

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

## REPORT ON CORPORATE GOVERNANCE

### THE COMPANY'S GOVERNANCE PHILOSOPHY

3M's Corporate Governance principles govern how the Company carries on its business daily, enabling the Company to outperform and lead the way to sustainable growth. The governance principles provide enough framework that defines the roles, rights, and responsibilities of different groups within the organization. The Board of Directors oversees the Executive Directors and Senior Management (viz., the Leadership Team) including Key Managerial Personnel and ensures that appropriate procedures and controls are in place covering Managements activities in operating the Company on ethical grounds on a day-to-day basis. The Company has adhered to all the applicable SEBI (LODR) Regulations, 2015 for the financial year ended March 31, 2020.

### BOARD OF DIRECTORS

#### *Composition:*

As at the financial year ended March 31, 2020, the Board comprises of Two (2) Executive Directors, Three (3) Non-Executive Non-Independent Directors and Three (3) Independent Directors. The Board of Directors of the Company is headed by a Non-Executive and Independent Director.

As at the financial year ended March 31, 2020, the Board of Directors of the Company had an optimum combination of Executive and Non-Executive Directors including two (2) Women Directors (viz., Independent Director and Non-Executive Director) and not less than fifty percent (50%) of the Board of Directors comprises Non-Executive Directors and the composition is in conformity with the provisions of the Companies Act, 2013 and the Listing Regulations, 2015. None of the Directors of the Company is related to each other and with any employees of the Company.

The Board of Directors confirms that all the Independent Directors of the Company fulfill the conditions specified under SEBI (LODR) Regulations, 2015 and are Independent of the Management of the Company.

#### *Declaration under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018:*

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by Securities and Exchange Board of India / The Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna K.T., Practising Company Secretary, Bangalore as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018.

#### *Skills / Expertise/Competencies of the Board of Directors:*

The present Board Members have vast and varied experience and possess professional background and experience in General Management of Business, Industry, Marketing, Finance, Taxation and Law. Following is the gist of skills / expertise / competencies identified by the Board of Directors.

- Knowledge on the Company's businesses, policies and culture, risks / threats and opportunities and knowledge of the industry in which the Company operates.
- Behavioral skills - attributes and competencies to use their knowledge, professional skills to contribute effectively to the growth of the Company.
- Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration and Decision Making,
- Financial, Taxation, Law and Management skills.

#### *Brief Profile of the Directors of the Company:*

**Mr. Bharat D Shah, Independent Director (holding DIN- 00136969)**, 73, was appointed as an Independent Director of the Company for a period of Five (5) years with effect from March 27, 2015 and he was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years w.e.f March 27, 2020. He was appointed as Chairman of the Board with effect from May 27, 2016. Mr. Bharat Shah has extensive experience and expertise in the fields of banking, finance and securities market. He has been one of the founder members of HDFC Bank Limited and has played a key role in the establishment and consistent growth of the Bank. He is also on the Board of various prominent companies. Before joining the Financial Sector, he worked with Technova, Bradma and Pyrene in London. He has also worked with Leading MNCs viz., Thomas Cook, Citibank and with UBS. Mr. Bharat Shah is the Chairman of HDFC Securities Limited. He has his Bachelor's in Science Degree from the University of Mumbai and also holds a Degree in Applied Chemistry with special reference to metal finishing from Borough Polytechnic, London.

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Expertise in Specific Functional Areas	Banking, Finance, Forex Management, General Management of Business and Securities Market.
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	<ol style="list-style-type: none"> <li>1. HDFC Securities Limited</li> <li>2. Mahindra Lifespace Developers Limited</li> <li>3. Salisbury Investments Private Limited</li> <li>4. Strides Pharma Science Limited</li> <li>5. HDFC ERGO Health Insurance Company Limited</li> <li>6. Tata Sky Limited</li> <li>7. Exide Industries Limited</li> <li>8. DigiKredit Finance Private Limited</li> <li>9. Spandana Sphoorty Financial Limited</li> <li>10. Mahindra World City Developers Limited</li> </ol>

**Mr. Ramesh Ramadurai, Managing Director (holding DIN- 07109252)**, 58, was initially appointed as a Non-Executive Non-Independent Director of the Company with effect from March 27, 2015. He was appointed as the Managing Director of the Company from June 1, 2019. Mr. Ramesh Ramadurai was appointed as Business Director for 3M Industrial Business in July 2014 and was based out of Shanghai responsible for the entire Asia Pacific Area. Prior to this role, Mr. Ramesh Ramadurai served as Managing Director of 3M Philippines from August 2011 until June 2014, based in Manila. He joined 3M India in 1989 as Sales Engineer and held positions as Country Business Leader in Industrial Business and Electro & Telecommunications. He was seconded to Global Headquarters in St Paul, USA, and worked as Market Segment Manager in Industrial Business, as Global Business Manager for a line of Industrial Tapes, and as International Business Manager for 3M's Packaging, Masking and Specialty Tapes businesses. Prior to 3M, Mr. Ramesh Ramadurai worked for a year as a Production Engineer at an Offshore Oil Production facility, and for about 3 years in a business planning and development role at an automotive parts and motorcycle manufacturer, both in India. Mr. Ramesh Ramadurai holds MBA from the Indian Institute of Management in Calcutta and is a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology, Kanpur.

Expertise in Specific Functional Areas	General Management of Business and Marketing
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

**Mr. Amit Laroya, Non-Executive Director (holding DIN-00098933)**, 55, was appointed as a Non-Executive Non-Independent Director of the Company with effect from June 1, 2016. Mr. Amit Laroya was the President and Managing Director of 3M Korea Limited from June 1, 2016 to December 31, 2019. He was the Managing Director of the Company from October 1, 2013 to May 31, 2016. He has been appointed as Vice President – Asia for Transportation and Electronics Business Group with effect from January 1, 2020. Mr. Amit Laroya started his career at Asian Paints and moved to 3M India in 1990 as the Division Head of Traffic, safety and Security. He has held positions in 3M India as the Country Business Leader in Safety & Graphics, Industrial, Electro and Telecommunication in addition to being the first Master Black Belt for India region. He has also held positions as the M&A Manager for India region and General Manager of 3M Lanka. His previous assignment as the Managing Director of 3M Indonesia and 3M India Limited made him well suited to understanding emerging market needs. He also has a good understanding of global corporate strategies at 3M having recently worked in St Paul, USA, as the Global Director-for 3M Strategy & Corporate Development & the Director of International Strategic Planning & M&A. Mr. Amit Laroya is an Economics Honors graduate from the University of Delhi with MBA in Marketing and Finance from XLRI in India.

Expertise in Specific Functional Areas	Marketing, Mergers and Acquisitions, Finance and General Management of Business
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

**Mr. B.V. Shankaranarayana Rao, Whole-time Director (holding DIN-00044840)**, 60, was appointed as a Whole-Time Director of the Company with effect from July 24, 2002. He retired from the Company from the closing hours of May 13, 2020 after attaining the date of his superannuation. Mr. B.V. Shankaranarayana Rao holds a bachelor's degree in commerce and a master's degree in Business Administration from Bengaluru University. He has been with the Company since 1990. He has over 30 years of experience in Finance and Corporate Management. He has held various positions during his tenure in 3M India. He has also worked in 3M Asia Pacific, Singapore, prior to heading the Finance Department in 3M India Limited. Mr. Shankar Rao headed the Business Services Group, Business Transformation and Information Technology.

Expertise in Specific Functional Areas	Finance, Taxation and Corporate Management
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

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**Ms. Radhika Rajan, Independent Director (holding DIN- 00499485)**, 64, was appointed as an Independent Director of the Company for a period of Five (5) years with effect from May 27, 2016. Ms. Radhika Rajan heads DSP Investments, the umbrella company of the Kothari Family Office, in Mumbai, India. The Kothari portfolio comprises of Indian securities, fixed-income, corporate paper and loans, and some angel and private equity investments. Previously, Ms. Radhika Rajan was President of TCG Advisory of the TCG Group, New York. In this capacity, Ms. Radhika Rajan conceived, set up, structured and managed the operations of TCG's offshore Indian Equities Funds for 7 years. Prior to joining the Fund in 2003, she advised TCG and several other private equity groups on various companies and proposed investments in the US-India corridor. Ms. Radhika Rajan is a US citizen and long-term resident of New York who relocated to India a few years earlier. She has focused on India as an investment destination since 1999, when she became New York based Executive Vice-President of Mphasis. Prior to Mphasis, Ms. Radhika Rajan worked as a Global Macro Proprietary Trader at Chemical Bank (now JPMorgan) Itochu, UBS, Bank of America, and Bank of Montreal where she created and managed several profitable trading structures. As a global macro trader, she traded and took proprietary positions in a range of currencies, cash and options and in interest rate and commodity futures and derivatives. Ms. Radhika Rajan holds an MBA degree from the Indian Institute of Management Ahmedabad and a MSc (Physics) degree from Indian Institute of Technology, Mumbai. She was a National Science Talent Scholar through her Masters 'degree. Ms. Radhika Rajan is an invited author of "The Global Internet Economy," a book published by MIT Press in 2003. She is a charter member of TIE, the global Entrepreneurs organization and served as an Executive Board Member of TIE Tristate for over 5 years. TIE, a global association of entrepreneurs active in accelerating the globalization of Indian business. ([www.tie.org](http://www.tie.org) and [www.tietristate.org](http://www.tietristate.org)).

