



“3M India Limited

Investor Meet”

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3M INDIA LIMITED  
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MR. NIKHIL ARORA – CHIEF FINANCIAL OFFICER –  
3M INDIA LIMITED**

**Ramesh Ramadurai:** Good afternoon, everyone. Thank you for coming this afternoon. I guess it is almost afternoon now. The way we will structure it is we will make a few a short deck, seven, eight slides, just run through it quickly, and then we will open it for Q&A. But before we do that, I think you all know I am Ramesh Ramadurai, and I think all of you probably know, or if not, I will be retiring end of this month. Aseem is my successor, so Aseem came on board in October of 2025, and we have been in transition for the last few months. Nikhil Arora is our CFO. Nikhil, some of you may have met in the past. He has been with us for almost a year now; joined in May of 2025.

So I will turn it over to Aseem to run us through the deck, and then we will get into the Q&A directly after that. Thank you.

**Aseem Joshi:** Thanks, Ramesh, and good afternoon, all. As Ramesh mentioned, I am Aseem Joshi. Joined October last year, so have the benefit of five months. Nikhil and I will be leading it, but of course, it is good to have Ramesh here who can contribute. Let's start with the slides. Obviously, the safe harbor statement, and of this, I think our Company Secretary has uploaded this, so you will have access to this, and you would have read it. Next page.

I will go through these agenda items. I will go quickly through 3M Global. I think all of you will have context for 3M globally, but just a couple of slides on that, and then we will spend bulk of our time on items two and three, and then really move into Q&A after that. Okay, so 3M. I think many of us know 3M. I think a lot of us know 3M from the consumer side of the house, but this picture really tells you about who we are and how our business breaks up.

So 3M, now 123 years old, so a lot of history, a lot of legacy. We started off as a material science company. We proudly remain a material science company. That is really our core. We work with materials and then we have a lot of applications that those materials have. There is a storied history around things like some of these brands being created. Post-it is a famous one where the material was there and in need of an application. I think some of you may be aware of that story. We have a lot of great brands: Scotch, 3M itself, Filtrete, Scotch-Brite, Post-it, Command, PELTOR, and all of those.

The business today breaks up globally into three business groups. Safety & Industrial, which is really going into a lot of industrial applications, although there is a small retail component of it as well. Then Transportation & Electronics at 8.3 billion, which is mostly focused on automotive, aerospace, and then also electronics kind of applications. And then the consumer business group that you are aware of.

As you can see, the breakup globally, SIBG, the Safety & Industrial Business Group, is our biggest; Transportation & Electronics next, and then Consumer. Broadly in India, we have a similar breakup, which you will see it in subsequent slides where SIBG and TEBG are our biggest businesses, and Consumer is our smallest. And then, of course, in India, we still have the healthcare business, which is about 20% of our business, but we will talk about that. Next page.

Globally, we have identified our priority verticals that we go after. Many of them are represented in India as well, and they are big drivers of our growth. For instance, Automotive, which is in

the middle on the top segment, that is a significant driver for us. It represents 20%, 30% of our business roughly, driven by automotive either directly or indirectly, OEM, aftermarket, as well as roads and things like that. But we see growth in some of these other verticals as well. Energy, due to electrification across the country.

Electronics Data Centers is sunrise vertical for us. There is a lot of interest in this, and we are seeing good traction. But also more traditional day-to-day stuff around home improvement, home cleaning, just pure industrial automation, safety. All of these are verticals that are relevant in India and are helping drive our growth in India. Point of this slide is we have global priority verticals, most of those are very relevant for India, and so those products and those kind of playbooks are also deployed in India. Next.

If you come to India itself, we were incorporated in 1987, and we have been listed since 1991. I think many of you will be aware of that. So, quite a long history for India as well. Three manufacturing facilities: First one Electronic City Bangalore, Ranjangaon Pune, and in Ahmedabad.

And then the latest two customer technical centers. We have, of course, in Bangalore, the picture on the right is the one from CTC from Bangalore, but just yesterday, Ramesh and I were in Delhi where we inaugurated our new CTC in Delhi, in Gurgaon, sorry, not Delhi, but NCR area. We felt it was important to have a strong presence in the NCR area. Obviously, a lot of businesses are there. We used to have one, but after COVID, it had sort of dialed down, so we have recreated it.

So this is an important aspect for us, and again, we will talk a little bit about how these CTCs, as we call them, help 3M push the brand and grow our business in India. INR4,446 crores last financial year. I think the first three quarters you would have all seen is grown well, 13.6%. So we are hoping to close the year strong and at a nice round number to beat. 1,255 employees in India and growing. We have been investing in our engineering capability, our sales capability, also our manufacturing capability. So again, we will talk a little bit more about that in subsequent slides. Next, please.

So yes, so this page gives you the breakup of our business in India now. The prior page was global, this is India. Four business groups, the same TEBG, Safety & Industrial, healthcare, and consumer. As I mentioned, globally, Safety & Industrial and Transportation are two biggest. Here too, these are two biggest, and Consumer is our smallest. And then, like I said, healthcare we have in India.

As far as our revenue growth and PBT trend is concerned on the right, it really is a story of before COVID and after COVID. 5% growth before COVID, 10% growth after COVID, and in the last couple of years accelerating in the teens, the growth. So it has been, I think as I have come into 3M and I see our old strategy decks, I can see the benefit of those strategies being executed and you are seeing it convert into results both from a growth perspective and also we have maintained healthy profitability alongside. Next page.

So what have those strategies been? We have sort of summarized it on one page. There is four-pronged strategy. The first around commercial excellence. This is basically the nuts and bolts of making sure your sales engine is working well. This is something that we have been working on for the last two or three years, and we believe it is a large part of what has helped us grow in the last couple of years, grow well in the last couple of years. Salesforce discipline, reach to customers, smart channel strategies, things like that.

But to back it up, we need to have strong NPI pipeline and local R&D capability. So I talked about that CTC earlier in Gurgaon that we inaugurated, and of course, the bigger one in Bangalore. These are areas where we are innovating new products, new pipeline, new technologies that will go into India-specific applications. And I will give you a couple of examples after this of how that works. We are also strengthening our engineering capability in India, our product development capability in India. We were mostly application engineering focused, but we are now looking at how do we continue to grow basic product development also in India.

