



Featured on the cover are some of the watches from new range of Vista metal collection. The new range is based on international styling and evolving fashion trends. These watches are ideal for formal occasions while also finding use in day to day wear. The new range offers a comprehensive guarantee to the consumers on battery, movement and watch case for one year. These watches have 23 karat gold plating through a technologically advanced plating process and are available in the price range of Rs. 1800-2990.

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Annual Report 1998-99

Director(s)
 (as on 27 July 1999)

R.D. Werner
 R.J. Masilamani
 C.M. Jacobi
 Daya Dhaon
 Sanjay Johri
 K. F. Kapadia
 N.D. Khurody
 Norman S. Parsons
 Vikram Rajaram
 M.M. Rao
 Amir Rosenthal

Chairman
 Managing Director

**Gr. Manager – Legal &
Company Secretary**

V.D. Wadhwa

Bankers

The Hongkong and Shanghai Banking Corporation Limited
 ANZ Grindlays Bank
 American Express Bank Limited

Auditors

A.F. Ferguson & Co.
 Chartered Accountants

Registered Office

701, Ansal Bhawan,
 16, Kasturba Gandhi Marg,
 New Delhi 110 001

**Sales & Marketing
Office**

47/2, Promenade Road,
 Bangalore 560 005

Works

B-190, Phase-II,
 Noida 201 305
 U.P.

TIMEX Watches Limited

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of TIMEX WATCHES LIMITED will be held on 24 September 1999 at 10.00 A.M. at Mavlankar Auditorium, Rafi Marg, New Delhi to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31 March, 1999, Profit and Loss Account for the year ended on that date and the report of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. N.D. Khurody who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Norman Parsons who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. M.M Rao who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.
M/s A.F. Ferguson & Co., the retiring Auditors, being eligible, offer themselves for reappointment on a remuneration to be fixed by the Board of Directors of the Company in addition to reimbursement of all out of pocket expenses.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION.

6. "RESOLVED THAT Mr. Sanjay Johri, who was appointed an Additional Director of the Company on 28 January 1999, pursuant to Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company to hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION.

7. "RESOLVED THAT Mr. C. M. Jacobi, who was appointed an Additional Director of the Company on 27 July 1999, pursuant to Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION.

8. "RESOLVED THAT Mr. K.F. Kapadia, who was appointed an Additional Director of the Company on 27 July 1999, pursuant to Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION.

9. "RESOLVED THAT Mr. Vikram Rajaram, who was appointed an Additional Director of the Company on 27 July 1999, pursuant to Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed a

Annual Report 1998-99

Director of the Company liable to retire by rotation."

NOTES

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business stated above is annexed.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
3. The proxy form duly completed in all respects should reach the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
4. The Register of Members and the Register of Share Transfers of the Company will remain closed from 2 August 1999 to 9 August 1999, both days inclusive.
5. The members are requested to inform changes, if any, in their Registered Address alongwith Pin code number to the Company at the following Address:
TIMEX WATCHES LIMITED
(Investors Relation Department)
701, Ansal Bhawan
16, Kasturba Gandhi Marg
New Delhi 110 001.
6. The Members attending the meeting are requested to bring the enclosed attendance slip and deliver the same after filling in their folio number at the entrance of the meeting hall. Admission at the Annual General Meeting venue will be allowed only on verification of the signature(s) on the Attendance Slip. Duplicate attendance slip shall not be issued at the Annual General Meeting venue. The same shall be issued at the Registered Office of the Company up to a day preceding the day of the Annual General Meeting.
7. As a measure of economy, copies of the Annual Report will not be distributed at the venue of the Annual General Meeting. The Members are, therefore, requested to bring their copies of the Annual Report to the meeting.

8. The Members desirous of any information on the accounts are requested to write to the Company atleast a week before the meeting so as enable the management to keep the information ready.
9. The Non Resident members / debentureholders are advised to provide their correspondence address in India and to give mandate for remittance of dividend/interest directly to their bank account(s) in future.

