

# 3M INDIA LIMITED

CIN: L31300KA1987PLC013543

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

Phone: 080-22231414, Fax: 080-2223 1450, email id: vsrinivasan@mmm. com, website: www. 3m. com/in

## NOTICE TO MEMBERS

NOTICE is hereby given that the Thirtieth (30<sup>th</sup>) Annual General Meeting of the Company will be held at 11.00 A.M. on Thursday, the 10<sup>th</sup> August, 2017 at Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001, to transact the following business:

### ORDINARY BUSINESS:

#### Adoption of Financial Statements for the financial year ended March 31, 2017

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

“RESOLVED THAT the Financial Statements of the Company including Audited Balance Sheet as at March 31, 2017, the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors’ Report thereon and the Board’s Report including Secretarial Audit Report be and are hereby received, considered and adopted.”

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

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

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

#### Ratification of the appointment of Statutory Auditors of the Company, Messrs. BSR & CO. LLP, Chartered Accountants, Bengaluru (ICAI firm registration no. 101248w/w-100022), and to fix their remuneration

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

“RESOLVED THAT pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or amendments or re-enactments thereof) and pursuant to the recommendation of the Audit Committee and of the Board of Directors, the appointment of Messrs. BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) made at the 29th Annual General Meeting to hold office for a period of Five (5) years, subject to ratification at every Annual General Meeting, be and is hereby ratified and that the Auditors be paid such remuneration as may be recommended by the Audit Committee and mutually agreed between the Board of Directors of the Company and the Auditors.”

### SPECIAL BUSINESS:

#### Appointment of Mr. Jong Ho Lee (DIN: 06720950) as a Director of the Company

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

“RESOLVED that Mr. Jong Ho Lee (DIN-06720950), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on May 26, 2017 under Section 161(1) of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or amendments or re-enactments thereof) and Article 115 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

#### Re-appointment of Mr. B.V. Shankaranarayana Rao (DIN: 00044840) as Whole-time Director of the Company from April 1, 2017 to May 13, 2020

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof) and pursuant to the Articles of Association of the Company, consent of the Company be and is hereby accorded to the re-appointment of Mr. B.V. Shankaranarayana Rao (DIN:00044840) as Whole-time Director of the Company from April 1, 2017 to May 13, 2020 and for the payment of remuneration as set out in the Agreement dated March 6, 2017 between the Company and Mr. B.V. Shankaranarayana Rao.

RESOLVED FURTHER THAT the Board of Directors, including a Committee thereof, be and are hereby authorized to vary the terms and conditions of appointment including determination of remuneration payable to Mr. B.V. Shankaranarayana Rao, in such manner as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for the Financial Year 2017-18**

6. *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(s) or re-enactment thereof ), the remuneration payable to Messrs. Rao, Murthy & Associates, Bengaluru (holding ICAI Registration No. 000065), Cost Auditors, appointed by the Board of Directors based on the recommendation of the Audit Committee of the Company to conduct the audit of the Cost records of the Company for the financial year 2017-18 amounting to Rs. 430,000/- (Rupees Four Lakhs Thirty Thousand only) including applicable taxes and re-imbusement of out of pocket expenses incurred by them in connection with the audit of cost records be and is hereby ratified and approved.”

**Approval of Material Related Party Transactions beyond the approval granted**

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

“RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 and the rules made thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) (including any statutory modification(s) or amendments(s) or re-enactments(s) thereof), the following material related party transactions entered into in ordinary course of business and at arm’s length price with 3M Company, USA (Parent Company) by the Company in excess of the limits approved by the shareholders at the previous Annual General Meeting held on 5th August, 2016 be and are hereby ratified / approved.”

