



“3M India Limited”

August 25, 2023

Management:

- Mr. Bharat Shah, Chairman.
- Mr. Biren Gabhawala, Independent Director.
- Ms. Radhika Rajan, Independent Director.
- Mr. Ramesh Ramadurai, Managing Director.
- Ms. Vidya Sarathy, Whole Time Director and CFO.
- Mr. Amit Laroya, Non-Executive Director.
- Ms. Yun Jin, Non-Executive Director.
- Mr. Pratap Rudra, Company Secretary.
- Mr. Umang Banka, representing M/s. BSR and company LLP Statutory Auditors.
- Mr. Parmeshwar Bhat, Secretarial Auditor.
- Mr. Murali Krishna, Cost Auditor.
- Mr. Vijayakrishna K.T, Practicing Company Secretary as the Scrutinizer.

Moderator: Dear shareholders, good morning and a very warm welcome to the 36th Annual General Meeting of 3M India Limited through video conferencing or other audio-visual facility provided by NSDL. For the smooth conduct of the Meeting, the Members will be in the mute mode, audio and video will be opened when the Members speak at the AGM as per the pre-registration. Please note that, as per the requirements, the proceedings of the Annual General Meeting will be recorded and available on the website of the Company. I now hand over the proceedings to Mr. Bharat Shah, Chairman of 3M India Limited. Over to you sir.

Bharat Shah: Thank you. Good morning, ladies and gentlemen. On behalf of the Board of Directors of your company, I Bharat Shah, as Chairman of your company, extend a very warm welcome to all of you to this 36th AGM of your company being held through video conference. The virtual AGM is a progressive step as it allows members to participate wherever they are in India or abroad, I request Pratap Rudra, Company Secretary to confirm about the quorum of the meeting and corporate representations received. Over to you Pratap.

Pratap Rudra: Yes sir, I confirm the requisite quorum is present to start the proceedings.

Bharat Shah: Thank you Pratap. I call the meeting to order as we have the requisite quorum present through video conferencing to conduct the proceedings of this meeting. Participation of members through VC is being reckoned for the purpose of quorum as per the circulars issued by MCA as per section 103 of the Companies Act 2013. This meeting is being held through video conference in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI.

Before we start the main proceedings, may I take this opportunity and introduce my colleagues of the board of your company and other participants who are participating in this AGM. Firstly, Mr. Biren Gabhawala, Independent Director, Chairman of the Audit Committee, Chairman of the NRC and Chairman of Risk Management Committee, participating from Bombay, Biren. Radhika Rajan, Independent Director, participating from Mumbai.

Radhika Rajan: Namaskaram.

Bharat Shah: Namaskaram, Radhika. Ramesh Ramadurai, Managing Director, participating from the 3M Register registered office in Bangalore, on my right. Mrs. Vidya Sarathy, Whole Time Director and CFO, participating from the 3M registered office, sitting on my left. On her left is Amit Laroya, Non-Executive Director, participating from the 3M registered office. Yun Jin, Non-Executive Director participating from China. Hi Yun. Pratap Rudra, on my extreme right, Company Secretary participating from the CM registered office. I further acknowledge the participation of Umang Banka, representing M/s. BSR and company LLP Statutory Auditors, Parmeshwar Bhatt, Secretarial Auditor and Murali Krishna, Cost Auditor. I now request Pratap to provide the general instructions to members regarding participating in this meeting.

Pratap Rudra: Thank you sir. Good morning ladies and gentlemen. The company has enabled the members to participate at the 36th Annual General Meeting through video conferencing facility provided by NSDL in compliance with the applicable circles issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India. Facility for joining this meeting through video

conferencing has been made available for members on a first come first serve basis. All the members who have joined are by default placed on mute by the moderator.

When the session on question and answer commences, the speaker member will be unmuted by the moderator. The proceedings of the annual general meeting are also being webcasted live for all the members. Members have been provided with a facility to exercise their right to vote by electronic means both through remote e-voting and e-voting at the AGM in accordance with the Providence of the Companies Act and SEBI listing regulations.

The members joining the meeting through video conferencing who have not already cast their vote by e-voting can exercise their right to vote using e-voting platform of NSDL which would be closed after 30 minutes of closure of the meeting. The company has appointed Mr. Vijayakrishna K.T., Practicing Company Secretary as the Scrutinizer who will collate the voting results of remote e-voting and voting at the e-AGM for each of the items as per the notice.

The register of directors, key managerial personnel, the register of contracts or arrangements has been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their request to investorhelpdesk.in@mmm.com. As the AGM is being held through video conference, the facility for appointment of proxies by the members are will not be applicable and hence proxy register for inspection is not available. Some of the members have already registered themselves as speakers for the meeting. Accordingly, the floor will be open to ask questions or express their views.

The moderator will facilitate the session once the chairman opens the floor for questions. Members may also note that the company reserves the right to limit the number of members asking questions depending on the availability of time. Members are requested to refer additional information provided in the notes to the AGM notice and for seamless participation through video conference. In case if any member faces any difficulty, they may reach out NSDL on the helpline numbers given in the notice. Thank you very much. I now hand over to the Chairman to continue with the proceedings.

Bharat Shah:

Thank you Pratap. The company has taken all feasible efforts under the circumstances to enable members to participate and vote on the items being considered at the meeting. Good morning once again ladies and gentlemen. On behalf of the board of directors of 3M India Limited, it gives me immense pleasure to welcome you all to the 36th AGM of your company through video conference and other audio-visual means. We thank you for your participation today. I trust the notice convening the meeting, the board's report and the auditors' standalone and consolidated financial statements together with the auditors' report for the year ended 31st March, 2023 which was sent to you all electronically on August 1st, 2023 well in advance have been received by you.