At the same time, the local supply chain becomes important. We have about 60% of the products we sell in India have local content. Roughly varies year-to-year, but think of it as 60-40. As we grow, we think that is an area that we have to continue to focus on improving, and so figuring out our how do we make more things locally, both in-house as well as outsource, is an important aspect of what we are doing. Again, I will talk a little bit more about that in subsequent pages.

And then the last one underpinning all of this growth, talent and organization. Obviously important as well as culture change. So there is a lot of work going on in the company around talent development, cultural aspects which focus us more on innovation and growth. And again, you will see the benefits of that in time to come. Next page.

So I will talk a little bit about each of these three strategies. Commercial excellence. I talked about sales excellence. A couple of examples. We have the automotive aftermarket business, which helps owners of cars particularly with maintaining it. There is auto detailing. We created this category in India, and the way we have sort of built that category is -- and now there is of course a lot of competition that is coming in but 3M is recognized as the pioneer and the market leader to this day in this space. So this is all come because of the commercial excellence approach that we took to creating and then maintaining our leadership in that category.

Similarly in our consumer business, the scrubbing portfolio. This is an area very mundane, very something that every kitchen will have. But how we have sort of created the portfolio and then innovated with the Silver Spark portfolio, then Scrub Dots, and then you will see a lot more innovation continuing to happen even in a portfolio as simple as that. Similar concepts would apply to many other portfolios. These are just two examples.

At the same time, we also really focus on getting spec-in, right. Be it in automotive, be it in project businesses like airports, or also in things like knee joints. It is really important to get 3M spec-in so that the customer then continues to use it for the life of that platform. And this is where our application engineering expertise, our CTCs that I mentioned, come in because that

is where a lot of the innovation happens, a lot of the proving happens to customers, saying how is 3M's product different from a competitor product?

This oftentimes on paper, a customer may be confused because 3M has certain capabilities that we demonstrate, but so do our competitors, and we are able to bring them into this, actually demonstrate how 3M actually works better. So specification excellence as we call it is really important, because this is -- you can call it technical selling. That's really what this is about. But I think this is an area that we have focused on and we will continue to do that, because ultimately a company like 3M wins if our product benefits are understood by the customer. Next page.

Strengthening local R&D. I mentioned this earlier. We recognize that India will always have its own unique needs. And while we can and should bring global products to bear, we will have to do local modifications, adjustments, tailoring to meet local unique Indian requirements. So our engineering center in Electronic City in Bangalore is where almost most of this happens.

Our Gurgaon facility will also help. We actually have some capability in Pune as well to do local development. There are Centers of Excellence that we have focused on in India that serve the world. I have highlighted three of them around pavement markings, acoustics, emissions. These are three very disparate application areas, but this is -- these are areas where we have really done well in India to differentiate, and then these have become Centers of Excellence for the world.

So I will give you an example to make it real; some of you may be aware, so please bear with me. You know you have these road pavement markers, the cat eyes, when you are driving on the road, the thing that reflects at night. These originally we would import them from the Americas. And then we realized that in India people drive differently from the West. In India, people drive on the RPM. In the West, they drive along the RPM. So in India, it has to be capable of taking that load and that abuse, if you will.

And so we actually innovated in terms of the material of construction, the way it is embedded, the way the reflectivity is maintained for Indian conditions. And so it has become -- India is actually where we excel, and now we are taking it from India to rest of the world. This is just an example of how we took a global product, made it look fit for local use, and now it is being exported. And similar concept for acoustics and some of the other areas.

I talked about the infrastructure. I talked about Bangalore. I talked about Delhi. And we also have a Digital AE Studio, application engineering studio, in Bangalore, which helps us really do that technical spec-in, which we think is critical and is a differentiator relative to many of our competitors. Next page.

Okay. Now local manufacturing and supply chain. As I mentioned, we have three factories; Electronic City, Ahmedabad and Ranjangaon in chronological order. Electronic City, we were there before Infi or any of the IT guys came in and set up their offices. It is actually a factory and it is running well since 1990. It is a Center of Excellence for acoustic materials. We actually make our earplug cording there and various other sort of coating and mixing and converting applications.

Ahmedabad is really more focused on our electrical products. They make materials for pipe coating and certain other specific applications. It is a much smaller factory, but it has been open since 2004. And then Ranjangaon outside Pune, I can't say it is in Pune because it is two and a half hours away, but this is our largest site since 2008. This does a lot of -- supports a lot of our businesses across transportation and electronics, healthcare, consumer, as well as safety and -- actually all four of our businesses, with a bunch of our technologies.

So it is our biggest site, and we are planning to expand there. So the last picture on the right, the fourth picture, shows where we intend to put up another shed. It will be about the size as the first one that you see in the picture, and it is something that we see as important to support our growth in the next three to four years. So that is currently underway, the planning and sort of the civil activities are underway.

In addition to that, this is all in-house, but we also recognize outhouse or outsourced manufacturing is an important leg of our journey. Working with our converter partners, working with some raw material suppliers in India as well becomes very important. So last year, we created a team of basically supply chain folks who are focused on sourcing from India, be it finished products, be it raw materials, be it conversion partners.

And we expect that to really help us make inroads into some critical areas where we think we can get -- we call it best cost country sourcing, not lowest cost, but best cost, because it has to adhere to all the other parameters that 3M demands as well. So to summarize, work on expanding our in-house capability, at the same time work on expanding our sort of outsource capability is underway.

So that sort of covers high-level our strategy for 3M India. I will just quickly touch on the 3M India Board. We have an eight-member Board currently. Ramesh, as he mentioned, will be transitioning out at the end of the month, and I will be taking over as the Managing Director from 1st of April. We have Mr. Ranganath who joined us at the beginning of this year. He comes from -- he is ex-Infosys CFO and currently runs Catamaran Ventures. And then around the middle of the year, our Chair, Radhika Rajan, will be retiring by rotation, and we will be looking to onboard another director. So the Board will evolve slightly in -- by the end of the year.

And I think that's it, right? Yeah, and that's it. So we just wanted to level set and give you a flavor for where we're headed, where we've come from, and I think let's open it up for questions. If you can just raise your hand and then I think we can go from there.