*Rs. in crores*

Sl No.	Nature of Transactions	Approved Estimated value of transactions for the financial year 2016-17 by the members on August 5, 2016	Actual value of the transactions during the financial year 2016-17
1	Royalty	24.55	32.74
2.	Corporate Management Fee	72.91	99.97
3.	Purchases of Materials	298.66	325.99

**Approval of Estimated Material Related Party Transactions for three financial years from April 1, 2017 to March 31, 2020**

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) (including any statutory modifications(s) or re-enactments(s) thereof, for the time being in force) consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (including any committee thereof) to enter into material related party transactions with its holding company, 3M Company, USA and/or its group companies, being related parties as defined in regulation 2(1)(zb) of the Listing Regulations, over a period of three (3) financial years (being April 1, 2017 to March 31, 2020), for a total value of Rs. 1,085.41 crores during financial year 2017-18 with an increase in each of the subsequent financial years, of 20% of the approved amount for the preceding financial year.

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

*By order of the Board*

**V. Srinivasan**  
Company Secretary  
ACS-16430

Place : Bengaluru  
Date : May 26, 2017

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED/LODGED AT THE REGISTERED / CORPORATE OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING. A PROXY FORM IS SENT HERWITH. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.**
- Explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
- The Register of Members and the share transfer books of the Company will remain closed from Saturday, **August 5, 2017 to Thursday, August 10, 2017 (both days inclusive).**

4. The shares of the Company are mandated by the Securities and Exchange Board of India for trading in dematerialized form by all investors. Members holding shares in physical form are advised to dematerialize their shares to avoid the risks associated with the physical holding of such share certificates. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.
5. The Registrar and Transfer Agent; Karvy Computer Share Private Limited, Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad- 500 032 is handling registry work in respect of shares held both in physical form and in electronic/demat form.
6. Members are requested to bring their copy of the Annual Report and the Attendance Slip to the Annual General Meeting. ONLY MEMBERS/ AUTHORISED REPRESENTATIVES OF THE CORPORATE MEMBERS/ PROXIES WILL BE ADMITTED INTO THE HALL FOR THE MEETING.
7. Members may refer Additional Information on Directors recommended for appointment / re-appointment under the provisions of Listing Regulations.
8. Members holding shares in electronic form are requested to register their e-mail address with their respective depository participants and members holding shares in Physical form are requested to register their e-mail address with the Company's Registrar and Transfer Agents and participate in the "Green initiative" launched by the Ministry of Corporate Affairs in future. As per rule 3 of Companies (Management & Administration) Rules, 2014, Register of Members of all the Company's now should have additional details pertaining to e-mail, PAN / CIN, UID, Occupation, Status, Nationality. We request all the Members of the Company to update their details with their respective depository participants in case of shares held in electronic form and with the Company's Registrar and Transfer Agents in the case of physical holding immediately.
9. 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.
10. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
11. Electronic copy of the Notice of the 30th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection during normal business hours on all working days except Saturdays, up to and including the date of the Meeting.
12. Voting through electronic voting system(Remote E-Voting) :  
Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of 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 Standard 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 August 4, 2017 (Friday) i.e. the date prior to the commencement of Book closure date are entitled to vote on the Resolution set forth in this Notice. The remote e-voting period will commence at 9.00 A.M. on August 7, 2017 (Monday) to 5.00 P.M. on August 9, 2017 (Wednesday). It is hereby clarified that it is not mandatory for a member to vote using the remote e-voting facility, and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for the Annual General Meeting. The Members desiring to vote through remote e-voting mode may refer to the detailed procedure on e-voting given hereinafter.

#### INSTRUCTION FOR REMOTE E-VOTING

- (a) Use the following URL for remote e-voting: From Karvy website : <https://evoting.karvy.com>
- (b) Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
- (c) Enter the login credentials [i.e., user id and password mentioned in the Notice of the AGM]. The Event No+ Folio No/DP ID-Client ID will be your user ID.
- (d) After entering the details appropriately, click on LOGIN.
- (e) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a