Expertise in Specific Functional Areas	General Management of Business, Forex Management, Securities Market
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	1. Sonata Software Limited 2. Sonata Information Technology Limited

**Mr. Biren Gabhawala, Independent Director (holding DIN- 03091772)**, 55, was appointed as an Independent Director of the Company for a period of Five (5) years with effect from August 5, 2015. He was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years w.e.f. August 14, 2019. Mr. Biren Gabhawala holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant and a fellow member of the Institute of Chartered Accountants of India. He is into practice for last 27 years. He is a Senior Partner of Messrs. C. M. Gabhawala & Co., Chartered Accountants and specializes in Direct and Indirect Taxation, FEMA, International Taxation, Mergers, and Acquisitions.

Expertise in Specific Functional Areas	Direct and Indirect Taxation, FEMA, International Taxation, Mergers and Acquisitions
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	1. eClerx Services Limited, Director 2. Messrs. C.M. Gabhawala & Co, Partner

**Mr. Jongho Lee (JH), Non-Executive Director (holding DIN- 06720950)**, 56, was appointed as a Non-Executive Non-Independent Director of the Company with effect from May 26, 2017. JH was named as a Finance Director - Asia based out of Hong Kong from April 1, 2017. JH comes with a strong pedigree and regional experience across multiple companies. JH has most recently been 3M Korea Finance Manager since April 1, 2014. Prior to that, he has held several roles in multiple Companies as:

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

He is also the Co-Chairman of the AMCHAM CFO Committee, Korea and a Tax Committee Member of Korea Chamber of Commerce. JH holds an MBA from the University of Michigan, Ann Arbor and a B.A., Seoul National University. He is appointed as Director-Accounting - APAC for International Finance from January 1, 2020.

Expertise in Specific Functional Areas	Finance and General Management of Business
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

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**Ms. Sadhana Kaul, Non-Executive Director (holding DIN- 02589934)**, 55, joined the 3M India Limited in the year 2005 as General Counsel. She was appointed as a Whole-Time Director of the Company with effect from October 09, 2009 and was the General Counsel of the Company till November 1, 2013. She resigned as Director and Whole-time Director with effect from November 1, 2013 consequent upon her appointment as General Counsel for South East Asia Region, Singapore. Apart from being General Counsel for South East Asia Region, she also supported Asia Manufacturing and Supply Chain Center of Expertise. She was appointed as a Non-Executive Director of the Company from February 10, 2014. She resigned as Director of the Company with effect from the closing hours of May 27, 2016 due to her pre-occupation and other commitments. Ms. Sadhana Kaul has over 25 years of experience in the legal field, having worked in different capacities in law firms in the US and in India. Prior to joining 3M India limited, she was with GE Medical Systems as Senior Legal Counsel based in Bangalore. She has a History Degree from St. Stephen's College, Delhi University, India and holds a Bachelor's degree in Law from Trinity College Cambridge, UK and a Master's degree in International and Comparative Law from Georgetown University Law Center, Washington D.C. She has been appointed as Asia Area General Counsel with effect from September 1, 2018 and will continue to be based out of Singapore where she will oversee the legal operations of 3M in all its Asia Subsidiaries. She resigned as a Director of the Company with effect from May 5, 2020 to pursue her career outside 3M Group.

Expertise in Specific Functional Areas	Law
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on March 31, 2020	Nil

**Names of Committees/Chairmanships held details of the Directors are given below:**

Name of the Director	Name of the Company (Including 3M India Limited)	Membership of Committee		Chairmanship of Committees	
		Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship
Ms. Radhika Rajan	3M India Limited Sonata Software Limited Sonata Information Technology Limited	Yes Yes Yes	Yes Yes		
Ms. Sadhana Kaul	Nil				
Mr. Ramesh Ramadurai (from June 1, 2019)	3M India Limited		Yes		
Mr. Jongho Lee	3M India Limited	Yes			
Mr. B.V. Shankaranarayana Rao	Nil				
Mr. Amit Laroya	Nil				
Ms. Debarati Sen (up to May 31, 2019)	3M India Limited		Yes		
Mr. Biren Gabhawala	3M India Limited eClerx Services Limited	Yes Yes	Yes Yes	Yes Yes	
Mr. Bharat D Shah	3M India Limited Tata Sky Limited Spandana Sphoorty Financial Limited HDFC ERGO Health Insurance Company Limited Strides Pharma Science Limited Mahindra Lifespace Developers Limited	Yes Yes Yes  Yes Yes Yes	    Yes		Yes

### Meetings:

The Meetings of the Board of Directors are normally held at the Company's Corporate Office in Bengaluru. Meetings are generally scheduled well in advance and the notice of each Board / Committee Meetings is given in writing to each Director. The yearly calendar of the Meetings is finalized before the beginning of the year. Additional Meetings are held when necessary. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company. The Board is provided with the relevant information as stipulated in Listing Regulations. The Meetings are governed by a structured agenda. The Board papers, agenda and other explanatory notes are circulated to the Directors seven (7) days prior to the Meetings. In addition, for any business exigencies,

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the Resolutions are passed by circulation and later placed at the subsequent Board/Committee Meeting for ratification. The Minutes of the Committee Meetings are sent to all Directors individually within the time limits prescribed under the Companies Act, 2013 and are further tabled at the Board Meetings. The Company Secretary is responsible for convening the Board and Committee Meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the Meetings. He acts as an interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects. During the financial year 2019-20, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### Details of Board Meetings during the financial year:

During the financial year 2019-20, four (4) Meetings of the Board were held on *May 28, 2019, August 13, 2019, November 13, 2019 and February 11, 2020*. The last Annual General Meeting (AGM) was held on *August 14, 2019*.

None of the Directors is a Director in more than Eight (8) Listed Companies or Ten (10) Public Limited Companies or acts as an Independent Director in more than Seven (7) Listed Companies. The Managing Director and the Whole-Time Director do not serve as Independent Director on any Listed Company. Further, none of the Directors acts as a member of more than Ten (10) Committees or acts as Chairman of more than Five (5) Committees across all Public Limited Companies in which he/she is a Director.

Particulars of the directorships of Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2020 and attendance at the Board Meetings of the Company are exhibited below:

Name & Designation of the Director	Category	No. of Meetings held during the year under review		No. of Directorships and Committee Memberships / Chairmanships			Whether attended last AGM
		Held	Attended	Directorships held@	Committee Memberships#	Committee Chairmanships#	
Mr. Bharat D Shah (Chairman)	<i>Non-Executive &amp; Independent Director</i>	4	4	9	8	1	Yes
Mr. Biren Gabhawala (Director)	<i>Non-Executive &amp; Independent Director</i>	4	4	2	4	2	Yes
Ms. Radhika Rajan (Director)	<i>Non-Executive &amp; Independent Director</i>	4	4	2	4	Nil	Yes
Ms. Debarati Sen (Managing Director up to May 31, 2019) (Director from June 1, 2019 to March 02, 2020)	<i>Executive Director (Promoter Group)</i> <i>Non-Executive Director (Promoter Group)</i>	4	3	2@@	1	Nil	Yes
Mr. Ramesh Ramadurai (Managing Director from June 1, 2019)	<i>Executive Director (Promoter Group)</i>	4	4	1	1	Nil	Yes
Mr. B. V. Shankaranarayana Rao (Whole-time Director)	<i>Executive Director (Promoter Group)</i>	4	4	2@@	Nil	Nil	Yes
Mr. Amit Laroya (Director)	<i>Non-Executive Director (Promoter Group)</i>	4	3	2 @@	Nil	Nil	Yes
Mr. Jongho Lee (Director)	<i>Non-Executive Director (Promoter Group)</i>	4	2	1	1	Nil	Yes
Ms. Sadhana Kaul (Director)	<i>Non-Executive Director (Promoter Group)</i>	4	2	1	Nil	Nil	Yes

@ excludes directorship in private companies and includes directorship in 3M India Limited.

@@ includes directorship in one foreign Body Corporate

# excludes committees other than Audit Committee and Stakeholders' Relationship Committee

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### Attendance details of Board Meetings:

Name of the Director	May 28, 2019	August 13, 2019	November 13, 2019	February 11, 2020
Mr. Bharat D Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhwala	Yes	Yes	Yes	Yes
Mr. Ramesh Ramadurai (Managing Director from June 1, 2019)	Yes	Yes	Yes	Yes
Mr. B V Shankaranarayana Rao	Yes	Yes	Yes	Yes
Ms. Debarati Sen (Managing Director up to May 31, 2019 and Director from June 1, 2019 to March 02, 2020)	Yes	Yes	LOA	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Amit Laroya	Yes	Yes	Yes	LOA
Mr. Jongho Lee	Yes	Yes	LOA	LOA
Ms. Sadhana Kaul	LOA	Yes	LOA	Yes

### Committee of the Board:

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time.

