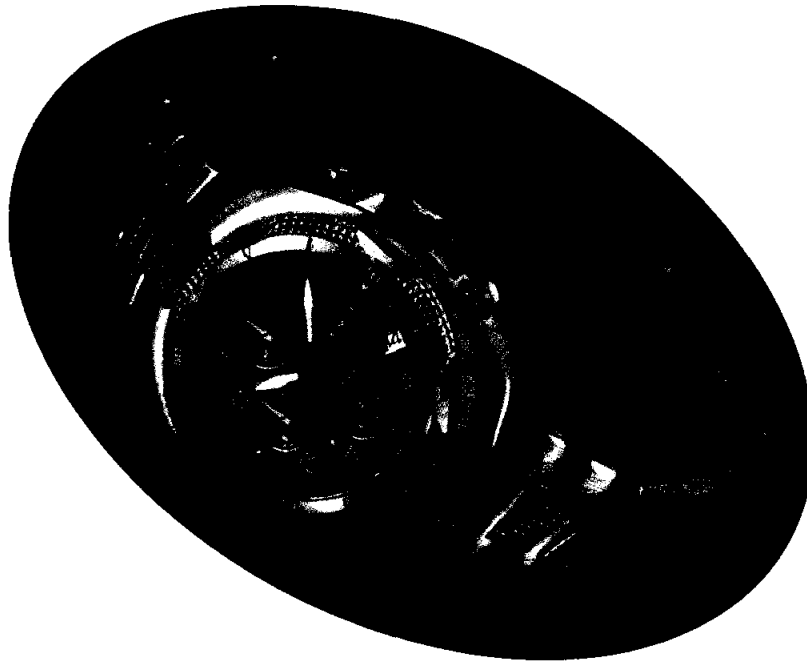


TIMEX®



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ANNUAL REPORT – 2002

Featured on the cover is the latest offering in the Timex range of Chronograph watch from its international collection. The Chronograph watch not only displays the time and date but also features a stop watch which can be of great help in timing any event.

And for the first time ever, the Timex Chronograph features the Indiglo technology which makes the watch face glow in the dark.

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Director(s)	Frank Sherer Kapil Kapoor Daya Dhaon M.M. Rao Manny Henriques Siddharth Varma	Chairman Managing Director
G.M. (Legal) & Company Secretary	V.D. Wadhwa	
Bankers	The Hongkong and Shanghai Banking Corporation Limited.	
Auditors	Bharat S. Raut & 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 Fourteenth Annual General Meeting of the Members of TIMEX WATCHES LIMITED will be held on 18 September 2002 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, 2002, 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.
4. To appoint Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

M/s Bharat S Raut & 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.

5. "RESOLVED THAT Mr. Frank Sherer, who was appointed as 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 18 September 2001 holds 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 Director, be and is hereby appointed as 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.

6. "RESOLVED THAT Mr. Manuel Lopes Henriques, who was appointed as 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 30 March 2002 holds 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 Director, be and is hereby appointed as 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. Siddharth Varma, who was appointed as 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 11 June 2002 holds 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 Director, be and is hereby appointed as 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 subject to the provisions of Sections 198, 269, 309, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956, the Company hereby accords its approval for the reappointment of Mr. Kapil Kapoor as Managing Director of the Company for a period of two years with effect from 3 October 2002, upon the terms and conditions mentioned in the explanatory statement attached herewith and as set out in the draft Agreement to be executed between the Company and Mr. Kapoor which is hereby specifically approved with the liberty to the Board of Directors to alter and vary the terms and conditions of the said reappointment and / or Agreement in such manner as may be agreed to between the Board of Directors and Mr. Kapoor.

RESOLVED FURTHER THAT the Company also accords its approval for the action(s) taken / to be taken by the Board of Directors in this regard."

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 5 August 2002 to 12 August 2002, both days inclusive.

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5. The members are requested to inform changes, if any, in their Registered Address along with Pin Code Number to the Company.
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 at least a week before the meeting so as enable the management to keep the information ready.
9. The Non Resident members are advised to provide their correspondence address in India and to give mandate for remittance of dividend directly to their bank account(s) in future.

Registered Office : By Order of the Board of
701, Ansal Bhawan 16, Directors
K. G. Marg, New Delhi 110 001

V D Wadhwa
G. M. - Legal
& Company Secretary

Dated: 31 July, 2002

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

Item No. 5

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. Sherer was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 18 September 2001. Mr. Sherer 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. Sherer as a Director of the Company along with a deposit of Rs.500/- (Rupees Five Hundred only), which shall be refunded to the member, if Mr. Sherer is elected as a Director.

Mr. Sherer is a Legal Professional who is associated with Timex Group, U.S.A. for over twenty years and currently heading the Legal & Human Resources functions. 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. Sherer himself are deemed to be concerned or interested in this resolution.

