
Tax at statutory income tax rate 25.17% (March 31, 2022 - 25.17%)	<b>25.168%</b>	<b>15,288.00</b>	<b>25.168%</b>	<b>9,249.70</b>
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:				
Non-deductible expenses	0.26%	156.75	0.57%	210.28
Others	0.32%	197.13	0.26%	94.72
<b>Income tax expense</b>	<b>25.75%</b>	<b>15,641.89</b>	<b>26.00%</b>	<b>9,554.70</b>

### (d) Deferred tax assets and liabilities are attributable to the following:

(₹ in lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets)/ liabilities, net	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Property, plant and equipment	-	-	493.74	455.44	493.74	455.44
Employee benefits expense	1,200.17	1,525.16	-	-	(1,200.17)	(1,525.16)
Provisions	2,021.24	2,215.22	-	-	(2,021.24)	(2,215.22)
	<b>3,221.41</b>	<b>3,740.38</b>	<b>493.74</b>	<b>455.44</b>	<b>(2,727.67)</b>	<b>(3,284.94)</b>

# Notes to the Consolidated Financial Statements

## (e) Movement in temporary differences

### March 31, 2023

(₹ in lakhs)

Particulars	Balance as at April 01, 2022	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at March 31, 2023
Property, plant and equipment	455.44	38.30	-	-	-	493.74
Employee benefits expense	(1,525.15)	311.23	13.76	-	-	(1,200.17)
Provisions	(2,215.22)	193.98	-	-	-	(2,021.24)
	<b>(3,284.94)</b>	<b>543.51</b>	<b>13.76</b>	<b>-</b>	<b>-</b>	<b>(2,727.67)</b>

### March 31, 2022

(₹ in lakhs)

Particulars	Balance as at April 01, 2021	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at March 31, 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>(3,079.51)</b>	<b>(248.25)</b>	<b>42.81</b>	<b>-</b>	<b>-</b>	<b>(3,284.92)</b>

## (f) Details of income tax assets and income tax liabilities

(₹ in lakhs)

	March 31, 2023	March 31, 2022
Income tax assets (net)	14,228.91	14,186.18
Current tax liabilities (net)	(3,527.65)	(4,292.17)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>10,701.26</b>	<b>9,894.01</b>

## (g) The gross movement in the current income tax asset / (liability)

(₹ in lakhs)

	March 31, 2023	March 31, 2022
Net current income tax asset / (liability) at the beginning of the year	9,894.01	9,704.90
Income tax paid	16,428.72	10,140.21
Interest on income tax matters	(523.08)	(148.14)
Current income tax expense	(15,098.38)	(9,802.95)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>10,701.26</b>	<b>9,894.01</b>

## 35 Movement in provisions

(₹ in lakhs)

Particulars	April 01, 2022	Addition	Utilisation/ reversals	March 31, 2023
a) Asset retirement obligation	90.58	0.01	-	90.59
b) Sales tax, service tax and other litigations	2,235.00	65.48	183.78	2,116.70
c) Provision for sales return and volume rebate	3,341.48	3,280.97	3,341.48	3,280.97
	<b>5,667.06</b>	<b>3,346.46</b>	<b>3,525.26</b>	<b>5,488.26</b>
<b>Non Current</b>	90.58			90.59
<b>Current</b>	5,576.48			5,397.67





# Notes to the Consolidated Financial Statements

Particulars	(₹ in lakhs)			
	April 01, 2022	Addition	Utilisation/ reversals	March 31, 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>
<b>Non Current</b>	90.57			90.58
<b>Current</b>	5,002.78			5,576.48

## 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 March 31, 2023 and March 31, 2022 was as follows -

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Lease liabilities	2,674.74	2,457.45
Debt	-	-
<b>Total debt</b>	<b>2,674.74</b>	<b>2,457.45</b>
Total equity	167,747.05	218,357.28
<b>Debt to total equity ratio</b>	<b>1.59%</b>	<b>1.13%</b>

## 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.

## Notes to the Consolidated Financial Statements

The following table shows the carrying amounts of financial assets and financial liabilities as at March 31, 2023

(₹ 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	6	-	-	-	63,503.55	63,503.55
Loans	7	-	-	-	55.55	55.55
Other financial assets	8	-	-	-	1,566.45	1,566.45
Cash and cash equivalents	11	-	-	-	79,820.54	79,820.54
		-	-	-	<b>144,946.09</b>	<b>144,946.09</b>
<b>Financial liabilities not measured at fair value</b>						
Trade payables	15	-	-	-	76,444.36	76,444.36
Other financial liabilities	16	-	-	-	6,671.43	6,671.43
Lease liabilities	38	-	-	-	2,674.74	2,674.74
		-	-	-	<b>85,790.53</b>	<b>85,790.53</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 March 31, 2022

(₹ 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	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>						
Trade payables	15	-	-	-	53,844.31	53,844.31
Other financial liabilities	16	-	-	-	6,495.56	6,495.56
Lease liabilities	38	-	-	-	2,457.45	2,457.45
		-	-	-	<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.