### Board Training and Induction

At the time of appointing a Director, a "Familiarization Program for Directors of the Company" brochure is handed over which *inter alia* explains the history of the Company, products / divisions of the Company in which it operates, performance of the Company during the last quarter/year, other Directors' profile, Leadership Team details, situation of factories and branch offices etc., role, function, duties and responsibilities expected as a Director of the Company. In the same document, the Director is also explained in detail the compliances required from him under the Companies Act, Listing Regulations and other relevant regulations. The Managing Director of the Company also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfill his role as a Director of the Company. Apart from the above, business heads also make presentations on their respective business and updates the Board. Some of the updates to the Board during 2019-20 includes Risk assessment and minimization measures – Cyber Security, updates on Health Care Business and updates on of MCA/SEBI notifications. The familiarization document is also disclosed on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

The Company has issued formal letters of appointment to all the Independent Directors of the Company in the manner as provided in the Companies Act, 2013 including the tenure of appointment. The terms of appointment have also been disclosed on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

### AUDIT COMMITTEE

The Audit Committee of the Company functions in accordance with the requirements of Section 177 of the Companies Act, 2013 and the Listing Regulations.

### Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee as per guidelines set out under the Listing Regulations read with Section 177 of the Companies Act, 2013, is set out below:

1. The Audit Committee shall have minimum Three (3) directors as Members. Two-thirds (2/3) of the members of Audit Committee shall be Independent Directors.
2. All members of Audit Committee shall be financially literate and at least One (1) member shall have accounting or related financial management expertise.
3. Chairman of the Audit Committee shall be an Independent Director.
4. The Chairman of the Audit Committee shall be present at Annual General Meeting to answer Shareholder queries.

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5. The Audit Committee may invite such executives of the Company as it considers appropriate (and particularly the head of the finance function) to be present at the Meetings of the Committee, but on occasions it may also meet without the presence of any of the executives of the Company. The Chief Financial Officer(CFO), Internal Auditor and a representative of the Statutory Auditor may be present as invitees for the Meetings of the Audit Committee.
6. The Company Secretary shall act as Secretary of the Audit Committee.
7. The Audit Committee shall meet at least Four (4) times in a financial year and not more than 120 days shall elapse between two Meetings. The quorum shall be either Two (2) Members or one-third (1/3) of the members of the Audit Committee, whichever is higher but there shall be a minimum of two (2) Independent Members present.

### ***Powers of Audit Committee***

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### ***Role of Audit Committee***

The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Statutory Auditors and Cost Auditors of the Company;
3. Approval of payment to Statutory Auditors and Cost Auditors and for any other services rendered by the Statutory Auditors;
4. Reviewing, with the Management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to Financial Statements.
  - (f) Disclosure of any related party transactions.
  - (g) Modified opinion (s) in the draft Audit Report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditors' independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;

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13. Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with Internal Auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis.
22. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 Crores or 10% of the asset size of the Subsidiary, whichever is lower including existing loans / advances /investments existing as on the date of coming into force of this provision.

### **Review of information by the Audit Committee**

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

### **Composition and details of Audit Committee Meetings during the financial year:**

As on March 31, 2020, the Audit Committee of the Company consists of Three (3) Non-Executive & Independent Directors and one (1) Non-Executive Director and all of them have financial and accounting knowledge. The members of the Committee are Mr. Biren Gabhawala, Ms. Radhika Rajan, Mr. Bharat D Shah and Mr. Jongho Lee.

Mr. Biren Gabhawala is the Chairman of the Audit Committee. The Company Secretary is the Secretary to the Committee. At the invitation of the Committee, the Managing Director, Whole-time Director, the Internal Auditor, the CFO, General Counsel and Statutory Auditors attend the Audit Committee Meetings.

During the financial year 2019-20, four (4) Meetings of the Audit Committee were held on *May 28, 2019, August 13, 2019, November 13, 2019 and February 11, 2020*. The numbers of Meetings attended during the financial year under review are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	4	4
Mr. Bharat D Shah	4	4
Ms. Radhika Rajan	4	4
Mr. Jongho Lee	4	2



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### Attendance details of the Audit Committee Meetings:

Name of the Director	May 28, 2019	August 13, 2019	November 13, 2019	February 11, 2020
Mr. Bharat D Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Jongho Lee	Yes	Yes	LOA	LOA

### NOMINATION AND REMUNERATION COMMITTEE (NRC)

In compliance with Section 178 of the Companies Act, 2013 and the Listing Regulations the Board has formed the "Nomination and Remuneration Committee". The terms of reference of the Committee inter alia, the following:

- (a) *Chairperson:* Chairperson of the Committee shall be an Independent Director as may be elected by the Members of the Committee.
- (b) *Quorum:* Quorum for Meeting of the Committee shall be a minimum of Two (2) Members provided one (1) of them shall always be an Independent Director.
- (c) *Frequency of Meetings:* The Committee may meet at such times and at such intervals as it may deem necessary and shall at least meet once a year.
- (d) *Role:* The Role of the Committee shall include inter-alia the following:
  - Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
  - Formulation of criteria for evaluation of Independent Directors and the Board including carrying out evaluation of every Director's performance;
  - Devising a policy on Board diversity;
  - Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
  - Such other matters as may be prescribed under the Companies Act, 2013, Listing Regulations and by the Board of Directors of the Company from time to time;
  - Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- (e) *Invitees:* The Committee may invite such executives of the Company and such other persons as it may consider appropriate.
- (f) *Secretary to the Committee:* The Company Secretary shall be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

The Remuneration Policy for Directors, Key Managerial Personnel and for other employees has been disclosed in the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

### Criteria of selection of Non-Executive Independent Directors

The Non- Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management. The NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013. The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. *Qualification, expertise and experience of the Directors in their respective fields;*
- ii. *Personal, Professional or business standing;*
- iii. *Diversity of the Board.*

The Diversity of the Board aims to:

- enhance the quality of performance of the Board,
- usher in independence in the performance of the Board,

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

- achieve sustainable and balanced performance and development in the Company,
- support the attainment of strategic objectives of the Company,
- remove the gender bias in the Board, and,
- Compliance of applicable law/s and good corporate practices.

In case of re-appointment of Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement level.

### Criteria of selection of Non-Executive and Executive Directors

For the purpose of selection of the Non-Executive and Executive Directors, the incumbent shall possess relevant expertise, experience and leadership qualities required for that position. The NRC will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013.

### Criteria of selection of Senior Management personnel (including KMPs)

For the purpose of selection (including internal selection) of the senior management personnel (including KMPs), criteria such as relevant expertise, experience, qualifications are taken into consideration.

### Remuneration Policy of the Company

As an annual activity for processing Merit Increase, the Center of Expertise Total Rewards & Services Team (COE TR) works closely with Salary Consultant Partners, Mercer & Willis Towers Watson, to determine the worth of each job by doing a market benchmark study. Salary Market Pricing describes the process of acquiring external country salary market data to ensure competitive salary ranges at 3M. Specialized vendors (global consultant companies) do collect, structure and analyze participating companies' compensation and benefits data. 3M contributes to these studies and uses the findings to ensure our pay and benefits are at market. This includes comparing the right jobs, job-grades and job-families based on their complexities and responsibilities towards comparable, relevant vendor market data.

Market Pricing processes have been further harmonized globally. Your Company has established Global Market Pricing standards, rules and processes, to achieve global results on an equitable base. This is required to reflect our multi-country, area and global organization. 3M primarily compare against the countries' broad salary market for comparable job-profiles. Usually, companies with similar size, revenue and organizational structure are participating in these studies. We do not compare for example: with non-relevant job-profiles- investment banks or re-insurance companies, government organizations, small local companies. Under specific business cases, the Company has the possibility to exceptionally consider additional datapoints, like selected company or geography samples, this applies in case the general, broad market data does not sufficiently reflect the type of job-profiles 3M is competing for in the local markets.

This global standardized process is likely different than the process a particular country was using before. Consequently, we can expect some differences in the output from the global processes than the process a particular country was using. This means some differences in Market Reference Point (MRP) are likely to occur due to the new process as well as due to the external market. Transition processes will allow smooth alignment if needed. Salary budgets will not be impacted. Annual Salary Adjustment (ASAP) will ensure distribution of increases aligned with existing 3M pay principles that remain fully in force.

The COE TR and Services team and the Salary Consultant (s) work closely first to understand all the roles in the organization and map the roles to their framework. The Company Benchmarks and compares itself with Total Cash Compensation which includes Fixed pay and Variable pay. Total Rewards team creates the comparator basket/peer companies list based on the companies 3M recruit and lose talent. These companies become the comparator list to determine the compensation rates.

COE TR and Services Team at St. Paul, USA after finalization of peer companies from 3M India Limited list, interact with the Salary Consultants with the shortlisted companies (Peer companies) to understand their roles and map them to their framework. Post which, they compare the roles and compensation as per the mapping exercise. Upon this exercise, Consultants, based on the mapping provide compensation rates for each level. Total Rewards team based on the market median, draws MRP.

Based on the above guidelines, each level, starting from the entry to the head of the organization the pay range is determined. The determined pay ranges are shared with the Managing Director and Business/Functional leaders to understand the salary movements and obtain approval on the MRP for the year. The approved MRP is used for the merit increase exercise along with the employee performance rating. The Total Rewards team culls out the Compensation ratio (Distance from the new mid-point) and the proposed increase for each employee and the organization, as a whole. Post completion of this exercise, the increase is discussed with the CFO to find out the affordability and the impact on the Company's Profit and Loss account. Based on the Company's objectives and affordability, the overall company increase rates are determined. The calibrated increment value, if any, is taken as the approved

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increase at a company level. Total Rewards & Services Team reworks the entire compensation increases by employee-wise based on the available budget.