**Questioner:**

In terms of responsibility, what have -- because this is the first time we have seen an external become a CEO of 3M, if I may. And we have seen global lot of focus on innovation. We get global CEO also interact with the global IR team, wherein we got to know that there is a lot of focus on research, on new innovation, then new pipeline.

So can you tell me what's the mandate you have been assigned as a CEO for this? Is there a good focus on growth going forward given what's happening with the PLI space in India and the industrial space in India? What's the next five-year target which you have been assigned and what's coming from global in terms of focus on Indian market?

**Aseem Joshi:** So yeah, so clearly the mandate is growth. I think if you're in India, the expectation is that we grow. There's a recognition that while we have a significant presence in India, we could do a lot more. So the objective is to figure out how to -- I touched on it a little bit in the strategy, but how do you meet the Indian requirements, whatever the parameters might be, in a more effective manner so that fuels growth for 3M in India. In order to do so, as I mentioned, commercial excellence, localization, NPIs are the three major levers for us.

We think of, and this is a global statement, I think our CEO is on record saying look, we need to be more innovative. We have historically been very innovative, but we need to drive that engine a lot harder. And to that end, you see the investments in India as well, in facilities, in people, and in the focus. So the mandate really is to drive all three of these levers to grow. I think that's...

**Questioner:** In terms of import or import component is still high. Any focus on accelerating the manufacturing in India?

**Aseem Joshi:** Yeah, so I showed -- that was part of what I was covering -- so we will have that expansion. I mean it's a pretty big expansion. Basically we have two sheds; there will be a third shed in Ranjangaon. And Ranjangaon is by far our biggest factory. As well as, as I mentioned, the outsourced manufacturing for certain products where IP may not be as important. So that stuff will certainly happen.

Today, about 60% of the products we sell roughly varies of course from period to period but about 60% of what we sell is -- has local content. But it's not 100% localized. The local value add percent can increase. So that is clearly the emphasis. I think also given sort of geopolitics and the way it's headed, it just underlines the importance of that for a company like 3M. So it is certainly an area of focus for us and therefore it's one of the three strategies that we're driving.

**Questioner:** You spoke about salesforce discipline, culture change. So your thoughts around how has your sales organization shifted given the change in the complexity of the products over the last few years, new areas entered? So [155 employees 0:21:39], so roughly how many are in sales, R&D, manufacturing or the admin function which is-- it's more of a cost center. Any changes over the last three years in this composition? And what are the -- how are they linked to outcomes?

And the second question is, what are the top four or five competitors you see in the marketplace because there are very few listed peers on a pure comparative basis. So who would you lose business to and who would you want to win business from?

**Aseem Joshi:** Who do we win business from? Just jokes apart. So yeah, let me address the first question. Look, 3M's been expanding in, in the last 12 to 18 months. I forget the exact number of people we've added, but we've added across sales, across R&D and actually in manufacturing as well now we're adding as we expand. The salesforce -- the sales excellence aspect, there's a little bit of reach and sort of sales expansion, but really is focused on productivity and effectiveness.

Right, and that's I think the smart way to go about it. So it's ensuring that we have very clear -- it's the nuts and bolts of salesforce excellence. So a lot of the playbooks that consultants will talk

about, I mean it's really what we've executed and that's I believe a large part of what has yielded the results in the last three, four years.

With regards to your question on competition, it really varies by business. I mean honestly there is no single competitor that I would point to. So for instance, if you start from -- let's start with the Safety & Industrial business group, there if you think of abrasives, here you have Norton, Grindwell Norton, [Kumi 0:23:26] as sort of publicly listed players. There's other lot of smaller ones; sometimes there's Chinese guys as well.

If you think of sticking within Safety & Industrial, if you think of the safety business, we call the personal safety division, there you have a whole range of competitors both global and Indian. Global you have people like Honeywell. Indian you have people like Udyogi, Venus, Karam. So I can't say there is there is one competitor. Each division has their competitors and we'll compete vigorously in each of these divisions. So that's sort of how I would -- Ramesh, anything?

**Ramesh Ramadurai:** No, that's fine. You covered it.

**Questioner:** So I have a question on the healthcare division. So globally healthcare was spun off and there was some arrangement by which the Indian unit gets to manufacture for the global. So can you just elaborate what's the scope of that arrangement? How is it growing?

**Aseem Joshi:** Yeah, so healthcare business you're right was spun off about a year and a half ago now, globally. In India we've maintained that business. So essentially, we have agreements on both sides. So we have a supplier agreement for them where we manufacture and sell in India, but really, it's about -- we have exclusive -- we're the exclusive -- we represent 3M healthcare products exclusively for -- Solvatum is the name of the spun off company, for Solvatum in India.

And that business is it's a five-year exclusive agreement. We're pretty early on into that agreement and that business continues to grow. A lot of the same people are there so those relationships already exist. If any some transitional, when companies transition sometimes there's some adjust but that's all behind us. So healthcare business is growing well for us.

**Questioner:** So do you -- do you sell their products alone or do you even manufacture for them?

**Aseem Joshi:** We sell in India. There are some products that are manufactured in India that were manufactured in India, we continue to manufacture.

**Ramesh Ramadurai:** Just to clarify, we manufacture for local sale, not for export.

**Aseem Joshi:** Okay, yeah. So we used to make some products in India, those continue. Sorry, I'll just come here...

**Questioner:** Can you provide some color? I mean, if I look at the growth in these segments we have been growing at 15%, right, barring transportation which is around 9%. So maybe if you could provide more color what is driving this growth across these three segments?

**Aseem Joshi:** Sure. So look, I think as we look at it, it's a combination of factors. We think it's our strategy's working. We always like to think that, but we really -- I've come in from the outside as you

know, and I see the commercial excellence lever that was pulled probably three years ago, that's bearing fruit. Some of the strategies around where to focus, what to localize and accelerate, I think some of those are bearing fruit.

And to be candid, I think the markets, the segments we've chosen or that we are present in, those -- it helps that those markets also growing. So it's a combination really of factors, but I think our strategies are bearing fruit.

**Questioner:** Maybe if you could share some outlook on these segments, some color how do we look at these segments going ahead?