special character(@,#,\$ ). The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (f) You need to login again with the new credentials.
- (g) [On successful login, the system will prompt you to select the EVENT i.e., 3M India Limited and click on SUBMIT.](#)
- (h) [Now you are ready for e-voting as “Cast Vote” page opens. On the voting page, the number of shares as held by the shareholder as on August 4, 2017 \(Friday\) will appear.](#) If you desire to cast all the votes assenting/dissenting to the Resolution, then enter all shares and click FOR / AGAINST as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option ABSTAIN in case you wish to abstain from voting
- (i) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- (j) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
- (k) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (l) The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of the AGM. Accordingly the Portal will be open for voting from: [9.00 A.M. on August 7, 2017 \(Monday\) to 5.00 P.M. on August 9, 2017 \(Wednesday\).](#)The e-voting module shall be disabled by Karvy at 5.00 p.m. [on August 9, 2017 \(Wednesday\).](#) During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of [August 4, 2017 \(Friday\)](#) ,may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact [Mr. Rajeev Kumar of Karvy Computershare Private Ltd at 040-67161524 OR at Tel No. 1800 345 4001 \(toll free\).](#)
- (n) The Company has appointed Mr. Vijayakrishna K.T, Practising Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner: provided that the scrutinizer so appointed may take assistance of a person who is not in employment of the Company and who is well-versed with the electronic voting system.
- (o) [The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. August 4, 2017 \(Friday\).](#)
- (p) [The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, August 4, 2017, are entitled to vote on the Resolutions set forth in this Notice.](#)
- (q) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Annual Report and holding shares as of the cut-off date i.e. [August 4, 2017 \(Friday\)](#), may obtain the login ID and password by sending an email to [evoting@karvy.com/ rajeev.kr@karvy.com](mailto:evoting@karvy.com/rajeev.kr@karvy.com) , by mentioning their Folio No./DP ID and Client ID No. Else, if your Mobile number is registered against Folio No./DP ID-Client ID, the member may send SMS:MYEPWD <space> Event Number + Folio or DP ID Client ID to +91 9212993399.
- Example for NSDL :MYEPWD <SPACE> IN12345612345678  
 Example for CDSL :MYEPWD <SPACE> 1402345612345678  
 Example for PHYSICAL :MYEPWD <SPACE> XXX1234567
- However, if you are already registered with Karvy for remote e-voting then you can use your existing user ID and password for casting your vote. If e-mail or mobile number of the member is registered against Folio No. /DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “forgot password” and enter Folio No. or DP ID Client ID and PAN to generate as password.
- (r) A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
- (s) **Voting at AGM:** The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM. The Company will make arrangements of ballot papers/other means in this regards at the AGM Venue.
- (t) The scrutinizer shall, immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two(2) witnesses not in the employment of the Company and make not later than forty eight (48) hours days of conclusion of the meeting a consolidated Scrutinizer’s Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.

- (u) The results declared along with the report of the scrutinizer shall be placed on the website of the Company [www.3m.com/in](http://www.3m.com/in) and on <https://evoting.karvy.com> immediately after the result is declared by the Chairman. The Company shall, simultaneously, forward the results to the Stock Exchanges where the shares are listed.
- (v) 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.
- (w) Institutional members (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., to the Scrutinizer through e-mail at [vijaykt@vjkt.in](mailto:vijaykt@vjkt.in), with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). File naming convention should be 'Corporate Name EVENT NO.'. The documents should reach the Scrutinizer on or before the close of working hours on [August 9, 2017 \(Wednesday\)](#).
- (x) In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy) in the permitted mode:
- (i) Initial password as below is given in the attendance slip for the AGM:

EVEN (E-Voting Event Number)	USER ID	PASSWORD
XXXXXXX	XXXXXXX	XXXXXXXXX

- (ii) Please follow all steps from Sl. No. (12)(c) to (12)(j) above to cast your vote.

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

##### Item 2

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

*Mr. Amit Laroya, Non-Executive Director (DIN-00098933) - (from June 1, 2016):* Mr. Amit Laroya, 52, started his career at Asian Paints and moved to 3M India in 1990 as the Division Head of Traffic, safety and Security. He has held positions in 3M India as the Country Business Leader in Safety & Graphics, Industrial, Electro and Telecommunication in addition to being the first Master Black Belt for India region. He has also held positions as the M&A Manager for India region and General Manager of 3M Lanka. His previous assignment as the Managing Director of 3M Indonesia and 3M India Limited made him well suited to understanding emerging market needs. He also has a good understanding of global corporate strategies at 3M having recently worked in St Paul, USA, as the Global Director-for 3M Strategy & Corporate Development & the Director of International Strategic Planning & M&A. Mr. Amit Laroya is an Economics Honors graduate from the University of Delhi with MBA in Marketing and Finance from XLRI in India. He was the Managing Director of the Company from October 1, 2013 to May 31, 2016. From June 1, 2016, he has been a Non-Executive Non Independent Director of the Company. He was appointed as President and Managing Director of 3M Korea Limited from June 1, 2016.