Salary budgets do follow the country total pay market move. The Company's budgets are driven by the forecasts of external comparator markets and companies, by specific internal pay budget needs (for example through low or high average Compa-ratio-level of employees, or by mandatory increases), and by internal 3M budget resources available in our business plans and as per our senior management's decision.

Salary Market Pricing does normally not directly impact the salary budgeting process. The planned budgets will be aligned to external total country pay market move and to internal factors (for example in case average 3M pay / Compa-ratio is significantly below or above external market), same as in former years. The pay-market structure data, building our MRPs, can also have an impact on how the budget is distributed, as per our ASAP-Guidelines.

The final employee wise increases are broken into department/business wise budget for annual Increases. Total Rewards and Services Team annually reviews the compensation structure, to ensure that the appropriate mix of fixed and variable pay is considered and also ensures that the compensation structure is in line with the Income tax rules, as applicable.

The above process is followed for all Non-production employees in the Company including the Managing Director, Wholetime Director and other Key Management Personnel.

The Company pays Rs. 20,000/- to each Independent Director per Board /Committee Meetings as sitting fees and a fixed Commission not exceeding Rs. 18,00,000/- P.A. (from April 1, 2019) to each of the Independent Directors. The Maximum amount payable to all Independent Directors is restricted to one percent (1%) of the net profit of the Company computed as per the provisions of Section 198 of the Companies Act, 2013. The Non-Executive Non-Independent Directors are not paid any Sitting Fees and Commission.

The remuneration by way of commission paid to the Independent Directors is commensurate with the activities of the Company, the responsibilities of the Independent Directors under the provisions of Listing Regulations and under the Companies Act, 2013, and the responsibilities as Member/Chairman of the Board and Member/Chairman of Committee/s of Board and all other relevant factors.

### **Composition and details of Nomination and Remuneration Committee Meetings during the financial year:**

As on March 31, 2020, the Nomination and Remuneration Committee of the Company consists of two (2) Non-Executive Independent Directors viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and two (2) Non-Executive Directors viz., Ms. Sadhana Kaul and Mr. Amit Laroya. Mr. Biren Gabhawala is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

During the financial year 2019-20, Two (2) Meetings of the Nomination and Remuneration Committee were held on *May 28, 2019* and *February 11, 2020*. The number of Meetings attended during the year under review is as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	2	2
Mr. Bharat D Shah	2	2
Mr. Amit Laroya	2	1
Ms. Sadhana Kaul	2	1

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

Name of the Director	May 28, 2019	February 11, 2020
Mr. Biren Gabhawala	Yes	Yes
Mr. Bharat D Shah	Yes	Yes
Mr. Amit Laroya	Yes	LOA
Ms. Sadhana Kaul	LOA	Yes

### **Remuneration to Directors:**

As at the end of financial year 2019-20, the Company has Two (2) Executive Directors, Mr. Ramesh Ramadurai, Managing Director and Mr. B. V. Shankaranarayana Rao, Whole-time Director.

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The Managing and Whole-Time Directors of the Company have been appointed on contractual basis and their terms of appointment were fixed by the Board and the appointments pertaining to Mr. Ramesh Ramadurai, Managing Director and Mr. B. V. Shankaranarayana Rao, Whole-Time Director were approved by the Members at the Annual General Meetings for tenures up to Two (2) years, 8 months & 12 days and Three (3) years & 43 days respectively. The Company has filed an application under the Act with the Central Government for the appointment of Mr. Ramesh Ramadurai as Managing Director during August 2019. The approval is awaited.

The elements of the remuneration package of Executive Directors comprise Salaries and Allowances, Perquisites, Company Leased Accommodation, Company Car and driver, Telephone at home, Club Fees, Gratuity, Personal Accident Insurance and Contribution to Provident Funds and Other Funds. The contract of employment of Executive Directors is terminable by serving a notice of Ninety (90) days. The Company has no Stock Option/Equity-based awards or any other Stock Linked Incentive Plans. However, Senior Executives of the Company including Managing Director and Whole-Time Director of the Company are entitled to the Restricted Stock Options/ Stock Appreciation Unit Plans declared by the Parent Company, 3M Company USA, from time to time. As per 3M International Policy, the Company which employs the respective employees is required to bear the cost of the options.

### Details of remuneration for the financial year ended March 31, 2020:

#### (a) Executive Directors:

Name and Designation	No. of Shares Held	Salaries & Allowances (Rs.)	Contribution to Provident Fund (Rs.)	Estimated Value of Benefits (Rs.)	Total (Rs.)	Present term expires on
Mr. Ramesh Ramadurai (Managing Director, from June 01, 2019)	Nil	3,50,70,144	11,69,280	21,57,000	3,83,96,424	February 12, 2022
Ms. Debarati Sen (Managing Director, up to May 31, 2019)	Nil	3,42,74,388	7,07,222	12,57,586	3,62,39,196	NA
Mr. B.V. Shankaranaryana Rao (Whole-Time Director)	Nil	1,63,88,659	7,68,732	3,88,72,252	5,60,29,643	May 13, 2020

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

Name of the Director	No. of Shares Held	Sitting Fees for Board Meetings (Gross) (paid during the FY 2019-20) (Rs.)	Sitting Fees for Committee Meetings (Gross) (paid during the FY 2019-20) (Rs.)	Commission (Gross) (Rs.)	Total (Rs.)
Mr. Bharat D Shah	Nil	80,000	2,80,000	18,00,000**	21,60,000
Mr. Biren Gabhawala	Nil	80,000	2,60,000	18,00,000**	21,40,000
Ms. Radhika Rajan	Nil	80,000	2,20,000	18,00,000**	21,00,000

\*\*Remuneration by way of Commission for the financial year 2019-20 will be paid to the Independent Directors after the accounts for the financial year 2019-20 have been adopted and approved by the members at the ensuing AGM.

The Non-Executive Directors viz., Mr. Amit Laroya, Ms. Sadhana Kaul and Mr. Jongho Lee did not receive Sitting Fees and Commission. None of the Non-Executive Directors has any pecuniary relationship with the Company.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

The terms of Reference of the Committee are as under:

- To look into the redressal of grievances of Shareholders, Debenture holders and other security holders including complaints related to transfer of Shares, non-receipt of Balance Sheet and non-receipt of dividends.
- The Committee shall meet every quarter and that quorum for Meeting of the Committee shall be a minimum of Two (2) Members with the presence of at least One (1) Independent Director.

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- The Company Secretary will be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of Shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by Shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the company.

### *Composition and details of Stakeholders' Relationship Committee Meetings during the financial year:*

As on March 31, 2020, the Stakeholders' Relationship Committee of the Company consists of Four (4) Directors, of which Three (3) are Non-Executive and Independent Directors and One (1) is Executive Director. The Members of the Committee are Mr. Bharat Shah, Mr. Ramesh Ramadurai, Mr. Biren Gabhawala and Ms. Radhika Rajan. Mr. Bharat Shah is the Chairman of the Committee. The Company Secretary is the Compliance Officer of the Company.

During the financial year 2019-20, Four (4) Meetings of the Stakeholders' Relationship Committee were held on May 28, 2019, August 13, 2019, November 13, 2019 and February 11, 2020. The attendance of the Members at the Stakeholders' Relationship Committee

Meeting held during the financial year are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Bharat Shah (Chairman)	4	4
Mr. Biren Gabhawala	4	4
Ms. Radhika Rajan	4	4
Mr. Ramesh Ramadurai (from June 1, 2019)	3	3
Ms. Debarati Sen (up to May 31, 2019)	1	1

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

Name of the Director	May 28, 2019	August 13, 2019	November 13, 2019	February 11, 2020
Mr. Bharat Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Ramesh Ramadurai (from June 1, 2019)	NA	Yes	Yes	Yes
Ms. Debarati Sen (up to May 31, 2019)	Yes	NA	NA	NA

The Company through its Registrar and Share Transfer Agents has addressed / resolved most of the investor grievances / correspondence within a period of 7 days from the date of their receipt except in cases that are constrained by disputes or legal impediments. The statistics of Members complaints received / redressed, during the period under review are as under:

No. of Shareholders' complaints pending as at April 01, 2019.	Nil
No. of complaints received during the period April 01, 2019 to March 31, 2020.	63
No. of Shareholders' complaints resolved during the period April 01, 2019 to March 31, 2020.	63
No. of Shareholders' complaints pending as on March 31, 2020.	Nil

The Share Transfer Committee comprises of Mr. Ramesh Ramadurai, Managing Director and Mr. B.V. Shankaranarayana Rao, Whole-time Director.