It was a year of robust recovery for the Indian economy even as other external developments continued to affect the macroeconomic conditions. India's economy has fared better than most other economies despite global uncertainties. The GDP has grown due to public investment endorsed by the government and domestic consumption. Agriculture and service sectors saw growth while manufacturing improved even as production costs decreased during the year due

to supply chain constraints. The outlook for India continues to remain positive as government investment gains momentum, giving impetus to infrastructure sector.

The PLI program is expected to increase investments and output in the manufacturing sector in the year. In the year to medium term, service sector performance continues to be robust. Ladies and gentlemen, let me cover the changes in the composition of the board of directors and the KMPs during the year 2022-23 till date. Based on the recommendations of the NRC, the board at its meeting held on 27th May 2022 had appointed Vidya Sarathy as Additional Director and a Whole-time Director of the company for the period from June 1st, 2022 to February 21st, 2026, categorized as Executive Non-Independent Director.

The members of the company have approved her appointment by way of an ordinary resolution at the 35th AGM held on 25th August 2022. Mr. James Falteisek resigned as the director of the company from the close of business hours on May 30, 2023, consequent upon his retirement from the CM Group. Ms. Mamta Janak Gore resigned as the Director of your company from the closing hours of May 27, 2022, once consequent upon taking up a higher role within the CM Group. The board places on record its appreciation for the contribution made by James Falteisek and Mamata Gore to the progress of the company during the tenure of the, as directors of your company. Pratap Rudra Bhuvanagiri was appointed company secretary and compliance officer, KMP of the company with effect from August 17th, 2022. I'm pleased to report that your company continues to be on a sustainable growth path, achieving a swing growth of 21.3%

And PAT, Profit After Tax growth of 56.3%. We have built a strong base in the country with depth in technologies and solutions relevant to different market sectors. Growing opportunities in priority areas like automotive, infrastructure, industrial markets, healthcare and retail helped leverage some of the leading solutions critical to 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 the year 22-23 for your approval. Mr. Ramesh Ramadurai, Managing Director, will cover the details of the financial performance of the Company for the year 2022-23 and for the 1st Quarter of 23-24 in his speech separately.

I would like to congratulate the employees and management of your Company for delivering strong results in Financial Year 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 programs in Education and Community healthcare last year, supporting underserved children and rural communities respectively, around our manufacturing site in 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 initiatives 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.

In India, 3M USA proposes to maintain its manufacturing and distribution arrangement for Health Care products through 3M India Limited. In this regard, your 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, capitalize 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.

My special thanks to all our customers, dealers, suppliers, bankers, all new shareholders, 3M Company USA, and other 3M Group Companies worldwide for their support and co-operation. I would like to extend my gratitude to the 3M India leadership team and the employees for reaffirming your Company's commitment to sustainable growth. We remain optimistic and look forward in anticipation of positive developments in the year ahead.

On behalf of the Board of Directors of 3M India, I thank you, dear shareholders, for your constant trust and support. Thank you once again. I would now like to invite Mr. Ramesh Ramadurai, Managing Director of the Company to address the shareholders on the performance and various other initiatives of the Company during financial year 22-23 and results of the 1st Quarter of the current financial year 23-24. Over to you Ramesh.

Ramesh Ramadurai:

Thank you, Chairman. Good morning, Ladies and Gentlemen. Namaskara, Namashkar. My greetings to all of you. Welcome to the 36th Annual General Meeting of your company, being conducted virtually. It is my honor to serve as your company's Managing Director and to present an overview of our performance in the last financial year and the first quarter of this year.

At the outset, I would like to reinforce our safe harbor statement. In today's presentation there may be some predictive statements that reflect our current views about 3M India's future performance, but these are subject to risks and uncertainties.

Over the years, we have attempted to provide insights into our strategy, key areas of emphasis and long-term success factors, through our Annual Report themes. The theme for our FY 2019-20 annual report was Resilience for Sustainable Growth. Building on that, our theme for our 2020-21 was Elevating Life through Science. The theme for our 21-22 annual report was Building our Shared Future, powered by Purpose. We discussed how we strive every day to connect our people, ideas, and science to reimagine what's possible and how we can contribute to solving problems more effectively.

The theme for our 2022-23 Annual Report is Sustainable Value Creation. This builds on the previous themes of resilience, science and purpose. As stewards of your Company, we recognize that we must continuously strengthen the foundation of the company to be able to deliver sustainable value over the long term to all stakeholders.

Before I proceed further on our critical initiatives to make this happen, I would like to frame it in the context of the external environment. The past two years have been a wonderful opportunity to showcase the progress that we are making as a nation and the immense growth potential that lie ahead of us. 2022 was an important milestone for our country, as we celebrated our 75th year of Independence. India's leadership of G20 and the associated G20 & B20 events in 2023 provided a wonderful canvas.

As a nation, we, India, have an over-arching vision and tall ambitions. A vision to provide opportunities for all and raise prosperity for all, in a responsible and sustainable manner. To realize this vision, we must have high aspirations and set bold targets in several areas. Many agencies and think tanks have published expert documents on the key pillars which will contribute to realizing these ambitions. These include, but not limited to, dramatic growth in infrastructure, manufacturing, climate technologies and energy transition, growth in services, all built on a strong digital foundation.

Against this background, I would like to talk briefly about our fundamental approach to creating sustainable value. Our approach is based on five key principles, one, we aim to be the makers of What's Next. Two, we believe in science-based performance. We continue to build unparalleled expertise for extraordinary outcomes, leveraging such expertise from around the world from 3M parent and 3M affiliated entities. We seek strength in collaboration, not only with stakeholders but also with other 3M entities. And finally, work towards change for good.

In my message in the Annual Report, I had highlighted how we are creating value for our customers through science and innovation. We had discussed examples in the automotive, infrastructure, manufacturing, health care and consumer segments. You probably saw snippets of that with the video which was presented earlier prior to the start of this AGM.