He is a Member of Nomination and Remuneration Committee. Accordingly, the Board recommends his re-appointment.

Except Mr. Amit Laroya, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in Item No. 2.

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

##### Appointment of other Directors (item Nos. 4 and 5)

For the details pertaining to Mr. Jong Ho Lee and Mr. B.V. Shankaranarayana Rao, please refer to the below Explanatory Statements in respect of the Special Business set out at item Nos. 4 and 5 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

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

##### Following Explanatory Statements are furnished in respect of Special Business:

##### Item 4

Mr. Jong Ho Lee is a Non-Executive Director of the Company. Based on the nomination from 3M Company, USA, the Nomination and Remuneration Committee of the Company at its meeting held on May 25, 2017 has recommended the appointment of Mr. Jong Ho

Lee as a Director of the Company. The Board of Directors at their meeting held on May 26, 2017, appointed Mr. Jong-Ho Lee as a Non-Executive Director of the Company from May 26, 2017 and holds office up to the date of ensuing Annual General Meeting.

The Company has received notice in writing from a Member along with the deposit of Rs. 1,00,000/- proposing the candidature of Mr. Jong Ho Lee for the office of Director of the Company.

Mr. Jong Ho Lee does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related to any other Directors of the Company.

He is neither a director nor a member in any other company registered in India/ outside India. He was appointed as a member of the Audit Committee of the Company from May 26, 2017.

A Brief profile of Mr. Jong Ho Lee, nature of his expertise in specific functional areas is given below:

**Mr. Jong-Ho Lee, (DIN- 06720950):** Mr. Jong Ho Lee (JH), aged about 54 years, is the new Finance Director for Asia from April 1, 2017. He comes with a strong pedigree and regional experience across multiple companies. He has most recently been 3M Korea Finance Manager since April 1, 2014. Prior to that, he has held several roles in multiple Companies as:

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

He is also the Co-Chairman of the AMCHAM CFO Committee, Korea and a Tax Committee Member of Korea Chamber of Commerce. He holds an MBA from the University of Michigan, Ann Arbor and a B.A., Seoul National University.

The Board considers that the appointment of Mr. Jong Ho Lee as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation.

Except Mr. Jong Ho Lee, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4.

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

#### Item 5

The present term of office of Mr. B.V. Shankaranarayana Rao, Whole-time Director of the Company, as approved by the members at their meeting held on July 26, 2012, was up to March 31, 2017.

Based on the re-nomination from 3M Company, USA, the Nomination and Remuneration Committee of the Company at its meeting held on February 9, 2017 has recommended the re- appointed Mr. B.V. Shankaranarayana Rao as Whole-time Director of the Company.

A Brief profile of Mr. B.V. Shankaranarayana Rao, nature of his expertise in specific functional areas is given below:

**Mr. B.V. Shankaranarayana Rao, Whole-time Director (DIN-00044840):** Mr. B.V. Shankaranarayana Rao, aged about 57 years, holds a Bachelor Degree in Commerce and a Master's Degree in Business Administration from Bengaluru University. He has been with the Company since 1990. He has over 30 years of experience in Finance and Corporate Management. He has held various positions during his tenure in 3M India. He has also worked in 3M Asia Pacific, Singapore, prior to heading the Finance Department in 3M India Limited. He was appointed as a Whole-time Director of the Company from July 24, 2002. Mr. Rao heads the Business Services Group, Business Transformation and Information Technology.

Mr. Rao is a member of the Corporate Social Responsibility Committee and is a Director on the Board of 3M Lanka (Private) Limited, Sri Lanka.