**Aseem Joshi:** Sure. Yes. So we'll start with transportation electronics. There transportation electronics is basically, globally we talk about transportation electronics as automotive, aerospace, electronics. Aerospace in India is relatively small, so really auto and electronics. Auto, you know what's going on in India, I think that is really -- it's a good sign. We have a good representation in that. We have a very good brand presence in most of the OEMs, and so we expect that we'll ride that wave.

At the same time, electronics also we see a lot of investment happening in India. Most of it is in the assembly piece right now, a lot of the component level stuff is still being imported. But there we provide a lot of adhesives, abrasives, etcetera, which are required when you do the assemblies. So we already get in on that from that level of localization. So transportation and electronics I think the markets, who knows where geopolitics drives us, but we have -- I think we're pretty well positioned there to ride that.

In the Safety & Industrial business, think of it as the sort of the underlying macros are manufacturing. And as we look at getting manufacturing to be a more significant portion of our GDP, naturally that helps 3M. I think that positions us well. Also as people look for better products, better quality, again that naturally creates more pull for 3M. I'm giving sort of broad statements because each segment will have its own dynamics, but at the macro level that's sort of how we see it.

In the consumer business, I think this is a particular area of interest. We sort of created some categories, we have leadership position in some categories within consumers, things like scrubbing, etcetera. But here, we again see an opportunity as people look at home improvement as an area. You see what happened in paints.

Now people care about how their houses look, how their buildings look from outside. I mean Mumbai is a great example; so many more buildings are painted now than were 15 years ago. So similar thing you can see now happening inside. People are focusing on home improvement, and 3M has a pretty broad portfolio around that.

So we're figuring out which of that portfolio can be brought in, how can it be localized and made relevant. So I think the macros there are pretty good as well. And healthcare, I think people are spending a lot more on just taking good care of their health, on surgeries and things like that, so that too I think the macros should be pretty good for 3M.

**Questioner:** This year we have seen your growth actually improve. In the last few years it was somewhere in the mid-single digit. This year it's like a teen type of a growth. So what's driving this? Is it just the market growth or some new categories you have forayed into or identified manufacturing in the past that has started picking up? What is driving this? Because we see growth across the segments pretty well this year which was missing in the last few?

**Aseem Joshi:** Yes, the last point you touched on is important, because the growth is not in any particular business group, it's across. And that's why I said what I said where I think the strategies that we decided to execute are I think playing out, particularly around commercial excellence. We've started to see that. The NPI we're still early in, the new products. Hopefully we'll see those start to play out in the next 2, 3 (4 30:48) years. Those obviously are longer run plays.

And then localization is the other one that'll start playing out in the next 3 to 4 years. It'll start now but it'll come to fruition completely in 3 to 4 years. So really it's a combination of execution and supportive markets. Underlying markets have to support obviously.

**Questioner:** We have also seen a margin improvement as the revenue grows, the operating margins improve. Now with the currency depreciation from 83 to 92, are you expecting that it'll impact profitability given historically we have had a lot of foreign currency related costs?

**Aseem Joshi:** Yes, I mean clearly we are exposed to any volatility in FX, that's clear. We have a import dependency and so that's affecting -- to that extent we are exposed. I think a lot of people everyone's exposed in that sense. So we'll see how the FX settles. I mean I'm hopeful it adjusts. In the meantime we are taking all actions. I talked about localization as one of our strategies; part of the reason is to mitigate the impact of FX.

But of course it's not something that happens overnight, it will take a little bit of time. What offsets some of that is sort of as we scale up, we obviously get the leverage and that helps us automatically, it mitigates some of the impact of these kind of factors.

**Questioner:** How long will it take for you to exercise price to offset that foreign currency inflation cost?

**Aseem Joshi:** Depends on the business. Like a consumer business can be very quick. Obviously an automotive kind of business, it's a much longer cycle. So it and some -- the industrial businesses, abrasives, adhesives, is somewhere in the middle. B2B if it's a consumable, I can drive the price increase, but obviously there might be a impact on volumes. So we have to be a little more sort of measured there. So that's sort of the range.

**Questioner:** A question on your pricing strategy. Premium, in-line, or discounting? So your top five categories: how much is the premium in-line or using discounting? And if there is you have a premium pricing, how much is the extent of premium compared to the competition?

**Ramesh Ramadurai:** Yeah, maybe I'll just take that. So if you look at our pricing by and large (it's all over: 33:32), even in even in general use categories, our pricing is at a premium to competition. So we're rarely the lowest cost supplier in the market.

**Questioner:** How much is the premium percent...

**Ramesh Ramadurai:** It can vary anywhere from 7%, 8% to up to 20%. Okay, ballpark. There could be some extraordinary situations also, but broadly this is the range. And in some cases you don't have a direct one-to-one competition or a product -- the product that we supply may solve the same issue for the customer but the product may be slightly different, like a adhesive tape like in a very high-bond adhesive tape replacing other mechanical forms of fastening, for example.

So it's very difficult to -- then it's not so much the product cost but what is the total cost of the application. That is how the customers will eventually evaluate it; they'll evaluate other factors like productivity in the manufacturing process. So then it does not become a product-to-product price comparison but the applied cost of that application. So that is the -- generally we are at a premium to the market. And what was the other part of your question?

**Questioner:** Unique SKUs currently?

**Ramesh Ramadurai:** I beg your pardon? SKUs? So what -- how many?

**Aseem Joshi:** Yeah, or 20,000-odd. Moving is about 20,000, 25,000.

**Questioner:** Two, three questions. One is just to understand the outlook on these four segments that you have. Some sense on some sub-segments in these four across these four segments which are very promising from a next 2 to 3 years perspective. Share some specific details?

**Ramesh Ramadurai:** I'll make some initial comments and then Aseem will add to that. So let me go by business segment that we report. Safety & Industrial. So in Safety & Industrial, we see a fairly broad-based growth opportunities. If you look at it you can look at it in 2 ways: product platforms abrasives, adhesives, tapes, electrical connectors, jointing kits, terminations, and of course automotive aftermarket and safety, personal worker safety.

So these are the broad the six or so product platforms, and then they go into different end-user markets. All types of manufacturing industries are target segments for us. What we've seen in the past -- I mean I would say 18, 24 months is -- we've had broad-based success with our commercial management or what we internally call commercial excellence across all of these segments, because the Safety & Industrial business is made -- the makeup of the business customer base is very fragmented and large.