# Notes to the Consolidated Financial Statements

## 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 -

	(₹ in lakhs)	
	Carrying amount as at	
	March 31, 2023	March 31, 2022
India	65,533.12	56,500.86
Other regions	2,033.66	347.99
	<b>67,566.78</b>	<b>56,848.85</b>

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows -

	(₹ in lakhs)	
	Carrying amount as at	
	March 31, 2023	March 31, 2022
Distributors	35,857.53	33,466.01
Other	30,427.50	23,382.84
	<b>67,566.78</b>	<b>56,848.85</b>
Less: receivables from related party, secured receivables and other receivables not considered for credit risk	3,206.34	1,457.74
Net trade receivables	<b>64,360.44</b>	<b>55,391.11</b>

## Notes to the Consolidated Financial Statements

Expected credit loss assessment for the Group as at March 31, 2022 and 2023:

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 ₹67,566.78 lakhs (March 31, 2022: 56,848.85 lakhs), the exposure considered for expected credit loss is ₹64,360.44 lakhs (March 31, 2022 : ₹55,391.11). 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 -

### March 31, 2023

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	57,656.58	0.32%	184.35
0-90 days	2,387.76	1.99%	47.44
91-180 days	676.28	28.51%	192.83
181-270 days	9.34	86.97%	8.12
271-360 days	186.31	100.00%	186.31
> 360 days	3,444.19	100.00%	3,444.19
	<b>64,360.44</b>		<b>4,063.23</b>

### March 31, 2022

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance
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
	<b>55,391.11</b>		<b>4,072.17</b>



# 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:

	March 31, 2023	March 31, 2022
Balance as at April 01	4,072.17	4,579.71
Utilised during the year	(171.88)	(128.36)
Impairment loss recognised	162.94	(379.18)
<b>Balance as at March 31</b>	<b>4,063.23</b>	<b>4,072.17</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 -

#### March 31, 2023

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>					
Lease liabilities	1,360.74	1,314.00	-	-	2,674.74
Trade payables	77,326.45	-	-	-	77,326.45
Other financial liabilities	6,761.16	-	-	-	6,761.16
	<b>85,448.35</b>	<b>1,314.00</b>	<b>-</b>	<b>-</b>	<b>86,762.35</b>

#### March 31, 2022

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
<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>62,113.36</b>	<b>510.97</b>	<b>172.99</b>	<b>-</b>	<b>62,797.32</b>



# Notes to the Consolidated Financial Statements

## iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Group is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

### Exposure to currency risk

The summary quantitative data about the Group's unhedged exposure to currency risk as reported to the management is as follows.

	(₹ in lakhs)							
	March 31, 2023				March 31, 2022			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	30,733.31	4,930.13	18,938.50	775.78	19,576.51	3,320.37	4,937.38	1,108.25
Trade and other receivables	689.24	-	-	-	2,417.08	-	-	-
<b>Net exposure in respect of recognised assets and liabilities</b>	<b>30,044.07</b>	<b>4,930.13</b>	<b>18,938.50</b>	<b>775.78</b>	<b>17,159.43</b>	<b>3,320.37</b>	<b>4,937.38</b>	<b>1,108.25</b>

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as at March 31 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>March 31, 2023</b>				
USD (for 1% movement)	300.44	(300.44)	224.83	(224.83)
EURO (for 1% movement)	49.30	(49.30)	36.89	(36.89)
SGD (for 1% movement)	189.39	(189.39)	141.72	(141.72)
Others (for 1% movement)	7.76	(7.76)	5.81	(5.81)
	<b>546.88</b>	<b>(546.88)</b>	<b>409.25</b>	<b>(409.25)</b>

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>March 31, 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)
	<b>265.25</b>	<b>(265.25)</b>	<b>198.50</b>	<b>(198.50)</b>