Registered Office : By Order of the Board of Directors
701, Ansal Bhawan
16, Kasturba Gandhi Marg, V D WADHWA
New Delhi 110 001 Gr. Manager - Legal &
1 August 1999 Company Secretary

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

In terms of the provisions of Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company, Mr. Sanjay Johri was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 28 January 1999. Mr. Johri holds office upto the date of this Annual General Meeting.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Sanjay Johri as a Director of the Company.

Mr. Johri is an officer of Tata Administrative Services & presently associated with RDI Print and Publishing Ltd as its Managing Director. Your Directors believe that his appointment would be in the best interest of the Company.

None of the Directors other than the Directors designated by Titan Industries Limited and Mr. Johri himself are deemed to be concerned or interested in this resolution.

TIMEX Watches Limited

Item No. 7

In terms of the provisions of Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company, Mr. C.M. Jacobi was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 27 July 1999. Mr. Jacobi holds office up to the date of this Annual General Meeting.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. C. M. Jacobi as a Director of the Company.

Mr. Jacobi is currently associated with Timex Corporation, U.S.A. as its President and oversees the worldwide operations of the Corporation. He has a wide and varied experience in the global watch industry. Your Directors believe that his appointment as a Director would be in the best interest of the Company.

None of the Directors other than the Directors designated by Timex Watches B.V. and Mr. C.M. Jacobi himself are deemed to be concerned or interested in this resolution.

Item No. 8

In terms of the provisions of Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company, Mr. K F Kapadia was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 27 July 1999. Mr. Kapadia holds office up to the date of this Annual General Meeting.

The Company has received a notice from a member

under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. K F Kapadia as a Director of the Company.

Mr. Kapadia is Senior Vice President- Finance of Titan Industries Limited. Your Directors believe that his appointment would be in the best interest of the Company.

None of the Directors other than the Directors designated by Titan Industries Limited and Mr. Kapadia himself are deemed to be concerned or interested in this resolution.

Item No. 9

In terms of the provisions of Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company, Mr. Vikram Rajaram was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 27 July, 1999. Mr. Rajaram holds office up to the date of this Annual General Meeting.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Vikram Rajaram as a Director of the Company.

Mr. Rajaram is Vice President - Corporate Affairs of Titan Industries Limited. Your Directors believe that his appointment would be in the best interest of the Company.

None of the Directors other than the Directors designated by Titan Industries Limited and Mr. Rajaram himself are deemed to be concerned or interested in this resolution.

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Annual Report 1998-99

DIRECTORS' REPORT

To the Members of Timex Watches Limited,

The Directors are pleased to present the Eleventh Annual Report and Audited Statement of Accounts for the year ended 31 March 1999.

FINANCIAL RESULTS

	Rupees in Lakhs	
	1998-99	1997-98
Income	6825.77	7407.73
Expenditure	7034.19	6229.04
Gross Profit/(Loss)	(208.42)	1178.69
Interest	1021.26	856.61
Depreciation	521.04	477.53
Loss before Taxes	(1750.72)	(155.45)
Provision for Taxes	Nil	Nil
Loss after Taxes	(1750.72)	(155.45)

As expected, the financial results for 1998-99 reflect the short-term effect of the Company assuming full responsibility for the marketing, sales & service of its products. Total sales volume for the year declined by 10% from the previous year. The loss of access to the large infrastructure of showrooms controlled by Titan Industries Limited resulted in a decline of 22% in domestic sales units. This was only partially offset by more aggressive selling into the multi-brand retail outlets and by a significant increase in export volumes.

Expenditure rose almost 13% primarily due to the necessary decision to increase brand building activities, including advertising and marketing inputs for dealer development, losses incurred due to the need to sell off financial investments and the continued strengthening of the US dollar.

The Company's interest costs were adversely affected by both higher average levels of borrowings and higher average interest rates. Borrowings increased to fund the impact of lower sales volume and because of difficulty in collecting monies due from former franchisees and re-distribution stockists.

In short, 1998-99 was a year of building a platform for the brand and the Company to increase and sustain growth in the future. We believe this platform will support growth against increased competition and enable the Company to begin providing appropriate returns to its shareholders.