It's not unlike the automotive business which is very focused on a few large OEMs and their tier suppliers. The Safety & Industrial is very broad-based fragmented, so lends itself even more -- it's even more important on how our commercial management processes work. And it's been very successful which is what has been driving a lot of the growth. We've also seen good opportunities in the whole electrical segment; electrical is doing very well.

In the past, we did talk about if for those of you who remember some headwinds for a brief period of time from the pipe coating business which is cyclical linked to oil and gas investments and so on. I mean you know you kind of lapped that history on that, so therefore you get some nominal tailwinds from history being beneficial to us. But otherwise electrical markets as a whole has been a good strong growth.

And then within the general industrial manufacturing, you know with the investments being made in metro rail, metro rail, etcetera, all of those have cascading effects on the segments that supply into those industries. The other area is again different kinds of panel manufacturing, again linked to growth in electrical data centers etcetera, panel manufacturing etcetera provides opportunities for us in different industrial products. So I think it's a very broad-based set of customer opportunities in Safety & Industrial.

Transportation electronics is almost more heavily weighted on the automotive OEM business and the infrastructure business. Electronics continues to be a sunrise area. So I would say automotive OEM our approach has always been: how do we drive content per vehicle? I mean that's how we approach the business.

Try to increase our content per vehicle through the working with the customers as part of their design and design phase, so we are early on into the process. And then it's -- and once you win content then it's all -- it's a matter of how those models perform in the market and then how -- and therefore it's purely build volumes multiplied by our content.

And in infrastructure I think it's also been quite unique for us because while road safety, road safety is a big part of it, the whole road construction and therefore road safety. An increasing emphasis on safety which is augurs well for the business.

Number two is expansion of -- while metros also we have business on the Safety & Industrial side, rail, metros, airports, all of them provide opportunities for us in the what we call our in the transportation electronics one of the segments is transportation safety as well as our what we call commercial branding. So those areas also have good opportunities for growth.

Electronics, we'll take it separately because I mean today it's not a big contributor to our sales at all, and it all -- it's a function of how quickly the value chain gets localized in India. And consumer we've seen very strong growth for our portfolios in both -- in all three channels: general trade, modern trade, and e-commerce including quick commerce.

But obviously e-com, quick-com has grown the fastest for us and the and the shifts in the channel mix over the last 4 years is, I mean, it's really quite significant for us. E-com and quick-com have become much larger contributors and the teams have been quite agile in working with these players and how to adjust a portfolio, how to work with them in their marketing rhythms, demand gen rhythms, how do we -- and some portfolio modifications for that, pack sizes, all of those things. So that's worked very well. I hope that answers some of your...

And healthcare, again, the largest contributor to healthcare is in our medical and surgical, that's the hospital business. So hospital business has -- I mean, I think what works really well, what has worked very well for us in the hospital business is the sustained investments and effort we've put into education, training, etcetera, for different practices or different settings within the hospital, whether it's ICU, whether it's OPD, etcetera, IR, OR settings etcetera, operating room.

So I think the -- we run training programs for different stakeholder sets whether it's nursing, whether it's people who are in the sterilization department and so on. So there is a very good rhythm of training, education, and really the sales piece is a pull-through at the end of it, and it's

really critical to have this sustained efforts over a number of years because this is not something we can turn on in short cycle in 6 months, 12 months.

But this has been something we've been building over the last, I would say, 4, 5 years now, and we are seeing the benefit of that. Dental is a much smaller business, so it's doing well, but it's a much smaller business.

**Questioner:** The second question was on growth leg-up that we have seen especially in the 9 months. Anything [inaudible 0:42:17] on the new products which would have been introduced in the last 18, 24 months, just to understand how they would have [inaudible 0:42:23]?

**Aseem Joshi:** No, very quick answer, no. I would say a lot of the growth is from our commercial efforts. I mean new products will obviously contribute, but there is no one hero product I can point to and say that this is what has moved the needle from 6.1% last year to 13.6% for the first three quarters of this year. No. I think we do recognize that there is a lot of -- a lot of growth to be earned, I won't say had, to be earned by our commercial practices and processes.

When I say commercial, it's not just sales, it's also a blend of sales, marketing, and application engineering, because a lot of our products are technical in nature, so it's important to recognize the work that our application engineering teams do in concert with the sales team. Because they do spend a lot of time at customers trying to like automotive, if you talk about spec-in, there is a lot of work done by the application engineers talking to the engineering teams of customers and so on.

Some of the pictures you saw on that one slide on the right-hand side, it was all really technical selling. So I think that was a big part. We also recognize that it will go so far. While there is a lot of there's some growth to be earned through commercial practices, eventually commercial excellence has to be a foundational for everything that we do.

As we bring in new products, more new products, obviously you need that commercial excellence to be very successful in the marketplace. So the investments in local product development and accelerating the new product introductions will always come with a little bit of a lead time, it's not immediate, it's probably 12, 18 months out.

**Questioner:** Lastly on this expansion which you said, could you share some numbers on how much you intend to spend and what's the current, broader current utilization and how much expansion capacity does it give?

**Aseem Joshi:** Yeah, so I mean the numbers what we've been spending on capex is there in our public record, which has been relatively light. And all we -- at this time, I don't have a specific numbers to tell you, but it will be definitely a two to three X of where we've been. But we're coming off a low base we recognize that. Can I go to -- I think he had his hand up and then we'll come back to you. Or is it something just related to that? Okay.

**Questioner:** What sort of localization can be achieved with this capex?

**Aseem Joshi:** What localization?

**Questioner:** Or is it something just related to that? Okay. What sort of localization can we achieve with this capex? What sort of localization, to what extent we are at 60% currently?

**Ramesh Ramadurai:** No, let's look at there are two parts to it. One is capacity, right? I think there was a question I think one of embedded in his question was capacity de-bottlenecking, I think. So a lot of -- say let's say if you look at tape coating as a -- it's one of our foundational manufacturing equipment.

So tape coating we are probably running at capacity right now, very close to capacity. So that means that we need additional local capacity to augment that. So it may or may not—it's not replacing some of that. So it also depends sometimes some of your traded products how fast they grow.

