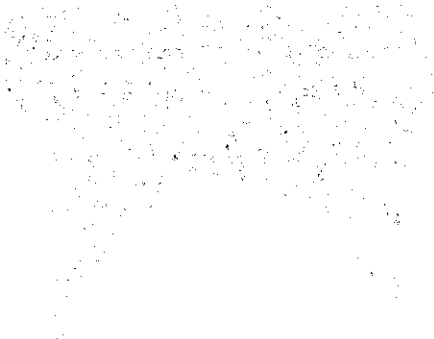




TIMEX®
1999-2000 ANNUAL REPORT



Featured on the cover is the latest range of watch from i-Control™ collection. The new range is based on international styling and operating simplicity.

In the tradition of the revolutionary Indiglo® night-light, Timex® watches with i-Control™ setting systems are helpful, fast and easy to use.

i-Control™ setting systems make operating digital watches faster and simpler. This is achieved two ways: i-Control™ ring set has an outer ring, while i-Control™ crown set uses the watch's crown for adjustment.

All i-Control™ watches feature variable, two-way setting that is responsive to the user's speed of operation. Settings can be adjusted forward and backward, at any speed the user chooses.

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Director(s)
(as on 25 May 2000)

Amir Rosenthal
R.J. Masilamani
Daya Dhaon
Mark Collings
Margaret Taylor
Bob Mirani
M.M. Rao

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.

Works

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

TIMEX Watches Limited

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of TIMEX WATCHES LIMITED will be held on 31 July, 2000 at 10.00 A.M. at Airforce Auditorium, Subroto Park, New Delhi to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31 March, 2000, 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. Daya Dhaon, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M M Rao, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT M/s. Bharat S. Raut & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be fixed by the Board of Directors of the Company".

5. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution.

" RESOLVED THAT pursuant to the provisions of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered by deleting the existing Clause V and substituting in its place and stead the following new Clause V.

- (V) The Authorized Share Capital of the Company is Rs. 65,00,00,000 (Rupees Sixty Five Crores only) divided into 6,50,00,000 (Six Crore Fifty Lakh) equity shares of Rs. 10/- (Rupees Ten) each."

6. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution.

" RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by deleting the existing Article 3 and substituting in its place and stead the following new Article 3.

3. The Authorized Share Capital of the Company is Rs. 65,00,00,000 (Rupees Sixty Five Crores only) divided into 6,50,00,000 (Six Crore Fifty Lakh) equity shares of Rs. 10/- (Rupees Ten) each."

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

"RESOLVED THAT Mr. Mark Collings, who was appointed an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company with effect from 08 April 2000 to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing 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."

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

"RESOLVED THAT Ms. Margaret Taylor, who was appointed an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company with effect from 25 May, 2000 to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 proposing her candidature for the office of a Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

" RESOLVED THAT Mr. Bob Mirani, who was appointed an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 103 (a) of the Articles of Association of the Company with effect from 25 May, 2000 to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing 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."

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

" RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, the applicable Articles of the Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the applicable Securities and Exchange Board of India guidelines and receipt of such other approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modification as may be prescribed by the authorities while granting the approvals, consents, permissions and/or sanctions and as may be agreed upon by the Board of Directors of the Company including a Committee of the Board of Directors, the Company do issue and allot 1,35,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 6.50 per share aggregating to Rs.16.50 per share, as has been determined in accordance with the SEBI guidelines for preferential allotment of shares and offer the same for subscription on preferential basis to Timex Watches B. V. on the following principal terms.

PRINCIPAL TERMS

A. ISSUE PRICE

One Equity Share of the Company of the nominal value of Rs.10/- (Rupees Ten Only) each at a premium of Rs. 6.50 per share aggregating to Rs. 16.50 per share which is in accordance with the SEBI guidelines for preferential allotment of shares and duly certified by the Statutory Auditors of the Company.

B. TERMS OF PAYMENT

Rs.16.50 (Rupees Sixteen & Paise Fifty only) for each equity share to be paid in such manner as may be decided by the Board.

C. OFFER OF EQUITY SHARES

The offer would be made to the following entity.

TIMEX WATCHES B.V.

The preferential offer would be made only to the aforesaid entity, which cannot be renounced in favor of any other entity.

D. LOCK IN PERIOD

The shareholding of the above proposed allottee in the Company including the equity shares being issued through this preferential offer shall be subject to a lock-in period requirements as prescribed in the SEBI guidelines for preferential allotment of equity shares.

E. RANKING OF EQUITY SHARES

The new shares to be issued and allotted by the Company, in the manner aforesaid, shall rank pari passu in all respects with the then existing equity shares of the Company.