We are also proud of our efforts to make a sustained impact in our communities, through multi-year commitments in the areas of education, health care and other selected needs-based interventions. I will now turn to your company's performance in the financial year ended March 31st, 2023. For the year 2022-23, your company posted consolidated revenues of INR3,979 crores, registering an 18.7% growth over the previous year. Profit before tax registered a 65% growth to INR607 crores at 15.1% margins.

As you know, your company operates in four business segments. For the year 2022-23, on a consolidated basis, Safety and Industrial contributed 33% of the revenue mix, Transportation & Electronics 40% of the mix, Healthcare business contributed 17% and Consumer 10% of the revenue mix. All segments delivered growth, ranging from 5.7% to 33%.

We saw separation in growth rates between the different segments, during the year based on external conditions. The automotive and infrastructure businesses led our growth, with Transportation and Electronics segment delivering 33.6% growth.

The Healthcare business continued its growth momentum with several of our market development initiatives, including education and training programs, yielding impact. The Safety and Industrial business serves a wide range of customer segments and is always subject to various puts and takes. We have seen recovery and growth in the automotive aftermarket business, and selected segments such as transportation.

Our headwinds with respect to softness on respirator sales are mostly behind us, with only some residual effect in the current financial year. And our growth in a consumer business was moderated by pressure on discretionary consumer spending. Thanks to the efforts of the entire India team as well as support from the parent 3M Company, we were successful in taking several actions to mitigate inflationary pressures and the rupee depreciation against the dollar during the year.

Our teams worked hard to implement not only price adjustments, but also several cost and productivity improvement programs. We also benefited from some of 3M's global arrangements with suppliers to receive cost relief in certain areas. The combined outcome of several such actions resulted in a 50-basis points reduction in material cost during the financial year 22-23, compared to prior year.

This management of input costs, combined with prudent cost management, resulted in a solid increase of 65% in our profit before tax to INR607 crores. Let me now turn to the first quarter of this current financial year 2023-24.

Your Company posted consolidated revenues of INR1,050 crores in the first quarter of the current financial year 23-24, a 11% increase over the previous year. We delivered a profit before tax of INR173 crores, an increase of 53% over previous year, at 16.3% to sales. As I mentioned in my comments earlier regarding our full year 22-23 results, the first quarter of the current financial year also continued to see separation in growth rates between the different segments.

Health care and Transportation and electronics segments grew above company average, whereas safety and industrial and consumer grew around mid-single digit. As we work through the current financial year, we expect to see some of this volatility continue to play out.

I'd now like to provide an update on our healthcare 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 a reminder, the Health Care Business segment of 3M India on a consolidated basis posted revenues of INR655 crores for FY 22-23, representing approximately 17% of the total consolidated revenues.

And this healthcare business segment grew at 18.6% last year with a segment profit of 12.2%. And the healthcare business has a dedicated factory building located at the 3M India Ranjangaon plant near Pune. As communicated in our stock exchange filing on May 30th, 2023, we are

pursuing a proposal for 3M India Limited to continue to operate the healthcare 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 to commence discussions and negotiations. These negotiations are underway and additional details will be shared in due course. We remain positive about the growth prospects of India and for your Company in India.

3M India benefits substantially by being a part of the global 3M network and having access to various capabilities. The breadth of 3M's technologies, the breadth of our product portfolio, and an engaged and committed team of 3Mers all of these give us the ingredients necessary to create sustainable value to all stakeholders. We are guided by our culture of customer focus, innovation, agility, embracing and leading in diversity and inclusion and a commitment to our code of conduct and doing business the right way.

In closing, I would like to express my gratitude to you, our dear shareholders for placing your trust and confidence in the company. I thank the Board of Directors, led by our Chairman, Mr. Bharat Shah, for their guidance and support. I would like to express our sincere thanks to the Government of India, the State Governments, and the various Government agencies for their continued support. My thanks also go to our customers, vendors and partners and our employees for their invaluable support.

Thank you very much and I now hand it back to the Chairman.

Bharat Shah:

Thank you, Mr. Ramesh. We will now resume with the proceedings. MCA and SEBI Circulars dispensed with the requirement of dispatching the physical copies of the annual report and of the notice for this AGM. Hence, notice of this AGM has been sent electronically to all members entitled to receive the same. I therefore, ladies and gentlemen, with your permission take the notice as read. As the notice is already circulated to all the members, may I please take the notice of the meeting as read. I now request Pratap to provide a summary of the auditor's report.

Pratap Rudra:

Thank you, sir. The statutory auditors BSR & Co. LLP and the secretarial auditor Mr. Parmeshwar G. Bhat have expressed unqualified opinions in their respective audit reports for the financial year ended March 31, 2023. There were no qualifications or observations or adverse comments on the financial statements both in standalone and consolidated and in the secretarial audit report which have any material bearing on the functioning of the company. Copies of the statutory auditor's report and the secretarial auditor's report are enclosed as part of the annual report. Thank you. I now hand over to the Chairman to continue with rest of the proceedings.

Bharat Shah:

Thank you Pratap. With the consent of the members, I take the independent auditor's report and the secretarial audit report as read. As per the secretarial standards, I will request Pratap to briefly explain the background of the seven resolutions proposed to be passed at this AGM for the benefit of all the members present.

Pratap Rudra:

Thank you sir. For your information, as required under section 108 of the Companies Act and the SEBI listing regulations, the company has provided remote e-voting facility to the

shareholders to cast their votes electronically in respect of all business mentioned in the notice calling this AGM. Brief description of the business to be transacted at this meeting is as follows.

Ordinary business ordinary resolutions. Adoption of standalone financial statements for the financial year ended March 31, 2023. Adoption of consolidated financial statements for the financial year ended March 31, 2023. Confirmation of interim dividend and recommendation of final dividend for the financial year ended March 31, 2023. Reappointment of Ms. Yun Jin, who retires by rotation as a Director.