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

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board constituted a Corporate Social Responsibility Committee. The CSR Policy of the Company has been disclosed on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

The terms of Reference of the Committee are as under:

- (a) **Chairman:** Chairman of the CSR Committee shall be an Independent Director as may be elected by the Members of the CSR Committee.
- (b) **Quorum:** Quorum of the CSR Committee shall be minimum of Two (2) Members provided One (1) of them shall always be an Independent Director.
- (c) **Frequency of Meetings:** The CSR Committee may meet at such times and at such intervals as it may deem necessary.
- (d) **Role:** The Role of the CSR Committee shall include *inter-alia* the following:
  - Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company from time to time;
  - Recommend the amount of expenditure to be incurred on the activities undertaken as specified in Schedule VII of the Companies Act, 2013;
  - Monitor the Corporate Social Responsibility Policy of the Company from time to time;
  - Perform such functions as may be statutorily required by the CSR Committee;
  - Other matters as may be assigned by the Board from time to time.
- (e) **Invitees:** The CSR Committee may invite such executives of the Company and such other persons as it may consider appropriate.

#### **Composition and details of Corporate Social Responsibility meetings during the financial year:**

As on March 31, 2020, the CSR Committee of the Company consists of Three (3) Directors, of which One (1) is Non-Executive & Independent Directors and Two (2) are Executive Directors. The Members of the Committee are Mr. Bharat D Shah, Mr. Ramesh Ramadurai and Mr. B.V. Shankaranarayana Rao. Mr. Bharat D Shah is the Chairman of the CSR Committee.

During the financial year 2019-20, Two (2) Meetings of the CSR Committee were held on *May 28, 2019 and November 13, 2019*. The attendance of the Members at the CSR Committee Meeting held during the financial year are as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Bharat D Shah (Chairman)	2	2
Mr. Ramesh Ramadurai	2	2
Ms. Debarati Sen (up to March 2, 2020)	2	1
Mr. B.V. Shankaranarayana Rao	2	2

#### **Attendance details of Corporate Social Responsibility Meetings:**

Name of the Director	May 28, 2019	November 13, 2019
Mr. Bharat D Shah	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes
Ms. Debarati Sen (up to March 2, 2020)	Yes	LOA
Mr. B.V. Shankaranarayana Rao	Yes	Yes

### INDEPENDENT DIRECTORS' MEETING

During the financial year under review, the Independent Directors met on *February 11, 2020, inter alia*, to discuss:

- Evaluation of the performance of the Non-Independent Directors and the Board as a whole,
- Evaluation of the performance of the Chairman of the Company, Chairman of the Committee's taking into account the views of the Executive and Non- Executive Directors,

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

- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and Ms. Radhika Rajan were present at the Meeting held on February 11, 2020. Mr. Bharat D Shah is the Lead Independent Director.

### PERFORMANCE EVALUATION OF BOARD/COMMITTEE'S /DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board carried out the Annual Performance Evaluation of: (i) the Board as a whole, (ii) individual directors (including Independent Directors and Chairperson) and (iii) various Committees of the Board based on SEBI's Guidance Note on Board Evaluation issued in January 2017.

A structured and detailed questionnaire was prepared by the Company internally, covering the following criteria's:

#### *For Board as a whole-*

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

#### *For Committees of the Board-*

Mandate and Composition, effectiveness of the Committee, structure of the Committee and Meetings, Independence of the Committee from the Board and contributions to decisions of the Board

#### *For Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-Independent Directors, etc.)-*

Qualifications, experience, knowledge and competency, fulfillment of functions, initiative, availability and attendance, commitment, contribution and integrity.

#### *Following additional criteria for Independent Directors were covered:*

Independence and independent views and judgment.

#### *Following additional criteria for Chairperson were covered-*

Effectiveness of leadership and ability to steer the meetings, Impartiality, Commitment and ability to keep Shareholder's interest in mind.

Based on the above criteria, rating sheets were filled by each of the Directors with regard to Annual Performance Evaluation of: (i) the Board as a whole, (ii) individual Directors (including Independent Directors and Chairperson) (except for the Director being evaluated) and (iii) various Committees of the Board were sent in a sealed envelope / mailed directly to the Head –HR for summarizing the results.

The Head-HR was invited for the Independent Directors (IDs) meeting held on February 11, 2020 for facilitating, summarizing and sharing the results of the evaluation of the performance of Non-Independent Directors and Board as a whole and of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Chairperson of the Meeting of IDs briefed the Nomination and Remuneration Committee (NRC) of the outcome of their Meeting held on February 11, 2020. The NRC evaluated the performance of all the Directors at its Meeting held on February 11, 2020. The Chairman of the NRC briefed the Board of the outcome of its Meeting and the Board evaluated the performance of the Board as a whole and the Independent Director's (excluding the Director to be evaluated). The Head-HR facilitated by summarizing and sharing the results from the filled in questionnaire for each of the Directors.

The Evaluation for the financial year 2019-20 of Directors, each of the Committees and that of the Board have received ratings that are near Excellent. The Directors were satisfied with the evaluations results which reflected the overall engagement and effectiveness of the Board and its Committees.

The Board has taken note of the following feedback received from Directors to further improve the performance of the Directors, the Board itself and Committees of the Board:

- Suggestion for Non-Executive Directors to attend 75% of the Meetings scheduled for the financial year from the present 50% level.
- Suggestion for holding an additional meeting of the Board once a year to discuss strategy and other business matters – as good governance practice.
- Suggestion for reviewing Independent Directors Remuneration to align with the Industry Standards.
- Suggestion for appropriate and adequate succession plan and review regularly.
- Suggestion for increase in familiarization programmes.

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

### RISK MANAGEMENT

The Risk Management Policy of the Company is intended to:

- to serve as a document wherein risks affecting the entire organization, at a macro-level are enumerated.
- to describe the measures employed by the management in managing these risks across all divisions and functions, and
- to act as a reference to comprehend how mitigation measures employed by 3M India play a role in reducing the impact and likelihood of these risks.

The Management revisits the Policy on a bi-annual basis as determined by the Board of Directors to keep abreast of changes through a process of periodical monitoring of risks and the level of operational efficiency of controls. Newly identified risks shall be assessed, understood and impact measured. An evaluation of checks and balances in place and the need for additional measures shall be considered. This shall be achieved through the collaborative efforts of all heads of business and functional divisions. These business and functional heads also seek information from their respective teams to address critical risks that may arise from the grassroots level. The Company has identified many important risks which may have a significant impact on the business, if ignored. The Company has established a set of proactive and reactive measures to address them. These risks were determined based on detailed analysis of the markets where the Company operate, nature of the Company's products and services rendered, and inherent risks in various functions.

The Company has constituted a Risk Committee comprising members of the Leadership Team. The members of the Committee shall be jointly responsible for recommending to the Board of Directors the methodology for risk oversight and management.

The members of the Risk Committee are vested with the following responsibilities:

1. Laying down a framework for identification of risk elements which are pertinent to achieving the company's strategic objectives.
2. Reviewing strategies, policies, procedures, systems and processes in place for identification of new risks.
3. Assessing the identified risks vis-à-vis their impact and likelihood on the different business divisions.
4. Determining the adequacy of existing mitigation factors including the infrastructure and resources in place and considering the adoption of new systems and processes, in case necessary.
5. Laying down policies and procedures for timely implementation of the mitigation factors.
6. Setting out the roles and responsibilities of various personnel responsible for the mitigation of risks at different processes.
7. Monitoring compliance with policies and procedures related to risk identification and mitigation.
8. Hold meetings on a bi-annual basis to discuss and evaluate the Risk Management Policy.

The Listing Regulations requires the constitution of Risk Management Committee (RMC) by the top 100 listed entities determined based on market capitalization as at the end of immediate previous financial year. The Companies Act, 2013 does not prescribe any such requirement. Further, the Listing Regulations do not specify the role of RMC. As per the Kotak Committee recommendations, SEBI has accepted the recommendations and has amended the Listing Regulations and that the constitution of RMC would now be applicable to top 500 listed entities and the role of RMC would specifically include cybersecurity effective from April 1, 2019. RMC was applicable to the Company from April 1, 2019. The majority of members of RMC would consist of members of the Board of Directors. The Chairperson of the RMC should be a member of the Board of Directors. The RMC shall meet at least once in a year. The Board of Directors shall define the role and responsibilities of the RMC and may delegate monitoring and reviewing of the Risk Management plan to the Committee and such other functions as it may deem fit.

The Company on February 12, 2019 has constituted a Risk Management Committee (RMC) of the Board with effect from April 1, 2019. The Board has delegated the monitoring and reviewing of the Risk Management Plan to the Leadership Team members of the Company, who shall be jointly responsible for recommending to the RMC the methodology for risk oversight and management through a team consisting of members from Business Services group, Sourcing, Corporate Secretarial and Finance.

#### **Composition and details of Risk Management Committee Meetings during the financial year:**

As on March 31, 2020, the RMC Committee of the Company consists of Six (6) Directors, of which Three (3) are Non-Executive & Independent Directors, one (1) is Non-Executive Director and Two (2) are Executive Directors. The Members of the Committee are Mr. Biren Gabhawala, Mr. Bharat D Shah, Ms. Radhika Rajan, Ms. Sadhana Kaul, Mr. Ramesh Ramadurai and Mr. B.V. Shankaranarayana Rao. Mr. Biren Gabhawala is the Chairman of the RMC Committee.