F. LISTING

Application will be made by the Company to list the equity shares at Bombay and Delhi Stock Exchanges and/ or such Exchanges as the Board may decide.

RESOLVED FURTHER THAT the Company be and is hereby authorized to decide, finalize, amend or revise the terms of the equity shares so offered in such manner as may be most beneficial to the Company in the event certain amendments or revisions

TIMEX Watches Limited

are considered necessary pursuant to the receipt of the applicable approvals, consents, permissions and/or sanctions.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company or any Committee thereof be and are hereby authorized to do all such acts, deeds and things and to take all such steps, as may be necessary in this regard, including the making of a letter of offer to TIMEX WATCHES B. V. to subscribe to the shares offered by the Company.

RESOLVED FURTHER THAT the Director's of the Company be and are hereby authorized individually to make necessary submission to the Foreign Investment Promotion Board in this regard and to furnish such other information, explanation, papers as may be required."

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 have remained closed from 19 June, 2000 to 30 June, 2000, 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 / debenture holders 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, K. G. Marg, **V D WADHWA**
New Delhi 110 001 Gr. Manager - Legal
Dated: 30 June ,2000 & Company Secretary

ANNEXURE TO THE NOTICE

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

Item No. 4

The Company has received a Notice from a shareholder of the Company, proposing to appoint M/s. Bharat S. Raut & Co., as the Statutory Auditors of the Company in place of M/s. A. F. Ferguson & Co.

As per the requirement of Section 225 of the Companies Act, 1956, M/s. A F Ferguson, the

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retiring Auditors has been intimated by the Company of the proposed change and no concern has been expressed by them in this regard.

As a new firm of Chartered Accountants is proposed to be appointed in place of the retiring Auditors, the matter requires passing of the resolution as a special business. Your Directors recommend passing of this resolution.

None of the Directors are deemed to be concerned or interested in this resolution.

Item No. 5 & 6

The Company intends to raise fresh equity in the near future to meet its increased funds requirement. The present Authorized Share Capital of the Company is Rs. 50,00,00,000 (Rupees Fifty Crore) divided into 5,00,00,000 (Five Crore) equity shares of Rs. 10/- each and the present Issued, Subscribed and Paid up Capital is Rs. 44,50,00,000 (Rupees Forty Four Crore Fifty Lakhs) divided in to 4,45,00,000 (Four Crore Forty Five Lakhs) equity shares of Rs 10 each.

It is proposed to increase the Authorized Capital to Rs.65,00,00,000 (Rupees Sixty Five Crore) divided in to 6,50,00,000 (Six Crore Fifty Lakh) equity shares of Rs.10 each.

As the proposal for increase in the Authorized Capital will tantamount to alteration in the Clause V of the Memorandum of Association and Clause 3 of the Articles of Association of the Company, it require the approval of the Members in General Meeting. The Board recommends passing of the resolutions mentioned at item no 5 & 6.

None of the Directors of the Company are concerned or interested in the Resolution.

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. Mark Collings was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 8 April, 2000. Mr. Collings holds office up to the date of this Annual General Meeting.

The Company has received a notice from a member signifying his intention to propose the

appointment of Mr. Mark Collings as a Director of the Company alongwith a deposit of Rs.500/- (Rupees Five Hundred only) which shall be refunded to the member, if Mr. Collings is elected as a Director.

Mr. Collings is associated with the Timex Group of Companies and is heading the operations of Timex Group in Philippines. Your Directors believe that his appointment as a Director would be in the best interest of the Company.

None of the Directors other than Mr. Amir Rosenthal, Mr. Bob Mirani, Ms. Margaret Taylor and Mr. Collings himself being nominees of Timex Watches B.V. 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, Ms. Margaret Taylor was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 25 May, 2000. Ms. Taylor holds office up to the date of this Annual General Meeting.

The Company has received a notice from a member signifying his intention to propose the appointment of Ms. Margaret Taylor as a Director of the Company alongwith a deposit of Rs.500/- (Rupees Five Hundred only) which shall be refunded to the member, if Ms. Taylor is elected as a Director.

Ms. Taylor is a marketing professional and is currently handling the marketing operation of Timex in the South East Asia region. Your Directors believe that her appointment as a Director would be in the best interest of the Company.

None of the Directors other than Mr. Amir Rosenthal, Mr. Bob Mirani, Mr. Mark Collings and Ms. Margaret Taylor herself being nominees of Timex Watches B.V. 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. Bob Mirani was appointed an Additional Director of