Special business ordinary resolutions. Approval of material related party transactions with 3M Company USA, approval of material related party transactions with 3M Innovation Singapore Pte Limited, ratification of remuneration payable to Ms. Rao Murthy and Associates Cost Auditors for financial year 2023- '24. The text of the resolutions along with the explanatory statements are provided in the notice circulated to the members.

The e-voting facility was kept open for the period of three days from Tuesday, 22, August 2023 from 9 am to Thursday, 24, August 2023 till 5 pm. As per section 107 read with section 108 of the Companies Act, there will be no vote by show of hands at this annual general meeting. The members participating in the meeting through video conferencing who have not already cast their votes by e-voting can exercise their voting using e-voting platform of NSDL.

The results of remote e-voting and e-voting during the AGM will be reconciled and the combined results will be declared later on. As per e-voting rules, the results will be placed on website of the company. I now hand over to the Chairman to continue with rest of the proceedings.

Bharat Shah:

Thank you Pratap. Before proceeding for e-voting, I invite the members to offer comments and seek clarifications, if any, on the resolutions contained in the notice and register speakers to raise their questions. Members are requested to keep their questions brief and specific. The moderator from NSDL will facilitate the questions on the audio or video features.

Members are requested to mention their names and their folio ID or client ID before asking questions. To avoid repetition, the Board will respond to all questions including the questions issued through email at the end. I request the moderator to give his general instructions to the members who are present and who wish to seek clarifications one by one.

Moderator:

Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We invite our first speaker member, Mr. Sadananda Sastry to please unmute your audio and video and ask your question.

Sadananda Sastry:

Good morning, sir. I am Sadananda Sastry from Bangalore. My number is 11702201. Chairman, sir, I will go according to your report only and none other than that. Report inside cover page is very worth to see, it depicts the amount of interest the company given for green energy and solar power, keep it up, sir. Sir, your book containing annual report has beautiful color and company's picture with fine printing, which attracts the customers, investors. Thank you for that one' sir.

However, the company has to set up a page for company's products, which it manufactures. Page number 17, whether the 3M, Tegaderm, for dressing equipment has come to the market or still

under trial, this would be the medical equipment, if it becomes popular. This new innovation would be helpful to the society. Sir, page 32, 10 years financial highlights, PAT and PBIT is showing excellent figures, but however reserves and net worth stepped back, what is the reason? Page number 32, 10 years of financial highlights, other income which is missing here is also important, absence of this INR6,422 lakhs leads to confusion to observers, why it is missing? Let the readers come to know the variations also.

Page number 34, Chairman, sir, you have a smart Board with seven Directors, is it sufficient for the expansion of business further? Page number 51, company's reserves explains its stability, when sufficient revenue is there and good dividend is given, then why the company has not transferred any portion at least to their reserves. Page 85, risk management plays a very vital role in the company's affairs.

Decisions taken here would affect the further future of the company, it should be headed by invariably Chairman, why it is not done. Page number 150, company subsidiaries had made profit of INR3,505 lakhs, whether it requires further nursing to improve the profit further. Page 220, balance sheet. In trade receivable, unsecured portions are more.

Age-wise outstanding is not provided. Impairment of INR36 crores are to be effectively monitored to not to affect the current year's profit. Why can't the company attempt to recover related parties dues of INR2,047 lakhs? Cash and equivalent are being monetized heavily and made the funds idle. Why cannot the company put these for best use to earn some more revenue? Other equity especially retained earnings has come down by INR507 crores.

What is the reason? Lease liabilities increase heavily, it attracts interest and penalties. Why cannot the company use its reserves to strengthen the capital by declaring bonus shares and reduce the liabilities and minimize increase in finance cost? In other expense, exchange cost has increased by INR786 lakhs, which have become a hurdle for the growth of profit. Is it due to the laxity shown by the company? Thank you very much, sir. See you next year.

Bharat Shah: Thank you.

Moderator: Thank you. We now invite speaker number two, Mrs. H.S. Patel to please unmute the mic and go ahead with your question.

H.S. Patel: Respected Mr. Chairman, Boards of Director, Company's Secretary, the CFO, for giving a good financial report. Under your guidance, under your leadership, the products the companies are manufacturing, making are just excellent. Please open more outlets in Bombay because we are finding very difficult to get your products.

Moderator: Mrs. Patel, I'm sorry, we are not able to hear you clearly now. The voice is breaking up. Sorry, Looks like Mrs. Patel is experiencing some audio issue because her connection is lost now. We will therefore move to our next speaker member. The next question is from Atul Gadodia. Request you to please unmute your microphone and ask your question, please.

Atul Gadodia: I am Atul Gadodia, a shareholder from Kolkata. Although Mr. Ramesh has covered comprehensively most of the points, I have just three questions. Number one, 3M US is facing

a lot of liabilities, like ear plug issue and PFAS issue. So and I in my view, it will materially affect the financials of 3M USA. Now, my question is, how will it affect the finances of or shape of the Indian subsidiary or Indian unit of this company 3M.

Number two, Mr. Ramesh said something about respiratory equipment's headwinds. I missed on that point and I will be grateful, if Mr. Ramesh repeats whatever he wanted to say. Like in my view, what I could comprehend that during Corona times, there were tailwinds and now they were disappearing. I am sorry I am confused. So I will request Mr. Ramesh to clarify on that one.

And thirdly, I was reading somewhere day before yesterday that, the 3M plans to spin off its healthcare unit. So, in India as Mr. Ramesh told and I am able to understand, comprehend that there will be some contract manufacturing. Now my question is will it spin off this business as well and allot shares to us? Now on this note, I will end my question here and Ram, Ram once again.