During the financial year 2019-20, Two (2) Meetings of the RMC Committee held on August 13, 2019 and February 11, 2020. The attendance of the members at the RMC Committee Meeting held during the financial year are as under:



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Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	2	2
Mr. Bharat D Shah	2	2
Ms. Radhika Rajan	2	2
Ms. Sadhana Kaul	2	2
Mr. B.V. Shankaranarayana Rao	2	2
Mr. Ramesh Ramadurai	2	2

### Attendance details of Risk Management Committee Meeting:

Name of the Director	August 13, 2019	February 11, 2020
Mr. Biren Gabhawala	Yes	Yes
Mr. Bharat D Shah	Yes	Yes
Ms. Radhika Rajan	Yes	Yes
Ms. Sadhana Kaul	Yes	Yes
Mr. B.V. Shankaranarayana Rao	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with the requirements of Sections 177(9) and (10) of the Companies Act 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and the provisions of Listing Regulations, the Company has established an effective Vigil Mechanism by way of this Business Conduct Concern Reporting Policy (Whistle Blower Policy) for Upholding 3M's Code of Conduct (available at [3M.com/businessconduct](http://3M.com/businessconduct)), 3M's values and all laws applicable to 3M India Limited's operations in India is the responsibility of everyone acting on 3M's behalf. The Policy sets out ways through which 3M's employees, investors, customers, vendors and other stakeholders can raise concerns that relate to actual or suspected violations of 3M's Code of Conduct, accounting or auditing matters and applicable national and international laws. The details of the website/hotline are as under:

Website: [www.3M-Ethics.com](http://www.3M-Ethics.com) or the International Toll-Free Service (ITFS) from India – 000-800-100-1071/000-800-001-6112.

The Company prohibits retaliation against anyone who raises a business conduct concern or cooperates in a Company investigation. Complaints made in good faith will not expose the Concerned Party to any sanctions, regardless of whether the underlying facts prove to be correct or result in any corrective action. If a Concerned Party believes that he /she has faced retaliation of any kind, he /she can report it to any of the persons mentioned in the Policy so that the Company can investigate.

Status update on the above Policy is reported to the Audit Committee every quarter and the Policy has been disclosed in the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

### SUBSIDIARY COMPANIES

In accordance with Section 129(3) of the Companies Act, 2013, ('Companies Act') a statement containing salient features of the financial statement of the Subsidiary Company in Form AOC-1 is provided as "Annexure L". Secretarial Audit Report is not applicable as it is not a Material Subsidiary.

### RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on materiality of related party transactions and also on dealing with Related Party Transactions. Prior approvals of all Related Party Transactions (RPTs) are obtained from the Audit Committee. The Audit Committee had granted omnibus approval for RPTs for the transactions incurred for the financial years 2017-18, 2018-19 and 2019-20 after considering all the conditions of the provisions of the Listing Regulations. The Company has obtained the approval of the Shareholders of all the Material RPTs for the financial years 2017-18, 2018-19 and 2019-20 at the AGM held on August 10, 2017.

The Company proposes to seek the approval of the Shareholders for all material RPTs for the estimated/proposed transactions for three financial years from April 1, 2020 to March 31, 2023 as Ordinary Resolutions as per the Notice of the 33<sup>rd</sup> Annual General Meeting and Explanatory Statement thereof. The related parties shall abstain from voting on such Resolution.

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

The Company follows the following Policy in disclosing the Related Party Transactions to the Audit Committee:

A statement in summary form of transactions with related parties at arm's length price in the normal course of business.

- All material individual transactions with related parties, which are not in the normal course of business and which are not on an arm's length basis.
- All material financial and commercial transactions relating to senior management where they have personal interest that may have a potential conflict with the interest of the Company at large.

### DISCLOSURES

#### **Related Party Transactions:**

Details of all material transactions with related parties are disclosed along with the Compliance Report on Corporate Governance. The Company has disclosed the Policy on dealing with Related Party Transactions on its website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

#### **Accounting Treatment:**

The Company's Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2020 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Indian GAAP as of the transition date have been recognized directly in equity at the transition date.

#### **Proceeds from Public issues, rights issue, preferential issues etc.:**

The Company has not made any capital issues during the financial year 2019-20.

#### **General Body Meetings:**

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

Date	Meeting	Location	Time
August 10, 2017	AGM	Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.
August 10, 2018	AGM	Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.
August 14, 2019	AGM	Trinity Hall, Taj MG Road, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.

#### **Particulars of Special Resolutions passed in the last three AGMs are given below:**

August 10, 2017	Nil
August 10, 2018	Nil
August 14, 2019	Re-appointment of Mr. Biren Gabhawala (holding DIN: 03091772) as an Independent Director of the Company for a second term.

#### **Particulars of Resolution passed through Postal Ballot during the financial year 2019-20:**

Postal Ballot Notice dated	Particulars of Resolution	Remarks
January 21, 2020	Scheme of Amalgamation between the 3M India Limited (the Company/Transferee Company) and 3M Electro and Communication India Private Limited (Transferor Company) and their respective Members and Creditors under Section 233 of the Companies Act, 2013.	Resolution passed with requisite majority by members and creditors, however as per Section 233 (1)(b), 90% of the total number of Shares and 90% of the total value of creditors was not obtained. Hence the Resolution did not go through as per the said Section.
February 11, 2020	Re-appointment of Mr. Bharat Dhirajlal Shah (holding DIN: 00136969) as Non-Executive Independent Director for a second term.	Resolution passed with requisite majority by Members.

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

### Details of voting pattern of Postal Ballot Notice dated January 21, 2020: Shareholders

Particulars	No. of votes contained in						% Total valid votes cast
	Remote E-voting		Ballot Form		Total		
	No. of Members voted	No. of votes cast (Shares)	No. of Members voted	No. of votes cast (Shares)	No. of Members voted	No. of votes cast (Shares)	
Assent	154	92,87,524	40	3,230	194	92,90,754	99.996
Dissent	6	263	4	106	10	369	0.004
Total	160	92,87,787	44	3,336	204	92,91,123	100.00
Invalid/Abstained	3	5,837	5	244	8	6,081	NA

Total Paid up Capital of the Company as on record date: 1,12,65,070 Shares

Total No. of shares who assented for the resolution: 92,90,754 Shares

%age of voted in favour of the resolution which constitutes 82.47% of the Paid-up Capital

### Details of voting pattern of Postal Ballot Notice dated January 21, 2020: Creditors

Particulars	No. of Ballot Papers	Aggregate votes in value (in Rs.)
Total Valid Votes	72	200,11,28,431
Total Votes cast in favour of the Resolution	72	200,11,28,431
Total Votes cast against the Resolution	0	0
%age of Votes cast in favour	100%	100%
%age of Votes cast aganist	0	0
Total Invalid Votes	4	53,72,848

Accordingly, out of total creditors having the value of Rs.241,85,89,389 Creditors having value of Rs. 200,11,28,431 have voted in favour of the resolution which constitutes 82.74% of the Total Creditors.

### Details of voting pattern of Postal Ballot Notice dated February 11, 2020:

Particulars	No. of votes contained in						% Total valid votes cast
	Remote E-voting		Ballot Form		Total		
	Remote E-voting	No. of votes cast (Shares)	No. of Members voted	No. of votes cast (Shares)	No. of Members voted	No. of votes cast (Shares)	
Assent	108	92,71,036	39	3,533	147	92,74,569	99.961
Dissent	12	16,413	2	62	14	16,475	0.0389
Total	120	92,87,449	41	3,595	161	92,91,044	100.00
Invalid/Abstained	2	675	1	40	3	715	NA

Mr. Vijayakrishna K T, Practising Company Secretary was appointed as the Scrutinizer for the conduct of Postal Ballot process. The procedure prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Secretarial Standard 2 and Regulation 44 of SEBI (LODR) Regulations, 2015 was followed for conduct of the Postal Ballot. The results of the Postal Ballot were submitted to the Stock Exchanges and displayed on the notice board at the Registered Office, on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and on the website of Kfin at <https://evoting.karvy.com> pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014.

There is no business requiring Resolution to be passed by Postal Ballot at the ensuing Annual General Meeting (AGM) to be held on August 26, 2020.

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

### **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years:**

There have been no instances of non-compliance by the Company on any matter related to Listing Agreement with the Stock Exchanges.

### **Compliance with Mandatory Requirements:**

The Company has complied with all the mandatory requirements of the provisions of Listing Regulations. As regards the non-mandatory requirements the extent of compliance has been stated in this report against each item.

### **Management Discussion and Analysis:**

The Management Discussion and Analysis Report on the Company's activities during the financial year is published as part of the Company's Annual Report. This report has been placed before the Company's Audit Committee.

### **Insider Trading:**

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Company observes a closed period for trading in securities of the Company by the Directors/Officers and Designated Employees of the Company for a period of seven days prior to the close of the quarter/half year/year and up to 24 hours after the date on which the results for the respective quarter/half year/year and is notified to the Stock Exchanges.

### **Means of Communication:**

Quarterly/half yearly/annual financial results are published in The Business Line (All India Edition) and PrajaVani (Bengaluru Edition). The Company's financial results and shareholding pattern are also displayed in the Company's website at : [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/) and are also notified to the Stock Exchanges as required under the Listing Regulation. Shareholding pattern, Compliance on Corporate Governance and other Corporate Announcement are uploaded in the NSE Electronic Application Processing System (NEAPS) and in BSE Listing Centre website. The Company has not made any presentations to the Institutional Investors or to the Analysts.

### **Shareholders:**

Details of the Directors seeking appointment/re-appointment at the ensuing AGM are provided in the Notice convening the AGM.