# Notes to the Consolidated 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.

### I. Right-of-use assets

	Buildings	Land	Data processing equipment	Vehicles	Total
<b>Balance as at March 31, 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 March 31, 2022</b>	<b>1,155.12</b>	<b>360.02</b>	<b>943.50</b>	<b>76.24</b>	<b>2,534.90</b>
Additions during the year	1,298.68	-	995.03	202.89	2,496.60
Depreciation charge for the year	1,287.03	3.04	734.62	88.36	2,113.05
De-recognition during the year	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>1,166.77</b>	<b>356.98</b>	<b>1,203.91</b>	<b>190.78</b>	<b>2,918.45</b>

### II. Lease liabilities

	As at March 31, 2023	As at March 31, 2022
Non current	1,359.00	683.96
Current	1,315.74	1,773.49
<b>Total</b>	<b>2,674.74</b>	<b>2,457.45</b>

(₹ in lakhs)

The Group incurred during the year ₹336.03 lakhs (March 31, 2022: ₹348.71) towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases is ₹2,458.87 lakhs (including interest of ₹179.56 lakhs) for the year ended March 31, 2023.

\* 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 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 is 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. The Company and 3M E&C has filed the necessary applications to seek the approval for merger as per NCLT directions and the approval order is awaited.

# Notes to the Consolidated Financial Statements

## 40 Additional information pursuant to para 2 of general instructions for preparation of the consolidated financial statements

Name of 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 profit or loss	Amount
<b>Parent</b>				
3M India Limited	148%	248,878.12	92%	41,596.26
<b>Subsidiary</b>				
3M Electro & Communications India Private Limited	12%	19,959.16	8%	3,505.66
<b>Adjustment arising out of consolidation</b>	60%	101,090.23	0%	-
<b>Total</b>	<b>100%</b>	<b>167,747.05</b>		<b>45,101.92</b>

### 41 Subsequent events

There are no material subsequent events after the balance sheet date upto the date of adoption of these financial statements which may have significant impact on these financial statements.

- 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.

### 43 Other statutory information:

- The Group does not have any Benami property or any proceeding is pending against the Company for holding any Benami property.
- The Group do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- The Group has not traded or invested in crypto currency or virtual currency during the financial year.
- The Group is not classified as wilful defaulter.

- 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.

- The Group has no transactions with the struck off companies.

- 44** The Holding Company 3M Company, USA on July 26, 2022 has announced its intent to spin off Health Care business. There are no accounting and disclosure consequences in the financial results for the quarter ended March 31, 2023 since the conditions prescribed under the relevant Ind AS is not fulfilled. Also refer the segment information for Health Care business related assets and liabilities.

- 45** Company’s books of accounts and other relevant books and papers (“Books and papers”) are maintained in electronic mode and accessible all time in India. In compliance with Rule 3 of Companies (Accounts) Rules, 2014, the Company had identified the composition of books and papers and broadly classified into primary (Core ERP) and secondary (workflow applications) book and papers. The back-up of books and papers in electronic mode were periodically maintained in servers physically located in India. In addition, Company maintains back-up of books and papers on daily basis in servers physically located outside India. During the year, the Company initiated actions in phased manner to maintain daily back-up of books and papers in servers physically located in India. Accordingly, from December 2022, the Company started manually maintaining daily back-ups for primary books and papers (Core ERP) in the



# Notes to the Consolidated Financial Statements

servers physically located in India by taking a copy of the global backup into servers physically located in India. As at March 31, 2023, the Company is in the process of implementing automated maintenance of daily back-up in a server physically located in India for primary and secondary books and papers, as well as testing the restoration of the backups.

- 46** For the year 2022-23, the Board recommended a final dividend of ₹100.00/- (per equity share) at its meeting held on May 30, 2023. This payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

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As per our report of even date attached  
for **B S R & Co. LLP**

Chartered Accountants

Firm registration No.: 101248W/W-100022

**Vikash Gupta**

Partner

Membership No.: 064597

Place: Bengaluru

Date: May 30, 2023

for **and on behalf of the Board of Directors**

**Ramesh Ramadurai**

Managing Director

DIN: 07109252

Place: Bengaluru

Date: May 30, 2023

**Vidya Sarathy**

Whole-time Director &

Chief Financial Officer

DIN: 01689378

**Pratap Rudra Bhuvanagiri**

Company Secretary

M. No. A22297













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