Moderator: Thank you. We now invite our next speaker member Mr. Manoj Kumar Gupta. Request you to please unmute your audio and video and ask your question.

Manoj Kumar Gupta: Hello, good morning respected chairman, Board of Directors, fellow shareholders. Namaskar, I am Manoj Kumar Gupta. I have joined the meeting from Calcutta. Sir, we feel proud to see you in this board because we are also a shareholder of Exide and we are missing you in Calcutta from last four years and you are not coming to Calcutta to meet us. But thanks to the digitalization and the computerization, we meet virtually from last four years and thanks to our beloved Prime Minister that he inspired the pupils to use the digital platform and call the meeting through VC and so that we are getting a chance to attend the 3M meeting. Otherwise, it's very difficult to attend the physical to come to Bangalore.

But I wish to God for your healthy and prosperous safe long life to achieve your goal and take the both companies on new heights under your chairmanship and I wish that you will make the Exide like 3M in your super guidance and said not some points has covered by our MD some points has already covered by our MD so that I will not repeat but I totally agree with Mr. Gadodia that 3M US is facing a lot of problem in the country so what impact will come on our country in 3M India and what's your view in that regard and thanks for your dividend of 9500% you have paid after a long time but paid a handsome dividend which we are demanding from last several years that why are you not paying the dividend.

Given late divided but it was good. I wish to God to maintain the dividend rate not 9500 but maintain the dividend rate in future also and keep it a dividend list continuously for future also. And sir now the share price is more than 27,000 so have you any plan to split the shares either 5:1 or 10:1 to inspire the small investors to buy your shares and increase the liquidity and market capitalization. And sir what's your future plan? I've heard the MD's view that is screen of a health care and medical so will you plan to issue shares to the existing investors and so 3M is a popular brand in every aspect like for the students, offices and medical units.

Your three units, your products are used in all three aspects in hospitals. I run two hospitals in Calcutta. We use your paper tape for the patients. Earlier we were using Johnson and Johnson but that tape gives some wrong impression on the skin and other parts. So now we are using the 3M tape in our hospital and your 3M tape, medical tape is very popular and you are in the time of epidemic COVID your sanitizer was very popular and once the shortage, there was a shortage. So try to innovate some more products in the healthcare and the medical that people can use that product because 3M is a multinational company and popular company.

So people will inspire to use that and try to renovate that for the students also. And I thank the company for giving a good return and I wish the company to get more success in coming time with the team of management and the all employees and sir I am asking you from last two years to consider a sample kit to send the speakers for their children's use and the office use sample kit, the products are good and I believe that Mr. Ramesh will consider our request to send some sample kit to the especially to the speakers for their children's use.

Last year he says we will consider but till day he has not sent but try to consider the same and I wish to God to give more success to 3M India and price should be near to MRF in future also that our price should be more near about 1 lakh rupees or 1 share and we wish to God to give more success to Mr. Ramesh as MD and with the help of entire team of 3M. Thank you sir.

Moderator:

Thank you. We will now invite our next speaker member Dipankar Purkayastha. Request you to please unmute your audio and video and ask your question sir.

Dipankar Purkayastha:

Good morning. This is Dipankar Purkayastha from Delhi. I have sent in a list of my questions by mail. I hope you have received it. If you have received it, then I will not waste time by reading out those questions and I will wait for your responses to each of those questions. I just have a couple of supplementary points to make. First is this merger with 3M Electro and Communication India Private Limited. This is the third consecutive AGM and the third consecutive annual report that I am seeing this item as a pending item awaiting approval from NCLT. I know NCLT takes a lot of time, but I think this one breaks all records of delay.

I think there's something you need to do with your legal team, either you change them or you get examined them, cross examine them as to why this is taking such a long time, because there are many other mergers with subsidiaries I have seen in other companies. No one has taken this much amount of time. So please take a hard look at this aspect. Second comment I want to make is on your consumer segment products, which is by far the most profitable segment, although it is the smallest segment in your portfolio.

Because of its quality and also its price, there's a lot of duplication and counterfeiting and fake 3M products going on. And if we try to buy these on online channels, we are invariably pushed towards private labels which are being promoted by the guys who run those channels. Or as I said, these spurious products. So I seriously wonder why 3M doesn't consider setting up its own D2C digital channel for marketing these products. It will help us to get genuine products without being distracted by all this noise with fake products.

It's an excellent range of products you have, but we are not able to, unless we really make a noise and bang the table and say we want 3M, we only won't get it. The Kirana stores, the online channels simply are not interested in pushing these products. My third point, which is actually I will take off from the comments of previous shareholders on the difficulties and litigation with the parent company is facing.

So in the annual report, we have shown an expenditure of seven crores odd on the stock option scheme, which employees have on the parent company. So my suggestion is why don't you have a stock option scheme for the Indian subsidiary? I know most of the multinational companies in India run stock option scheme on the parent company stock, but there are a few, a handful of them, I can give you the names if you want, which do run stock options on the Indian subsidiaries operations.

Looking at the vast difference in the future prospects and profitability and growth of these two entities, I am sure it would incentivize your employees much, much more if they had stock options on the Indian subsidiary than then on the parent company. So would you please consider this in the interest of aligning the employee's interest with that of the shareholder's interest? That's all that I have to say. My other questions are there in my mail. So I will wait for your responses to those questions. Thank you and good day.

Moderator:

Thank you. We now invite our next speaker member, Mr. Aman Shah, to please accept the prompt on your screen. You may then unmute your audio and video and you may ask your question.

Aman Shah:

Yes, so good morning and warm greetings to our respective Chairman and distinguished Directors of the Board. Okay, in the early part of this meeting, but if you can just give some highlight on this, like to what extent will it change our royalty structure? When our recent royalty arrangements have been revised, we did give a rough estimate that it will now move to 2.5% of the weighted average royalty rates for total business.