### **Secretarial Audit for Reconciliation of Capital:**

Secretarial Audits were carried out periodically by a qualified Practising Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of Shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. This audit is carried out every quarter and the report thereon are submitted to the Stock Exchanges and is also placed before the Board of Directors.

## **NON-MANDATORY REQUIREMENTS**

### **Chairman's Office:**

The Company has a Non-Executive Chairman. However, no separate Chairman's office is maintained at the Company's expense. The Company has separate positions for Chairman and Managing Director.

### **Shareholders' Rights:**

Quarterly/half yearly/annual financial results are published in English Newspaper having a circulation all over India and in Kannada newspaper (having circulation in Bengaluru). Significant events of the Company are being disclosed to the Stock Exchanges from time to time. The Company's financial results, shareholding pattern and other corporate announcements are also displayed in the Company's website: [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/) and are also notified to the Stock Exchanges as per the provisions of Listing Regulations. The Company also displays in their website, the quarterly report sent to the Stock Exchanges on the Compliance on Corporate Governance, Shareholding Pattern, quarterly financial results and other corporate announcements. The Shareholding Pattern, Corporate Governance details and other quarterly compliances and corporate announcements are uploaded in the NSE Electronic Application Processing System (NEAPS) and in BSE Listing Centre website.

### **Audit qualifications:**

During the financial year under review, there were no qualifications, reservations or adverse remarks made by the Statutory Auditors / Secretarial Auditors in their respective Reports.

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

**Reporting of Internal Auditor:** The Company has an in-house Internal Auditor and reports to the Audit Committee.

Annual General Meeting	August 26, 2020 (Wednesday) Time: 3.00 P.M. over Video Conference (“VC”) / Other Audio Visual Means ( “OAVM”). (Deemed venue for the Meeting - Corporate Office at UB City, Concorde Block, 11th Floor, 24, Vittal Mallya Road, Bangalore – 560 001.) For details please refer Notice of the AGM
Date of Book Closure/ Cutoff date for eligibility for voting	August 20, 2020 (Thursday)
Remote e-voting period	Start at 9.00 A.M. on August 23, 2020 (Sunday) and Ends at 5.00 P.M. on August 25, 2020 (Tuesday).
Dividend payment date	N. A.
Financial Results calendar (Tentative)	Second week of August 2020 – Unaudited Results for the quarter and three months ended June 30, 2020. First week of November 2020 – Unaudited Results for the quarter and six months ended September 30, 2020. First week of February 2021 – Unaudited Results for the quarter and nine months ended December 31, 2020. Last week of May 2021 – Audited Results for the year ended March 31, 2021.
Listing on Stock Exchanges	National Stock Exchange of India Limited (Code –3MINDIA) BSE Limited (Code - 523395)
International Securities Identification Number (ISIN)	INE470A01017
Corporate Identification Number (CIN)	L31300KA1987PLC013543

The Company has paid Annual Listing fees, as prescribed, to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the financial year 2020-21.

### **Annual Custody / Issuer Charges:**

The Company has paid the Annual Custody fees for the financial year 2020-21 to Central Depository Services Limited (CDSL) and to National Securities Depository Limited (NSDL).

### **Registrar & Share Transfer Agents:**

Share registration and other investor related activities are carried out by our Registrar and Transfer Agents, KFin Technologies Private Limited for both Physical and Demat securities. Their address is furnished below:

KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited), KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032, Ph: 040-67161524

E-mail: [rajeev.kr@kfintech.com](mailto:rajeev.kr@kfintech.com), Website: <https://www.kfintech.com> Contact person: Mr. Rajeev Kumar.

### **Share Transfer System:**

Shares sent for transfer in physical form are registered and dispatched within 30 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 30 days.

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. With the proposed change coming into effect from April 1, 2019, Equity Shares of the Company shall be eligible for transfer only in Dematerialized form. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

Monitoring of Share Transfers and other investor related matters are dealt with by the Stakeholders’ Relationship Committee. The Company’s Registrars, KFin Technologies Private Limited process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the authorized Executives of the Company also on a fortnightly basis.

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

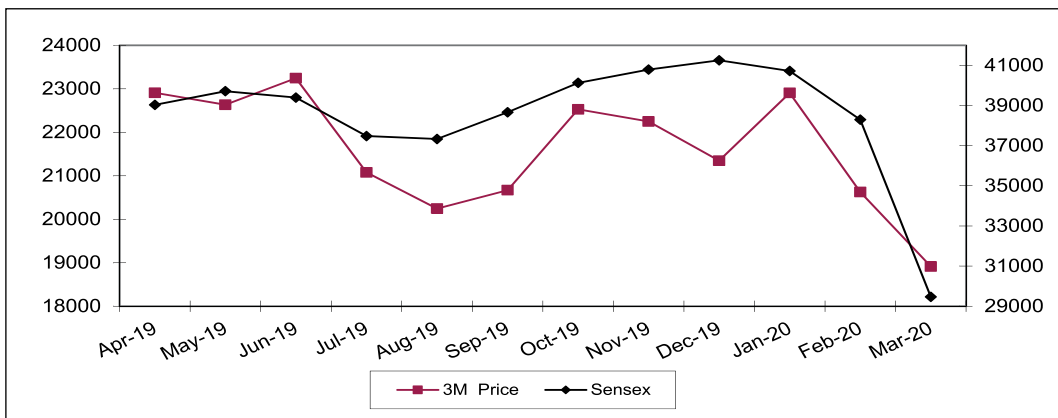
All requests for dematerialization of shares, which are in order, are processed within 21 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### Stock Price Data for the financial year 2019-20:

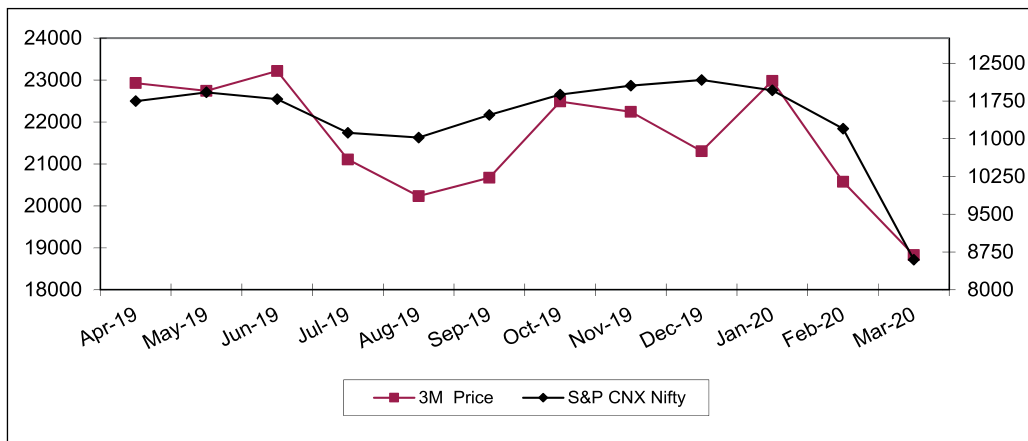
Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (Rs.)	Low (Rs.)	No. of Shares traded	High (Rs.)	Low (Rs.)	No. of Shares traded
April 2019	25,361	22,700	7,321	25,440	22,665	62,256
May 2019	24,200	21,995	3,759	24,255	21,910	38,848
June 2019	23,947	22,000	2,375	23,980	22,000	26,731
July 2019	24,150	20,700	2,149	23,500	20,669	28,252
August 2019	21,839	20,187	2,396	21,850	20,100	24,915
September 2019	21,004	18,200	8,645	21,000	16,750	3,83,506
October 2019	23,490	19,500	12,963	23,267	19,551	3,32,838
November 2019	22,891	22,033	2,893	22,844	22,002	31,500
December 2019	22,481	20,680	1,807	22,469	20,700	23,707
January 2020	24,110	20,868	4,422	24,140	20,855	65,900
February 2020	25,209	20,347	10,484	25,200	20,300	1,30,929
March 2020	24,348	15,686	28,497	24,350	15,700	2,97,701

### Stock Performance:

BSE Sensex Vs 3M Share Price (Monthly Closing Price)



NSE-S&P CNX Nifty Vs 3M Share price (Monthly Closing Price)