So if everything grows at 14% or 15%, the mix -- the manufacturing mix is roughly about 60% like Aseem said. So that will change if the manufacturing component of it grows significantly faster than the traded. And I think it will happen, but it will not be dramatic shifts in the mix; it could be about 100 basis points, every year or at best every 18 months. So it's not going to change overnight.

The 60 may go up to -- if you look at the history also over the last 6-7 years, I think we were at 54%-ish if you go back 5 years or so, and now we've come up to 59. We went up to almost 60, 61, but it's at 59 point something now. So it will -- will be in that range and it will move a little more slowly now.

**Aseem Joshi:** Yes. I think just to add to that, as we build the new coating, the new shed, once you have that capacity, I believe we will find ways the -- there's enough needs in the market that it will fill it up. So it will continue that 60 will go up maybe 61, 62, right, we'll push that up. But is it going to 80 tomorrow? No, that's not going to happen. But we will move SKUs over here.

**Ramesh Ramadurai:** And I think Aseem also spoke about the sourcing intent that we have through best-cost country sourcing. So like he already mentioned, even the 60% has a fair amount of import content in that. So we want to see how do we localize some of that in a prioritized manner so that I mean it's good all around. You reduce supply chain risk, you reduce -- you have a better hopefully like it says best cost, improved cost position without sacrificing any of the parameters on quality, service delivery etcetera. I'll go to Kamlesh ji and then come back to you.

**Questioner:** And continuation to this question on healthcare business, Solventum, almost, you have completed 2 years of agreement, 1.5 to 2 years. The agreement was for five years. How confident you are that it will be renewed further?

**Ramesh Ramadurai:** We really can't comment on that today because, it'll be a process working with them. All we can say at this point is look, we have a very -- the results have been very good. I think it's been quite strong performance over the last 2 years. Like Aseem said, any such transition which happened in April of 2024, we would have anticipated some, any such transition could have had some impact, but I think I think all credit to both the teams, Solventum's for their support and the 3M team for how we've been able to work through this. So the numbers -- the growth is there, it's an attractive market, so we'll see how we take this forward.

- Questioner:** Especially with the US-FDA agreement which is proposed to be happening with zero duty for import of medical things. So, you think Solventum's focus will be there in India and they will continue with the selling and distribution agreement?
- Ramesh Ramadurai:** See, India is an attractive market, but at the same time you have to see that -- it's hard for us to speak on Solventum's priorities because they have their...
- Questioner:** But what is the feel you are getting from because on a daily basis you are in touch?
- Ramesh Ramadurai:** We can only comment based on the support we've been getting thus far over the last 2 years of the agreement and it's been very good. It's been very good. Without which the growth would not have happened. I mean both parties have to -- have to come to the party. Yeah.
- Questioner:** So statement was there, 3M India's electronic division 5x growth in 3 years. So it is related to 3M India listed entity or it is...
- Aseem Joshi:** No, no. There is no other -- it's all 3M listed entity.
- Questioner:** Listed entity. These numbers stand by like?
- Aseem Joshi:** We're coming off a very small base. So we see there's a lot of expansion investment happening in the electronics manufacturing space and we believe we are well positioned. And so therefore we've also made investments as you may be aware in a lab capability, demo centers, engineering capability etcetera. So, as we see these investments coming in, we believe we should be well positioned to capture.
- Questioner:** Any imports from US or from the parent, it is to the listed entity only for India?
- Aseem Joshi:** Yes. Well in most instances, right? In certainly electronics what you would expect to see going from a product standpoint adhesives, abrasives, some tapes etcetera, which typically we would bring in, convert here, or in some instances have bring the finished product depending on...
- Questioner:** Even for mobile phones or anything that is there in India, it is to the listed entity?
- Aseem Joshi:** Correct. I think the only other thing outside the listed entity we have is the GCC, the global capability center, but that is a completely different operation. We've got about 400-odd, 450-odd people, but that's got -- I mean that is a very different model and it's outside the list scope.
- Questioner:** A question on the manufacturing front. So I mean your experience, Ramesh ji, if you want to take this. If I look at 2009, you were in Shanghai before you came to India. And China is almost 10% of 3M sales; India is less than 2% today.
- Are you seeing and manufacturing in India is 16%, 17% and the focus of PM is to make this 25%. Are you seeing various buckets of industrial and manufacturing growth which will which is accelerating and that's where the confidence you are living at on high, if I may? You are living at...
- Ramesh Ramadurai:** You're living what?

**Questioner:** At a high. High point of sales. If I may at this point and time do you see market opportunity coming from your China experience, India is at that point where the J-curve will start and we see 3M presence across various verticals which can help accelerate that growth?

**Ramesh Ramadurai:** First of all I want to qualify your comment a little bit. I'm leaving -- I'm not leaving at a high, the high and the peaks are yet to come. I think they're all in front of us. I mean do I know all the details about that? No. I'm obviously optimistic, very optimistic with what we've seen. So I'm not relinquishing it because I think I'm seeing the local high or anything, just a little caveat.

See, I think you look at the -- I've said this before, now it's not a new comment I'm making. If you look at the China versus India even in the context of 3M, just look at the scope of the automotive business and the electronics business in China. Electronics we can say is practically zero in India. Automotive we what 4-odd million we produce, they are probably six X or so somewhere in the -- of that is the kind of magnitude of difference.

So these two very large segments make up for a big part of the difference in scale. So China is about I mean it's published numbers. If you look at our 10K you'll see it 2.9 -- China 3M China is \$2.9 billion in sales last year 2025 calendar year. We are running at our run rate, you see that. So there is a big difference, yes, almost let's say 4.50-ish kind of a difference.

But then if you look at some key markets which are very different and then it's not only those markets of electronics and automotive, then the entire value chain, Tier 1 suppliers, Tier 2, the ODMs, everything. So I think that's a big part of the difference, and the scale of industrialization is also obviously different.

Now will the 13% or 14%, 15% increase? I definitely think it will. I do think. And for it to increase, I think some -- when we have some of these large anchor in companies in certain segments, and then you have to have the localization. Look at how the automotive industry spawned an entire such a huge industry in India.

Now you go back to the 19 early 1980s when Maruti was set up, that triggered a lot of other subsequent investments and so on. It's taken if you I don't know you can start your timeline from anywhere in the 80s or whatever you choose, but it's taken 40 years or so to where we are today.