The Board of Directors at their meeting held on February 9, 2017 have re- appointed Mr. B.V. Shankaranarayana Rao as Whole-time Director of the Company, subject to the approval of members, for a further period from April 1, 2017 to May 13, 2020 (till the date of his superannuation) on the following terms and conditions:

*Period of Appointment:* April 1, 2017 to May 13, 2020 with effect from April 1, 2017.

*Salary including allowances and incentives:* Not exceeding Rs. 18.43 Lakhs per month (Upper limit for his entire tenure of April 1, 2017 to May 13, 2020).

*Benefits:* He will be entitled to all the perquisites listed herein below in addition to the Salary including allowances and incentives mentioned above.

*Personal Accident Insurance:* In accordance with the rules of the Company as applicable to the senior managers.

*Club Fees:* In accordance with the rules of the Company as applicable to the senior managers.

*Provident Fund:* Contribution to Provident Fund in accordance with the rules of the Company as applicable to the senior managers, to the extent such contributions, either singly or put together are not taxable under the Income Tax Act, 1961.

*Gratuity:* In accordance with the rules of the Company as applicable to the senior managers.

*Minimum Remuneration:* Notwithstanding anything herein above stated, where in any financial year during the currency of the tenure of Mr. B.V. Shankaranarayana Rao, the Company incurs a loss or its profits are inadequate, the Company subject to the approval of Government of India shall pay the same remuneration as stated above but subject to being within the overall limits on managerial remuneration as provided under Section 197 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force, and the rules framed there under read with Schedule V to the said Act. The Board of Directors shall communicate the Government of India approval including any revision in the terms of remuneration to Mr. B.V. Shankaranarayana Rao for his acceptance.

The Contract of service of Mr. B.V. Shankaranarayana Rao is terminable with a notice period of 90 days on either side.

He is not liable to retire by rotation.

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

Mr. B.V. Shankaranarayana Rao may be deemed to be concerned or interested in this proposal to the extent of the remuneration payable to him.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Ordinary Resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. B.V. Shankaranarayana Rao, being the appointee himself, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

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

#### Item 6

The Board of Directors of the Company at its meeting held on May 26, 2017 had on the recommendation of the Audit Committee, approved the re-appointment and remuneration of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (holding Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year ended March 31, 2018 for the products covered as per the Companies (Cost Records and Audit) Rules, 2014, on an remuneration of Rs. 430,000/- plus applicable taxes and out of pocket expenses at actuals.

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

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested or otherwise, in the resolution set out at Item No.6.

#### Item 7

The Members at the Annual General Meeting held on August 5, 2016, had approved the estimated material related party transactions with 3M Company, USA (Parent Company) for the year financial year 2016-17, which were in the ordinary course of business and at arm's length basis.

Considering the current volatility in the business environment, where neither demand nor foreign exchange rates can be predicted in advance, the mentioned transactions were in excess of the limits approved by the members at the AGM held on August 5, 2016.

The excess value of the 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 item No.7 of the Notice for the ratification / approval of the Members in terms of Regulation 23 of the Listing Regulations.

As per the provisions of Listing Regulations, all entities falling under the definition of related parties shall abstain from voting on the Resolution and accordingly, the promoters will not vote on item No.7.

The Audit Committee at its meetings held on February 9, 2017 and May 25, 2017 has reviewed and after due consideration, ratified and accorded approval for the excess value of transactions mentioned in the item No. 7.

None of the Directors or Key Managerial Personnel of the Company except Mr. Albert C Wang, Mr. Jongho Lee, Mr. Ramesh Ramadurai, Ms. Debarati Sen, Mr. Amit Laroya and Mr. B.V. Shankaranarayana Rao (being Nominees of 3M Company, USA on the Board of the Company) and their relatives may be deemed to be concerned or interested, directly or indirectly, in this Resolution.

#### Item 8

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

3M Company, USA is a diversified technology company with a global presence in the following businesses: Industrial; Safety and Graphics; Electronics and Energy; 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 five (5) operating business segments: Industrial; Safety and Graphics; Energy; Health Care; and Consumer. The Company's five 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. The Company has three Manufacturing Plants and a nationwide sales and branch network in India.

