
3M INDIA LIMITED

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 Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the *Listing Regulations*).
- 1.2. This Policy has been approved by the Board of Directors (*Board*) of the Company at its meeting held on **February 9, 2017**. This Policy may be reviewed by the Board from time to time. This Policy and all amendments thereto will be updated on the Company's website (www.3m.com/in) and in the Company's Annual Report.

2. Policy

- 2.1. The Board shall consider appropriate financial and other parameters, as well as relevant internal and external factors, when determining the quantum, if any, of dividend to be paid out by the Company, which may include, but shall not be restricted to, all or some of the following as the Board in its discretion considers relevant:
 - (a) Revenues and net profits for the relevant financial year and future outlook;
 - (b) Possible current and future cash flow requirements;
 - (c) Liquidity needs including working capital requirements;
 - (d) Capital expenditure plans and requirements, including for expansion, modernization and upgradation of existing operations and infrastructure;
 - (e) Market expansion plans;
 - (f) Product expansion plans;
 - (g) Expenditure on research and development;
 - (h) Possible organic and inorganic growth opportunities, and other usage of cash;
 - (i) Leverage levels;
 - (j) Any restrictions and covenants in agreements with debenture-holders, lenders and others;
 - (k) Comparative tax efficiency of dividend distribution;
 - (l) Provisions for unforeseen events and contingencies;
 - (m) Strategic priorities and objectives;
 - (n) Macroeconomic conditions, local and international; and
 - (o) Any other methods of delivering value to shareholders.
- 2.2. When deliberating on the recommendation of dividend, the Board will seek to balance the benefit to shareholders of the Company with the comparative advantages of retaining profits in the Company which would lead to greater value creation for all stakeholders.
- 2.3. In the event that the Board proposes to recommend dividend on the basis of parameters and factors in addition to those stated in clause 2.1 and 2.2 above, or to change any of the relevant parameters and factors, the changes along with the rationale for the same shall be disclosed in the Company's annual report and on the Company's website (www.3m.com/in).

- 2.4. Recommendation and declaration of dividend, if any, would be in accordance with the Listing Regulations and the Companies Act, 2013 read with the rules issued thereunder.
- 2.5. The shareholders of the Company may expect dividend when the Board, on a consideration of such parameters and factors as it considers relevant, is of the view that it would be in the best interests of the Company and its shareholders as a whole to recommend dividend, and the shareholders approve such dividend at the Annual General Meeting. The Board may not recommend dividend where the future outlook, possible future cash flow requirements, growth opportunities, capital expenditure, macroeconomic conditions or other factors, including as mentioned in clause 2.1 above, in the opinion of the Board, do not warrant recommending any dividend.
- 2.6. The Board's recommendation of dividend would be in the discretion of the Board. Any declaration of dividend pursuant to the Board's recommendation would be subject to the approval of the shareholders at the Annual General Meeting as required by the Companies Act, 2013.
- 2.7. The Board intends that retained earnings, if any, of the Company shall be used in furtherance of the business objectives and operations of the Company.
- 2.8. The Company presently has only one class of shares, being equity shares of face value of INR 10 each.