I don't anticipate many of the rising industries to take this length of time; time compression is going to happen quite significantly. Electronics has been the localization of the value chain in in smartphone manufacturing especially, I think is starting to pick up a little bit again after some pause in between. It's starting to pick up. Local value addition is still relatively low, which means it's great opportunity ahead of us.

We're making some 150 million or so units a year. So I think we will -- as maybe I got the number wrong, I can't recall. But I think the mobile yeah somewhere in that neighborhood, So I think we have the opportunity to build that out. In addition to electronics things like data centers etcetera, it also depends on how the server local manufacturing of servers etcetera happen because there are incentives for all of those to incentivize local manufacturing of that.

Even within automotive you look at display systems, I mean display is such a big part of automotive these days, the in interiors, the cockpits of the automobile. You look at it, the display is a big part. A lot of display is still imported, but I think we are seeing early signs that there'll be some action to localize them. But it's hard for us to predict exactly when we'll -- it will happen.

What we do is try and stay as close as we can to all the customers through the OEM partners, through their connections and so on and our global connections with these customers. We stay in touch with them to understand how it evolves. And then things like I mean all the other areas, metro, rail, etcetera, will continue to step up manufacturing. Not to mention, I'm not even going into where the green energy could take us because that's another whole new opportunity. We don't know.

**Questioner:** What percentage of global product in four categories are sold in India and how much more can come from global parent? So there may be something which is being sold globally and not yet in India?

**Aseem Joshi:** Most of our global portfolio is available here. There are some which are available, but there isn't a market. For example, there's a big business in the US around roofing granules, which is unique to US because of the nature of their housing industry, which is not relevant here. But otherwise there's no -- there's no significant portfolio that's not available.

**Ramesh Ramadurai:** Yeah, I would only say in addition to what Aseem said, which are -- which id very, very unique in nature. In the mainstream, I mean I use the word mainstream, what are things that we sell elsewhere, especially global or China that we don't do much of here? One is home improvement, which is where we are focused on right now, because our portfolio is almost very heavily weighted to home cleaning, that is Scotch-Brite, brooms, mops etcetera.

But we don't have much of a play in home improvement yet. That is one we are focused on and which is more a here and now type of a -- you're not waiting for somebody like in electronics you're dependent on, you have dependencies there. Here it's internal dependencies. The second one is, of course electronics, we've already talked about that. That is the dependencies are there. Broadly I think these are some of the areas where we don't...

**Questioner:** Just one lastly if I may, global change in mandate. Does it have any implication for us? Global the focus of growth and innovation and what you have spoken. Is there -- is there any reporting structure that we report directly to global, anything change for us?

**Ramesh Ramadurai:** No, I think Aseem and I report, I mean report to the global CFO. So in that no change in that.

**Questioner:** I think you have been very patient.

**Questioner:** Sir, I just had two questions. One is on the R&D pipeline. What is the current R&D pipeline like any new product launches which you are excited about? And the second question is on I think as I recollect we have the target of achieving 30% of the revenue from the NPI. What are we currently here?

**Aseem Joshi:** Sure. Yeah, this is a number that our CEO Bill Brown has talked about extensively. I'll start there and I'll come to India. We would like to say about 30%, that's historically been 3M's goal, to see about 30% of our revenues come from new products. New products are anything that's four years old.

**Ramesh Ramadurai:** Five.

**Aseem Joshi:** It used to be four, now it's five and globally we're not where we want to be; we're sort of around 8% to 10% globally. As we look at India, we're in a similar boat. And we think sort of what's happening globally is something that applies to India as well. And so to that extent there is a big focus on NPI and that's why that's one of our strategies.

If you saw the second one in my thing after commercial excellence was local lab capability NPI etcetera. So we have a pipeline built out of India-specific NPIs as well as global NPIs that can be sold in India; those also count, but also India specific NPIs which can help fuel our growth. We don't -- those are not numbers that we're sharing sort of very broadly, but what you can expect is that focus will remain and I think next two to about two years out to five years out a lot of that will start translating into our growth. Sorry, you had a second question or as did we address your question to be addressed.

**Questioner:** I can't -- I don't remember I don't remember maybe I will go here and then there.

**Aseem Joshi:** I'm going to let Ramesh do the directing so he can be the bad cop.

**Questioner:** This is just one question on 3M is predominantly an importer of products. I mean if you compare what import content is versus what you manufacture locally. There has been that way now for decades. We've been owning the stock for 15, 20 years. And do you see any recent or significant regime change that's happened because of these tariffs between America and India, the free trade agreement. So can we sort of import anything we want for a very even for lower volumes or do we have to you still need a certain size for the Indian market to make it viable to?

**Aseem Joshi:** Yeah, so let me address the tariff bit and then I'll maybe expand on it and of course Ramesh please fill out so. With regards to Trump's tariffs from last year, we -- we were not affected very much because they were mostly for exports, I mean or imports into the US, right? And we don't really export from India into the US very much.

So directly we weren't affected. To some extent indirectly we were affected because our customers' exports to US were hampered, but it wasn't very material. Now I think the second question around whether tariffs affect how we think about these imports? Actually whether we sort of get a finished product into India or we get a jumbo and then convert it here or whether we make the whole thing in India is really a function of the market size in India and less on the tax or tariff structures.

They are just the sheer economics of if the market here is very small for a certain product, it just doesn't make economic sense to do the whole setup, qualification for those volumes; it's better to just import the finished product from wherever it's made. Oftentimes it's Asia, sometimes US, sometimes Europe or Brazil. So I don't -- I mean that's how I see it, right?

**Ramesh Ramadurai:** Yeah, I think he's covered it. And in certain cases like in personal safety etcetera, there are regulated products. They go through different kinds of certification, US European certification. So you want to have a fairly standardized portfolio. So those would -- some of those, not to say that all safety products will be imported, but some portions of it will continue to be imported because as a global company you don't -- you want to be careful about portfolios meeting all the regulatory standards in various jurisdictions around the world.

**Questioner:** Sir historically you mentioned that our content per vehicle 2%-3% of course, last year the auto mobile production in India was roughly 5 lakh crores. So, assuming this market opens up and your ecosystem gets setup in next two to three years, should we expect that ballpark as I said opportunity for you to create INR10,000 crores of business and address it for the next five?