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

3M Company, USA is a Holding Company (Promoter) of the Company, and together with the other members of the 3M Group are "Related Parties" as per the definition under Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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

(Rs. in crores)

Sl No.	Nature of Transactions	Estimated value of transactions for the Financial year 2017-18	Estimated value of transactions for the Financial year 2018-19	Estimated value of transactions for the Financial year 2019-20
<b>INCOME</b>				
1	Income from Contract Research	28.63	34.36	41.23
2	Sale of Goods	45.32	54.38	65.26
3	Re-charge of expenses	34.56	41.47	49.77
<b>Total</b>		<b>108.51</b>	<b>130.21</b>	<b>156.26</b>
<b>EXPENDITURE</b>				
1.	Purchases of Materials	815	978	1,173.60
2	Royalty	39.01	46.81	56.17
3	Re-charge of expenses	6.21	7.45	8.94
4.	Corporate Management Fee	116.68	140.02	168.02
<b>Total</b>		<b>976.9</b>	<b>1,172.28</b>	<b>1,406.73</b>
<b>Grand Total</b>		<b>1,085.41</b>	<b>1,302.49</b>	<b>1,562.99</b>

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



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

As per the provisions of Listing Regulations, all entities falling under the definition of related parties shall abstain from voting on the Resolution and accordingly, the Promoter and other related parties will not vote on item No.8.

Particulars	Information
Description of the Related parties	3M Company, USA and other members of the 3M Group
Nature of relationship	Holding Company and its group companies (e.g. subsidiaries, associate companies and joint venture companies)
Period for which the shareholders' approval is sought	April 1, 2017 to March 31, 2020
Nature and Particulars of transactions with 3M Company, USA and other members of the 3M Group ("RPTs")	<i>Income:</i> Income from Contract Research, Sale of Goods, Re-charge of expenses received. <i>Expenditure:</i> Purchases of Materials, Royalty, Re-charge of expenses paid and Corporate Management Fee. These transactions are in the ordinary course of business and are on an arm's length basis.
Material terms of the RPTs	Terms and conditions are similar for all members of the 3M Group throughout the world. Salient Terms are given in Annexure F to the Board's Report.
Duration of these RPTs have been continued from the past	These transactions have been undertaken since inception of the Company from time to time depending on the needs of business.
Estimated Monetary value of such RPTs	Considering the business phenomenon being dynamic and the nature of industry / business in which the Company operates, the Company expects the level of transactions with 3M Company, USA and other members of the 3M Group to be above the materiality threshold as prescribed under the Listing Regulations. Therefore the approval of the Members is sought for an aggregate value of transactions for the financial year 2017-18 for Rs.1,085.41 crores, with a further increase in each of the financial years 2018-19 and 2019-20, of 20% of the approved amount for the preceding financial year.
Whether the transactions have been approved by the Audit Committee	Yes. The Audit Committee has granted omnibus approval as per the prevailing legal requirements. The proposed RPTs are in accordance with the RPT Policy of the Company.
Any other Information relevant or important for the Members to make a decision on the proposed transactions.	The details of Related Party Transactions are given in Note no. 32 to the Notes to the Financial Statements for the year 2016-17.

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

The proposed RPTs are in the ordinary and normal course of business and on arm's length basis and play a significant role in the Company's business operations and accordingly the Board recommends the Ordinary Resolution set forth in item No.8 of the Notice for the approval of the Members in terms of Regulation 23 of the Listing Regulations.

None of the Directors or Key Managerial Personnel of the Company except Mr. Albert C Wang, Mr. Jong-Ho Lee, Mr. Ramesh Ramadurai, Ms. Debarati Sen, Mr. Amit Laroya and Mr. B.V. Shankaranarayana Rao (being Nominees of 3M Company, USA on the Board of the Company) and their relatives may be deemed to be concerned or interested, directly or indirectly, in this Resolution.

*By order of the Board*

**V. Srinivasan**  
Company Secretary  
ACS-16430

Place : Bengaluru  
Date : May 26, 2017