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. Henriques was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 30 March 2002. Mr. Henriques 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. Henriques as a Director of the Company along with a deposit of Rs.500/- (Rupees Five Hundred only) which shall be refunded to the member, if Mr. Henriques is elected as a Director.

Mr. Henriques is an Industrial Engineer and is associated with Timex Group, U.S.A. over the last 10 years and is actively involved in Industrial Engineering and restructuring of the manufacturing operations. 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. Henriques himself are deemed to be concerned or interested in this 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. Siddharth Varma was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 11 June 2002. Mr. Varma 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. Varma as a Director of the Company along with a deposit of Rs.500/- (Rupees Five Hundred only) which shall be refunded to the member, if Mr. Varma is elected as a Director.

Mr. Varma is a graduate from IIT- BHU and currently associated with Reebok India as the Managing Director. He has vast experience in the marketing field and 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. Siddharth Varma himself shall be deemed to be concerned or interested in this resolution.

Item no.8

In accordance with the provisions of the Companies Act, 1956 and subject to the approval of the shareholders and other regulatory authorities, as applicable, the Board of Directors of the Company have decided to extend the term of appointment of Mr. Kapil Kapoor as Managing Director of the Company for a further period of two years effective 3 October 2002, i.e. the date when his present term is coming to an end.

TIMEX Watches Limited

Mr. Kapoor is a graduate in Economics and has a Masters in Business Administration from IIM, Ahmedabad. He is also an alumnus of the Ashridge Management School and was prior to joining the Company, head of the Baush & Lomb operations in Thailand.

The Agreement between the Company and Mr. Kapoor contains the following main terms and conditions;

i) **Period of Appointment:** Two years with effect from 03 October 2002.

ii) **Terms of Appointment and Remuneration:**

1. As Managing Director of the Company, Mr. Kapoor shall exercise such powers to manage the day-to-day affairs of the Company as may be delegated to him by the Board of Directors from time to time. Mr. Kapoor will serve diligently and faithfully and will comply with all applicable laws and regulations and with all business policies and standards of the Company in his performance of services under this Agreement. Mr. Kapoor will perform such services personally at such reasonable times and places as the Company may direct in connection with its business.

2. During the term of this Agreement, Mr. Kapoor will continue to work as a full time employee of the Company and shall not engage in or accept any other assignment or employment. Mr. Kapoor shall devote all of his business time and attention to and exert his best efforts in the performance of his duties hereunder, so as to promote the business of the Company. Further, Mr. Kapoor shall be governed by the general rules of work, leave and other rules and regulations of the Company as may be in force from time to time.

3. Mr. Kapoor shall perform his obligations subject to the supervision, control and direction of the Board of Directors and to regularly report to the Board of Directors on the activities of the Company in respect of the matters delegated to him by the Board.

4. In consideration of the faithful performance of Mr. Kapoor's obligations and services hereunder and during the term of this Agreement, Mr. Kapoor will be entitled to salary, perquisites, commission and other benefits subject to deduction of tax at source, in accordance with the applicable provisions of the Companies Act, 1956. The aforesaid payments shall be reviewed and revised annually by the Board of Directors of the Company at the end of each twelve-month period subject to the applicable laws. The salary, perquisites, commission and other benefits are as under:

(i) **Salary:** Rs.68,000/- in the scale of Rs.50,000/- to Rs.75,000/- to be reviewed annually by the Board of Directors.

(ii) **Perquisites:** The sum total of all the perquisites under different head shall be a maximum of Rs. 44,500/- per month excluding the following perquisites which

shall not be included in the computation of perquisite limits:

a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

c. Encashment of leave at the end of the tenure.

iii) **Commission:** An amount by way of commission, in addition to the above remuneration calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company as at the end of each financial year, subject to the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956, will be payable annually.

iv) **Minimum Remuneration:** Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of Mr. Kapoor, the Company has no profits or its profits are inadequate, the Company will pay the salary and the perquisites as specified above as minimum remuneration.

v) The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Managing Director in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendments made hereafter in this regard.

vi) Either party may terminate the Agreement at any time, by giving three months notice in writing to that effect to the other party or payment of salary in lieu thereof as may be applicable. Notwithstanding anything contained herein, if at any time Mr. Kapoor ceases to be a Director of the Company, he shall cease to be the Managing Director of the Company forthwith and the Agreement shall stand automatically terminated.

In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the Members in General Meeting for approval.

The draft of Agreement to be executed between the Company and Mr. Kapil Kapoor is available for inspection at the Registered Office of the Company between 11.00 A. M. and 1.00 P. M. on any working day of the Company.

None of the Directors, other than Mr. Kapil Kapoor himself, are concerned or interested in this resolution.