**Aseem Joshi:** So maybe I'll just take the first part of it and then. Yeah. So, what we've said always is we've pointed to our global business size that 3M has in electronics. It's a matter of public record 10K filing if you look at it for 2025 \$2.96 billion or say \$3 billion is what 3M has reported that we've sold into electronics globally. And roughly 50-50 the ratio might have changed a little bit, but roughly 50-50 between consumer electronics and semiconductors.

And now we can do the math on indexation and all that. Will it be the same ratio in India? It becomes it's a function of the which models come in, what is the level of specification you get, because even if you take automotive as an example, we don't get the same level of penetration in all the models. In some models we may have very, very low penetration, or when I say penetration I mean content per vehicle. In some models you have more attractive levels of content.

So, what we report as an average or not we track as an average internally is across the total volume built, and then by model you track it. Now then it depends on what the similar similarly in electronics it depends what models are eventually manufactured. Today we have a view on what's being manufactured and then the content on that.

So, you can index is based on a global number and to the whether it's the value of the output or number of devices built, I mean we can index it different ways. Yeah, but that gives you a rough idea.

**Questioner:** And related to this should we expect the competitors who have presence in India versus global players, I think only there are three-four players which compete against 3M on this opportunity in India, they are either not there or relatively quite small?

**Aseem Joshi:** No, I think I think the see this ecosystem will shift very quickly. So, our we operate from the point that these competitors will all be here. I mean it doesn't matter what their size is today, our competitors will be there. We can't we will be it would be a mistake if we were to assume otherwise.

One, they'll be there. And two is we also what is also important is we have to be keep our peripheral vision. So to speak open even to identify new competitors who may come up because this is a dynamic market; you will have existing players for sure will come in and there could be new competitors coming in as well. I think who had...

- Questioner:** So coming back to his question, sir, as a result of this recent FTA deal with US, how does it you know change the business dynamics for us because I think one third of the raw material or the imports are from the US. So just to get some sense, I mean you know...
- Management:** I think my only answer I can share and let Aseem also add to it is, it's too early for us to tell. I mean the FTA -- Free Trade Agreement's framework is there, the details we'll have to see. But at a high level, I don't think it may make a huge difference to us because it's not that our products are on the negative list or something like that. Or they are not being subjected to very different levels of import duties at this point in time coming in from the US, I mean importing from the US into India.
- So, I'm not—so whether if some products go off duty etcetera, I mean we'll have to look at it when we get more clarity, but at this time I don't see anything significant.
- Aseem Joshi:** I think too early.
- Management:** Yeah, it's too early to estimate it.
- Assem Joshi:** It's the framework of the initial agreement, right? It's one of those things, so we have to see where it lands.
- Questioner:** And in the past we had highlighted that on the electronics side we have not reached that inflection point wherein we could go and you know localize more in India. Where are we currently you know out there?
- Management:** Yeah, that inflection point is really dependent on our customers localizing, because I mean we—we have the capability. Let's say if the potential customers we would supply to, so we are not a Tier 1, we are not a Tier 2; we could be a Tier 3 or a Tier 4 as a material supplier. So, it depends on at what point does do our customers localize and then ramp up. Then accordingly we have the ability to ramp up pretty quickly. So, I would say it's still out in the future.
- Questioner:** Any electronics is part of this capex? Any localization on the electronics side is part of this capex?
- Management:** Nominal. It nominal. Yes. The tape portion -- see the point is when you have a tape coating facility, it can make multiple products on the coating. So right now, we go with what is our current portfolio of product, because that is where we see growth and we need capacity for growth. And so will -- so therefore I think a lot of the new capacity if not 100% obviously a big part of it will be met by growth in the existing portfolio.
- Management:** Who is
- Management:** Kamlesh bhai had a question...
- Questioner:** Sir, gross margins earlier in 2019 was 47%.
- Management:** Sorry?

- Questioner:** Gross margins. Now it is 42%. You have reduced lot of expenses, costs and all. Still, we are maintaining the EBITDA around 18% to 20% to 18%. So when can we go back 47% gross margins, sir?
- Management:** I think -- I think Aseem will answer that well left.
- Questioner:** Because our EBITDA is 18% whereas parent is 24%. So this difference is exactly the same.
- Aseem Joshi:** Yes, so I think you know the days when we were 47%, I think we were a smaller entity, right, and as we continue to grow, obviously we will be margin focused. But what's important is that we also find avenues for growth and sizable avenues for growth.
- And so there you know to the extent we can get price of course we will, but we also recognize that there are places which may not be in the past perhaps we were in niches and maybe now we're looking at bigger drivers of growth as we grow.
- So, our focus is on growth, on PAT obviously, and we'll continue to do that. But I guess I'm not necessarily looking at staying in the niches, right, because I think 3M and India are at a place where we have to grow a little faster.
- Management:** So I mean the fact is we do have—we've said this many times in the past—we have import dependencies and we don't see that going away. We will mitigate you know in pockets in areas in key priority portfolios through local manufacturing etcetera, local outsourcing, contract manufacturing, all of the above. But import dependencies will continue to be there and therefore you're exposed to there is a vulnerability to FX and those things. So, I think we'll could you know that 5% and also consequently we also don't have the same level of capex investments if you look at it.
- Aseem Joshi:** Yes. And with a product portfolio as wide as ours, you know we will always it would never make sense to localize entirely, right? So, we can drive it up which we will, but we will have a global network of factories that supply us for sure. Are we at time? Maybe one final question.
- Questioner:** Any impact of commodities?
- Assem Joshi:** Can you speak up a little...
- Questioner:** Any impact of commodities? You know we have seen commodities...
- Aseem Joshi:** You mean in the last one 10 days?
- Questioner:** In last 10 days around a month.
- Management:** I mean it's there is very clearly there has been spikes in -- there've been clearly some spikes we're seeing, no question about it. But I think it's just we are being watchful, we are continuing to watch it, track it, but not enough data to bring everything together and make any kind of a projection or share anything at this time. Great. Thank you very much, everyone.
- Management:** Thank you. Thank you very much for your interest and look forward to keeping the conversation.