SALES AND MARKETING

Your Company continues to be the second largest participant in the organized quartz watch sector in India. The Company has been able to establish in a remarkably short period of time a complete sales and distribution infrastructure backed up by an after-sales service network. Your Company has added several new towns to its distributor network and at least 200 additional watch-selling outlets have been opened up. Most importantly, the Company has established Company-owned as well as franchised showrooms that sell its products exclusively. Eighteen showrooms are now in operation and we expect to have up to 40 by the end of the fiscal year.

While continuing to offer quality, branded product in the lower price ranges, the Company has been able to realign its focus and for the first time in several years, the average consumer price of its products has increased. New products at levels in excess of Rs.1500 per watch have been well received in the market and their superior quality combined with competitive pricing has enhanced your Company's reputation for being one of the best "value for money" watch players in the Indian quartz watch market.

After-sales service is critical to maintaining and strengthening our position in the watch industry and we are vigorously continuing to pursue the objectives of providing prompt, high quality repair services to our customers. We believe your Company's after-sales service set up is among the best in the country.

TIMEX Watches Limited

including a commitment to providing service to customers in remote parts of the land. This dedication has brought it closer to the dealer fraternity as well as to the end user consumers.

OPERATIONS

Operationally, 1998-99 was a productive year for the Company. During the year 14.09 lakh watches were manufactured and 16.06 lakh watches were sold. Due to stringent production and inventory control, the inventory of finished watches declined by 40%. The Company's cost reduction efforts have yielded savings of Rs.110 Lakhs.

The Case Plant continues to produce world class stainless steel watch cases for the Company's own products and has established itself as an export supplier to reputed international brands. We expect further improvements in its utilization and large export orders in the current year.

Tool sales to domestic and international customers increased by 85% over the previous year. Your Company has become an important vendor of precision injection molding toolings to Timex Corporation beating out experienced competition from the U.S. and Europe. The ability to design, manufacture and prove tooling before shipment to our customers has established our standing as a world class vendor of precision tooling.

The Vacuum Plating operations continued to provide us with the highest quality plated products in the Indian market. The Company has improved spares sales through aggressive pursuit of the spares market specifically watch bracelets and attachments. This trend is continuing in the current year.

Your Company's vulnerability to unfavorable changes in exchange rates has been reduced by a negotiated reduction in the cost of many parts and components from international suppliers and by the Company's continued indigenisation efforts. Alongside this, the Company is focussing on increasing its export earnings from higher shipments to the U.S. and Europe. In addition, the Company expects to enter other South Asian markets including Bangladesh and Sri Lanka.

FUTURE PROSPECTS

The Company now has a strong marketing and sales infrastructure in place and an efficient network of people and facilities to effectively service the vast

Indian market. In-house developed information systems will enable your Company to provide comprehensive customer services while operating most vigorously in an industry that has been characterized by intense competition over the last few years. The brand building exercise that was reintroduced during the year 1998-99 will be sustained to build volumes and increase market share. Your Company's ability to introduce attractive, competitively priced high quality watches in the shortest time frames is helping it to reinforce its position as a leading watch brand reaching a variety of customers segmented by age groups, income levels and life styles.

Your Company's never-ending thrust to reduce cost through indigenisation of imported components will provide major cost and pricing advantages in the long term compared to competitors in the unorganized sector.

We believe that the Indian consumer will progressively move towards greater reliance on branded products with the assurance of world class quality and prompt, reliable after-sales service. Your Company is positioned and equipped to exploit and take maximum advantage of this trend.

Notwithstanding the Company's improving position, we envisage some business risks due to increased competition from the organized and unorganized sectors and continuing unfavorable exchange fluctuation. However, the Company expects to leverage its strengths of low cost manufacturing, new product introduction and extensive after-sales service to counter these risks.

FINANCE

As previously mentioned, the higher interest charges primarily resulted from large one time funding requirements to offset lower than expected sales and high receivables due from former franchisees and re-distribution stockists. Interest costs are expected to return to more normal levels during the current financial year.

A major objective of the Company during the current year is to improve the debt equity ratio and reduce the Company's reliance on borrowings. In the first quarter of the current financial year the borrowings have been reduced by Rs.600 lakhs compared to the