So for the health care business, how will it change our current setup? The second part is in our other division of safety and industries, we have seen a growth rate in last year and even in this quarter being in single digits. While what do we see from the industry is the companies that are linked to industrial capex and private capex, or then the growth rates have been much higher. So can you just highlight, what can be the reasons for us that the challenges that we are facing, where growth rates are being lower

Third question is, when we see our parent companies financials, we see electronics, medical solutions and personal safety, these three sub-segments contributing mainly to 38% to 40% of the total business. Now, since these three sub-segments are fast-growing business for us in the future, can you just tell us qualitatively at least the proportion of the business that comes for us from mainly electronics, medical solutions and personal safety?

Even on the personal safety, I would want to know, as it was said by the earlier speaker shareholder on the consumer sector, are we facing any direct competition in the personal safety

division from maybe say a lower price alternatives in the market? The reason is many times a price being lower becomes a key determinant for any customer to make this buying decision.

The fifth question is in PLI scheme, we do know that it will eventually give us the benefit as manufacturing increases in India and higher value addition starts happening. And since 3M is Tier 3, Tier 2 supplier, so we are dependent on more in generalization of the component sourcing. So are we seeing the component sourcing journey within line of sight for us through this PLI scheme or we still think, it is still distant times ahead.

When we will see the benefit from PLI to our portfolio of products? The other question is, we saw in this annual report an interesting thing, where we have created a fully integrated robotics lab in Bangalore Innovation Hub. Can you just throw more light on, how does it improve our innovation area and speed of delivering solutions to customize solutions to our customers? And is it in the, will it be owned by 3M India or will it be owned by 3M company USA? The last question is, we have seen corporate management fees, which are paid to 3M group ecosystem for taking their services.

That has remained in a constant range of INR100 crores to INR120 crores for last five years to six years, while our top revenue has increased by 60% in that same period. So, to a good credit to the management that this has remained at the same level, we just want to know, what are the drivers of corporate management fee and what could be the outlook as our revenue grows in future, what could be the outlook for this line item? So that is all on this, all the questions. Thank you very much.

Moderator: Thank you. That was the last question. I now hand the floor back to Chairman for further proceedings.

Bharat Shah: Ramesh, over to you.

Ramesh Ramadurai: Yes, thank you Chairman. First of all, I would like to thank our shareholders for not only participating in the meeting, but also to all the shareholders, who spoke today and then raised their, recorded their views, comments as well as raised questions both here and also through email. So, this is engagement from all of you is very good, it allows us also to view some of our operations from your point of view, which is very, very critical. So, thank you once again. I will take these questions in three or four different categories.

One is, I will just make some, cover the financials related questions, then I will go to the business-related questions and then there were some other more questions related to the organization both healthcare, 3M USA and a few others, amalgamation, etcetera. So I'll try to, first one about the composition of the Board, there was a comment from the first speaker about seven Directors currently, is it sufficient? I think the Board under our, we are very fortunate to have the wise counsel of our Chairman of the Board, as well as the Independent Directors, complemented by the Non-Executive Directors.

We do take a review the Board strength and how best we are placed to handle the business affairs of the company, provide the right type of governance structure and protocols. So we continuously review that, we feel, we are well placed at this point in time and we will continue

to take actions as appropriate and as reviewed by the nomination and remuneration committee as well as the Board. Thank you for bringing that up.

And there was a couple of questions on the reduction in reserves and net worth etcetera. I think a lot of that was due to the dividend payout last year. I think the dividend payout is what resulted in the reduction in the reserves and net worth.

Comment on, there were comments on including a page on company's products in the annual report, that is noted, thank you for the suggestion. Are bad debts, there was a question on bad debts, impairment. A bad debts provision for the previous year, '21-'22 was INR36 crores and about INR35 crores in the current year, 2022-'23. That was about a INR1.6 crores hit to the P&L, to the profit and loss. So, given the scale of our operations, it is relatively nominal.

And the other thing I want to mention is our management of accounts receivables, thanks to our team, has been very prudent and strong throughout the year. And if you look at our days of sales outstanding, I think it was running at 58 days last year and it's remained stable at 58 days this year as well.

There was a question on bonus shares, I think there was one of the later speakers also talked about share splits. I think we will continue to review all of those aspects at this point in time. I think there is no proposal on the table for share split, but the board will continue to review it.

So I think I will move on to the business related questions. I think there were quite a few especially which were emailed to us, so I will try to cover all of them. One of the questions there was about the dividend distribution policy. I think this is from Mr. Dipankar. What were the amendments that were made in the dividend distribution policy? I think there were really two critical amendments. The earlier policy restricted the use of retained earnings only for meeting business objectives and operations. The policy was therefore amended to enable utilization of the retained earnings for dividend disbursement, that is number one.

And the second amendment that was made was the earlier policy did not mention interim dividends as a type of dividend payable by the company. So that amendment was made so that we could you know enable the payment of special or interim dividend.

There was a question on you know is there a difference between in the healthcare business, whether the healthcare products and what it was referred to as the arrangement that 3M India will pursue with the new healthcare company, what is the scope? Will it cover certain 3M healthcare products or healthcare products? I think it is only -- that is being -- that is obviously in discussion right now. It is currently part of the negotiation and we will provide the details as soon as they are finalized. The intent is to have access to the range of portfolio that we currently operate in.

And again there is a question on the profitability of the arrangement for the new healthcare business that is all part of the arrangement agreements that is being discussed and so we will communicate in due course when it is approved by the reviewed by the board and approved.

There was a question on despite the 14% increase in sales in the healthcare business profits have declined by 12% what is the reason? So that you are correct, if you look at it on a stand-alone basis, the revenue for healthcare business grew 14% and the profits declined 12%. This was primarily due to certain pricing pressures and pricing, there was a limitation to the amount of price adjustments we were able to make during the course of the year. However, I'm pleased to let you know that on a consolidated basis, we managed our healthcare portfolio quite efficiently. We delivered 18% growth with stable margins of 12.2%. The profit margins for a consolidated business was stable versus prior year at 12.2%.