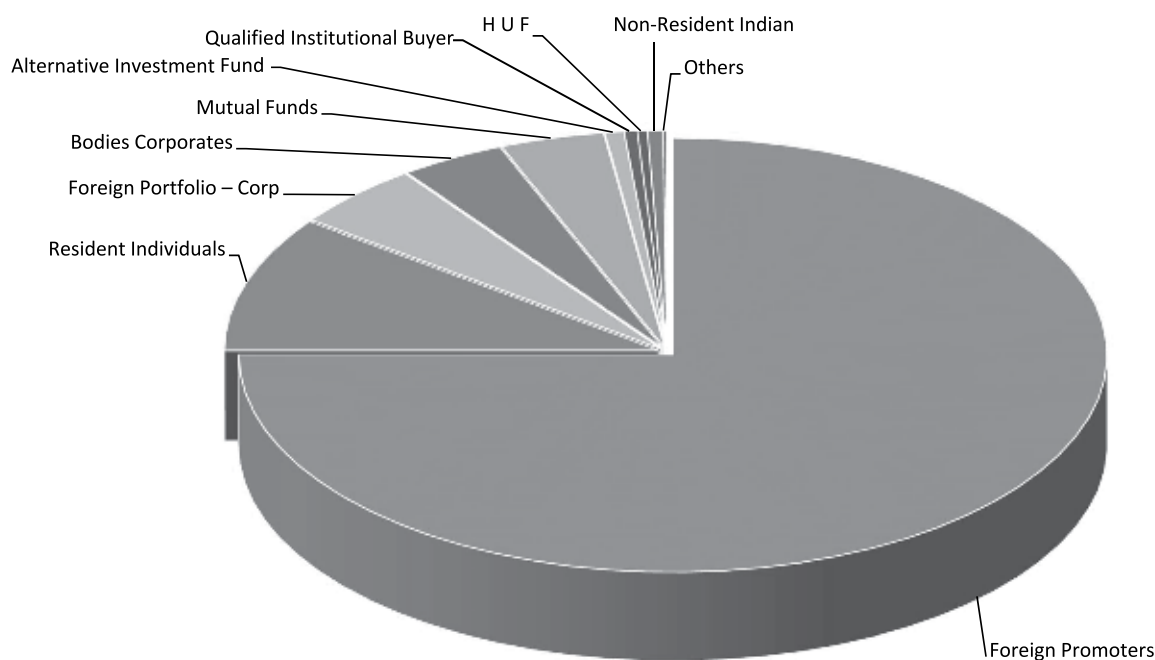
## ANNEXURE 'B' TO REPORT OF THE BOARD OF DIRECTORS

### Consolidated Shareholding Pattern as on March 31, 2020:

Category	No. of Holders	Total No. of Shares	% To Equity
Foreign Promoters*	1	84,48,802	74.999996
Resident Individuals	27,770	11,39,107	10.11185
Foreign Portfolio – Corp	90	5,46,528	4.851528
Bodies Corporates	660	4,40,887	3.913753
Mutual Funds	43	4,36,545	3.875209
Alternative Investment Fund	14	79,226	0.703289
Qualified Institutional Buyer	6	54,304	0.482056
H U F	1,023	40,418	0.35879
Non-Resident Indian Non Repatriable	479	33,540	0.297735
Non-Resident Indians	775	31,529	0.279883
Banks	1	4,026	0.035739
NBFC	5	3,584	0.031815
Clearing Members	171	3,364	0.029862
Indian Financial Institutions	2	2,500	0.022192
Trusts	4	317	0.002814
Foreign Institutional Investors	1	313	0.002779
Insurance Companies	1	60	0.000533
Nationalised Banks	1	20	0.000178
<b>Total</b>	<b>31,047</b>	<b>1,12,65,070</b>	<b>100.00</b>

\* None of Foreign Promoter Shares has been pledged as on March 31, 2020

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



**Total No. of shares held**

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

### Summary of Shareholding as on March 31, 2020:

Category	No. of Holders	Total No. of Shares	% To Equity
PHYSICAL	893	60,477	0.54
N S D L	18,435	1,07,56,529	95.49
C D S L	11,719	4,48,064	3.98
<b>Total</b>	<b>31,047</b>	<b>1,1265,070</b>	<b>100.00</b>

### Top Ten (10) Members of the Company as on March 31, 2020:

Name of the Members	No. of shares held	% to paid-up capital	Category
3M Company	84,48,802	74.999996	FPR
Bright Star Investments Pvt Ltd	1,66,700	1.479796	LTD
SBI Equity Hybrid Fund	1,30,000	1.154010	MUT
IDFC Multi Cap Fund	1,01,420	0.900305	MUT
ACACIA Partners, LP	70,000	0.621390	FPC
ACACIA Conservation Fund LP	70,000	0.621390	FPC
ACACIA Institutional Partners, LP	65,000	0.577005	FPC
Govindlal M Parikh	40,115	0.356101	PUB
ACACIA Banyan Partners	40,000	0.355080	FPC
MAX Life Insurance Co Ltd	32,296	0.286692	LTD
<b>Total</b>	<b>91,64,333</b>	<b>81.351765</b>	

### Distribution Schedule as on March 31, 2020:

Range of Shares	No. of Cases	% to Cases	Amount (Rs.)	% to Amount
1-5000	30,609	98.58	71,34,940	6.33
5001-10000	25	0.08	8,61,610	0.76
10001-20000	99	0.31	13,42,200	1.19
20001-30000	39	0.12	9,72,37,620	86.32
30001-40000	38	0.12	27,56,420	2.45
40001-50000	20	0.06	9,03,290	0.80
50001-100000	169	0.54	12,47,600	1.11
100001 and above	48	0.15	11,67,020	1.04
<b>TOTAL</b>	<b>31,047</b>	<b>100.00</b>	<b>11,26,50,700</b>	<b>100.00</b>

### Dematerialization of Shares and Liquidity:

**99.46 %** of the total equity capital was held in dematerialized form as on March 31, 2020.

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

### Plant Locations:

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

### Branch Locations:

- No.60-61, Udyog Vihar, Phase IV, Gurgaon, Haryana- 122001.
- Nos.1-10-39 to 44, Gumidelli Towers, 8th Floor, Begumpet, Hyderabad – 500 016.



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

3. No.636/1, Seshachalam Centre, 11th Floor, Anna Salai, Nandanam, Chennai-600 035.
4. No. 2, Upper Wood Street, Kolkata-700 017.
5. No.1111, 1st Floor, Building 11, Solitaire Corporate Park, Chakala, Andheri, Ghatkopar Link Road, Andheri (East), Mumbai – 400 009
6. No. 145, Mumbai-Pune Road, Pimpri, Pune – 411 018.

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

The Company has adequate risk assessment and minimization system in place for foreign exchange. The foreign exchange risk is reviewed periodically. The Company does not have material exposure of any commodity as well as foreign exchange and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/000000141 dated November 15, 2018.

### **D&O Insurance for Directors:**

In line with the requirements of Regulation 24(10) of SEBI Listing Regulations, the Company has taken Directors and Officers Insurance (D&O) for all its Directors and Members of the Senior Management and other Personnel's of the Company.

### **Other Disclosures**

- The Board has received disclosures from the Senior Management that there are no material, financial or commercial transactions, where they and / or their relatives have personal interest. There are no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large. The transactions with related parties as per requirements of applicable Accounting Standards are disclosed under notes to accounts.
- All transactions with related parties, as defined under the Companies Act, 2013, the Listing Regulations, during the year were in ordinary course of business and at arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. The Board has approved a policy on dealing with related party transactions and the same is available on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.
- The Board has approved Whistle Blower Policy / Vigil Mechanism pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the same is available on the website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. As per the Policy no personnel has been denied access of the Audit Committee.
- There have been no instances of any noncompliance and no penalties or strictures have been imposed on the Company on any matter relating to the capital markets, either by Stock Exchanges, Securities and Exchange Board of India or any such related statutory authority during the last three years.
- The Company has adopted and complied with mandatory requirements as per provisions of the Listing Regulations. Some of the non-mandatory requirements have also been complied with.
- The requisite certificates from CEO and CFO were placed before the Board Meetings for consideration.
- The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- The Company does not have a Material Subsidiary. Hence 'Policy on Determination of 'Material' Subsidiary is not applicable.
- The Company has formulated the Dividend Distribution Policy as required under Regulation 43A of the Listing Regulations and the same is annexed to this report and also available on the website of the Company.
- Disclosures required under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 have been included in the Directors' Report which forms part of the Annual Report.
- Details of total fees for all services paid by the Company to the statutory auditors and all entities in the network firm / network entity of which the statutory auditor have been included in notes to the financial statements which forms part of the Annual Report.

**Address for correspondence:** Corporate Office: Concorde Block, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001

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

**Compliance Officer:** Mr. V. Srinivasan, Company Secretary. Inquiries, if any, may be addressed to the Compliance Officer.

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

### CEO / CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of 3M India Limited ("the Company") certify that:

- A. We have reviewed Financial Statements and the Cash Flow Statement for the year ending March 31, 2020 and that to the best of our knowledge and belief, we state that:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
1. Significant changes in internal control over financial reporting during the financial year;
  2. Significant changes in Accounting Policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
  3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours Faithfully,

*On behalf of the Board of Directors*

**Ramesh Ramadurai**

*Managing Director*

DIN: 07109252

Place : Bengaluru

Date : May 29, 2020

**Mamta Gore**

*Chief Financial Officer*

Place : Dubai

Date : May 29, 2020

### CODE OF CONDUCT

The Company's Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct is available on the website of the Company at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/). Requisite annual affirmations of compliance with respective codes have been made by the Directors and Senior Management of the Company for the period April 01, 2019 to March 31, 2020.

The Certificate by the MD/CEO of the Company concerning compliance with the Code of Conduct for Directors and Senior Management is given below:

#### ***Code of Conduct for Directors and Senior Management MD / CEO Confirmation***

*I hereby confirm that:*

*The Company has obtained from the Directors and Senior Management personnel affirmation that they have complied with the above code for, and in respect of, the year ended March 31, 2020.*

Place : Bengaluru

Date : May 29, 2020

**Ramesh Ramadurai**

*Managing Director*

DIN: 07109252