There is more questions on the revenue from the finished goods increased by 15%, revenue from sale of finished goods that is manufactured goods increased by 15% whereas traded goods increased even faster by 27%. Can you explain this? So I think every year, like I have said in prior years also, every year we will see some volatility in the product mix. We will see some changes in a product mix, the balance between traded goods as well as manufactured goods.

In the previous year, 2022-23, the traded goods portfolio accelerated on a consolidated basis due to some rapid growth in some of our biopharma portfolio, also in certain healthcare products and films that we use for our commercial solutions business. Customers use these products for branding, etcetera.

At the same time, manufacturing products were impacted with some softness in the pipe coating oil and gas business in the fourth quarter of the financial year. Also with our electrical products business, and like I mentioned, the respirators business. I think like I mentioned the respirators business. I think while I am mentioning respirators there was a question on clarification on what I had talked about headwinds. Yes, the shareholders' comments understanding was correct. During COVID period, sales of our disposable respirators had increased sharply, but now with the waning of COVID etcetera, the utilization of these products have fallen quite significantly and so year-on-year comparisons this continues to have an impact during the course of the financial year '22-'23. That is what I meant by headwinds.

There is another question on the share of traded goods in the total turnover is increased from 38% to 41%. How can we reverse this trend? So as per my comment to the previous question, yes there are annual -- year-on-year fluctuations in the product mix which gives rise to this type of a change in a given year. But however, if you look at the last five years, our share of manufactured products in the total has increased from somewhere between 100 basis points to 120 basis points year-on-year. It had reached a little over 60% in the previous year and then in financial year '22-'23, it dropped a little bit because for the reasons I mentioned earlier for the acceleration in some of our traded products portfolio.

There is a question on contract research agreement that the company has with the parent company and whether it is exclusive to 3M India or they have other research setups in India. 3M Company USA and the corporate family as part of their global business strategy, they undertake several initiatives for towards product modification, towards new product development, process modifications, etcetera. Since 3M India has the capability and the capacity to take on such projects, we do have an agreement for doing so in 3M India. This contract research arrangement

is not envisaged to be an exclusive arrangement with 3M India, but having said that the parent company does not have any other set up for doing this type of activity in India.

Some other questions on business was around respiratory, headwinds, I have covered, I have covered, yes, okay, I will come to the other set of questions which were emailed to us. This is again on the healthcare business, this is from Mr. Shah. So, there is a question on how the royalty rates will change or what will be the structure of royalty rates for the healthcare business given the new arrangement that we are under discussion.

So, like I said in response to the previous questions, I think I would like to reserve any comments on the arrangement of the healthcare business till we conclude the negotiations and the discussions with 3M Company as per the guidance given to us by the Board of Directors of your company. So, once we conclude that we will be able to provide more clarity on this question.

There is a question on the growth in our safety and industrial business has been 9% and then 6% in the first quarter of this year and that we are seeing higher growth rates for certain comparable companies in the industrial capex sectors. So, first of all, I think there are two comments here. One is, goes back to the comments on the earlier one. We do see some declines or slow softness in our respirators and in the pipe coating business that I talked about for oil and gas.

Having said that, some segments like our automotive aftermarket business, our business with the automotive OEMs and the Tiers are doing well in the industrial, safety and industrial segment. So I think there are -- I think in my opening remarks, I did mention that the safety and industrial business is made up of a number of segments. So, there are always some puts and takes that keep happening in within this business and that is what we are seeing. We are seeing a recovery in growth in automotive aftermarket, automotive OEMs and Tiers. However, being offset by softness in other areas which is what is delivering this growth rate at this point in time.

The next question is on our transportation and electronics business that excluding business from 3M Electro and communication that this segment has only grown at 9% for the first quarter of the current financial year FY '24. So how should we see this growth of this segment? The growth is actually 12.7% on a consolidated basis, not 9%. And on a stand-alone basis, it was 13.2% for the first quarter of this year. So, we do see some sequential softness in this compared to the fourth quarter of last financial year.

And like I also mentioned in my opening remarks, we are seeing a separation in growth rates between the four segments, transportation and electronics and healthcare have been performing above company average while safety and industrial and consumer like I mentioned earlier were in the mid-single digits. I think this is also a reflection of the broader trends in the economy and in the manufacturing economy. So, we will continuously watch how this external trends also continue.

The next question about the contribution of the electronics, medical solutions and personal safety segments to the overall business. The shareholder had mentioned that these three businesses contribute to roughly 38% of the parent company's business. What are the details in India? Now we don't provide information at the sub-segment level in 3M India. Having said that, I can say

that electronics is still a very modest contributor to our overall sales. So the other way to look at it is the electronic segment remains a potential tailwind in the medium term for us. For the medical solutions, the healthcare business as you know makes up 17% of our total mix and medical solutions business forms a substantial part of the healthcare mix.

The next question on PLI schemes and when will we see increasing demand as a result of the PLI schemes. I mentioned this in previous, potentially previous AGMs as well. What is critical for us as we are a Tier 2 or Tier 3 or even Tier 4 supplier to some of these industries, what is important for us is the localization of the value chain. I think through the PLI schemes, the localization of the value chain is what will provide us the opportunity to participate in these opportunities in India.

So, we continue to keep a very close watch on all the -- with all the key customers in the key segments that are relevant for us, notably electronics, mobile phone manufacturing, etcetera. So we continue to keep a close watch. We are in constant dialogue with the key customers in this area to understand their localization plans. So it is still, I think, continues to remain a medium-term opportunity, but we will be well placed to respond to it when those opportunities open up based on the timing of our customers localizing their value chain.

The next question is about lower competition from lower priced alternatives and what impact does it have on us? You know, I think the shareholder had referred to two specific areas, personal safety and consumer, but I do want to take it a little more broadly because lower priced alternatives is a reality in practically all our businesses and segments. It is not that, it's not just the personal safety division or the consumer segment that are subject to lower priced alternatives. This option or this type of competition exists across our businesses and segments.

But 3M strives to provide differentiated value through our technology, our application engineering capability, training and education programs, and also a strong team, whether it's in sales and marketing or our fulfillment processes, customer engagement processes. So we strive to provide that differentiated value, which is what allows us to win in the market and build a long-term sustainable business.

Can you throw some light on the recently inaugurated robotics lab at the Bangalore Innovation Center? Sure, I mean, we would love to do that. See, automation is a trend that's gathering momentum. Our customers are looking to automate their manufacturing processes. And in the areas that we operate in, whether it's surface finishing, etcetera, I think we have the ability to work collaboratively with our customers to help them in their automation journey. So our robotics lab will actually assist our customers in their automation journey by running trials, optimizing their processes, etcetera.

So we not only do it on our own, but we also collaborate with industry partners such as robot manufacturers and others who are part of this whole value chain, who provide, so that we can take like an integrated set of solutions to our customers in partnership with others, which will help them optimize their own processes and solutions. So yes, this is a recent one. And I think already we are seeing a lot of interest. Customers have visited our center and there are many trials going on right now.

And corporate management fee, the question on corporate management fee and what are the drivers for this? I think the corporate management fee is based on the services that we receive. I think we detail a lot of those elements of that in our annual report, whether it's the information technology services, whether it's related to different types of sales and marketing expertise that we receive. We share platforms, whether it's sales force, sales pipeline management platforms, other platforms that we share common resources across the companies and the affiliates of 3M worldwide. So there are a number of services that we receive which help us be more efficient in our own operations without having to recreate all of those capabilities here in India. So all of these go towards -- provisioning of all of these services go towards the corporate management fee.

Then let me come to a few other questions that were there on, so the healthcare spin-off I think I have already covered. There were questions from two or three speakers on the healthcare spin-off. I think we have already covered that and I think we do not, so we will continue to share as we have always done in the past, we will continue to share information as they become available after due review by the board.

The topic on delays in amalgamation of the Electro and Communication with 3M India, I think I take your point sir, this has been a pretty long drawn process for us. And we are continuing to work closely with the NCLT and through our partners to ensure that we can try and bring it to a resolution as effectively and speedily as possible. Your points are taken in the spirit they were intended, and thank you for those.

The other one was on the issue on, okay, before I go to 3M USA, I'll talk about the consumer segment counterfeit and duplication and can 3M set up its own D2C channels. I think we partner with all the other key go-to-market partners in our e-commerce business. I think the scale and investment required to set up our own channels and build on them will probably exceed the net value we can derive at this point in time.

So I think our team is considered to look at all go-to-market models that are feasible, which is for a consumer business, especially it's the general trade, modern trade, as well as the very well-growing e-commerce channels. So we aggressively have programs to participate in all of these areas. However, setting up our own D2C channels at this point in time, I think, given our scale of businesses, etcetera, might, the investments required might be quite dilutive to our overall returns that we will be able to generate. But it's a good point, thank you for raising that.

And finally, I would like to come, take the topic of some of the challenges that the 3M Company USA faces with respect to litigation. Yes, I think it is, I think the litigation that are in front of 3M Company, the parent company is, has been well reported in the press and it is widely known. You know, however, what I would like to say is, the flow of technology, the flow of products, the flow of exchange of special managerial information, marketing information, technical information, all of these continue to flow unhindered.

So I think as a team, we continue to keep a strong focus on operations, serving our customers effectively and efficiently with unhindered flow of products and new product ideas, as well as

sales and marketing arrangements, etcetera. So I think from an operational level, all of these matters continue mostly unhindered at this point in time.

However, exactly what the nature of some of these, how these litigations will play out in the future is something that 3M parent company is working on and it would be and we will and 3M parent company is also announced that they will continue to share information as they are able to have any finality or any decisions that keep being made along this journey of resolving this litigation. So, we will continue to file some of those if appropriate and if required with the way we communicate them as well. However, it will be based on the actions and taken by the parent company and not here in 3M India.

So, Chairman I think with this I have covered pretty much all the questions that were raised and so. No, I was just told that there was a question on clarification on respiratory equipment, I think headwinds which I had covered already. So I think we were just making sure that we covered all the questions that were raised. So thank you once again dear shareholders for raising the questions and for participating in the Q&A session. I hand it back to the Chairman.

Bharat Shah:

Thank you Ramesh, I think you have answered all the questions. I hope to the satisfaction of our shareholders. Members may note that the icon for e-voting is available on your screen which will redirect you to a separate window on the e-voting portal of the NSDL. The e-voting facility will be available for the next 30 minutes. Therefore members who have not cast their vote are requested to do so. The Board of Directors has appointed Mr. Vijayakrishna, KT, Practicing Company Secretary as the Scrutinizer to supervise the e-voting process.

Further, I hereby severally authorize Mr. Ramesh Ramadurai, Managing Director, Ms. Vidya Sarathy, Whole-Time Director and CFO and Mr. Pratap Rudra, Company Secretary of the company to declare the results of the voting and place the results on the website of the company, NSDL and stock exchange. The resolution that is set forth in the notice shall be deemed to be passed today subject to the receipt of the requisite number of votes. We have had many members participating today in the 36th AGM virtually. We are grateful to all our shareholders for attending the meeting and

I hereby declare the proceeding of this 36th AGM as closed. Thank you very much my dear shareholders and see you all next year. All the best. Bye bye.