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DIRECTORS' REPORT

To the Members of Timex Watches Limited

The Directors are pleased to present the Fourteenth Annual Report and Audited Statement of Accounts for the year ended 31 March 2002.

FINANCIAL RESULTS

	Rupees in Lakhs	
	2001-2002	2000-2001
Income	6421.32	6876.83
Expenditure	7428.19	8776.51
Gross Profit / (Loss)	(1006.87)	(1899.68)
Interest	631.77	955.65
Depreciation	873.13	1899.83
Loss before Taxes	(2511.77)	(4755.16)
Provision for Taxes	Nil	Nil
Loss after Taxes	(2511.77)	(4755.16)

OPERATIONS

The financial year 2001 - 2002 has been a challenging and difficult year for almost all economies of the world. Post September 11 terrorist attack, the world economic growth slowed down so did the trade growth. In the closing months of the financial year, however, the outlook for a recovery in the world economy had considerably improved in view of the positive effects of decline in global inflation and interest rates.

However, for your Company, the year was fundamentally geared towards strengthening the brand and improving the gross margin on the products sold. The Company instituted a number of initiatives directed at reducing the manufacturing cost per watch, better working capital management and launch of new product range with higher margins for improved profitability. The initiatives of re-positioning the brand as "America's # 1 watch" with "technology that keeps you ticking" is showing positive impact on realization per watch, brand image and retail share. As a result, the Company was able to curtail the operating losses substantially from Rs.1899 lakhs in the previous year to Rs. 1006.87 lakhs for the year ending 31 March 2002.

Your Company intends to further consolidate its business through the existing associates and to take full advantage of the fast developing new retailing environment. Merchandising activities have been initiated on a significant scale at key traditional and non-traditional outlets (NTO) across the Country. Initiatives in the NTOs have also contributed in enhancement of the brand image with our target customers.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The organised Indian watch industry is estimated to be of the size of approx. 11 million watches per annum. The unorganised sector for watches is estimated to be more than double the size of the organised sector in the Country. The organised watch segment is growing at an average growth rate of 5% per annum. In the past few years the margins in the organised watch market has come under severe pressure due to increased availability of higher quality watches at low prices. In the era of low growth rate for the industry, your Company had devised

the strategy to drive the value chain instead of volume, which has yielded encouraging results. The absence of organised retail environment is also one of the major factors for the slower than desired growth of the industry. The organised retail industry is developing rapidly in the major metro cities and expected to grow @ 20% per annum.

OPPORTUNITIES, THREATS & RISKS

Being the no. two player in the Industry, there are tremendous opportunities available for growth through increase in market share for your Company. In addition, being the only MNC in India with domestic fabrication and assembly facilities gives your Company a unique advantage of being able to leverage its international R&D capabilities and launch state-of-the art products at relatively affordable prices. Further, reduction in import duties would allow your Company to access high technology products being developed by the parent Company in the U.S.A. The biggest threat would be in terms of reducing industry margins on account of increased availability of higher quality watches at lower price points.

OUTLOOK

Your Company is poised to increase sales volume and market share in the near future exploiting the increased access to the parent Company's impressive product range. Your Company is confident that it will make further inroads into the Indian market and provide exemplary products to service all its customers. We are confident that in the intensifying competitive scenario we are equipped in all facets of watch manufacturing, marketing and selling to meet and beat the best in the business. An extremely aggressive programme of new product launches backed by sustained communication and media presence will enable your Company to progressively dominate the Indian watch market.

While continuing to address all price segments in the Indian Watch Market, your Company will not relax on its continuous efforts to reduce costs and pass on these benefits to its customers thus consolidating its position as the best provider of value to the Indian Watch consumer.

TIMEX Watches Limited

Your Company is uniquely poised to take advantage of this trend being at the forefront of developing technology for watches and wrist instruments for consumers around the world.

ECONOMY AND BUSINESS ENVIRONMENT

The year ended March 2002 has been a challenging year of the Indian economy. Despite the general global economic slowdown, the resilience in our economy neutralised the adverse impact of the same.

While a good monsoon helped the economy to grow, the social and the political factors prevalent during the year in the country had some adverse impact. The overall economic growth was higher at 5.4% as compared to 4% in the previous year; but the industrial sector experienced a very sluggish growth of only 2.7% as against 5% in the previous year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company's internal control systems comprise of coverage by Internal Audit Division of the Company in a phased manner, which are commensurate with the size and operations of the Company.

Systems and operations are regularly reviewed by the Audit Committee of Directors to ensure their effectiveness and implementation. The Statutory Auditors also attend the meetings and convey their views on the adequacy of internal control systems as well as financial disclosures. The Audit Committee also issues directives for enhancement in scope and coverage of specific areas, wherever felt necessary.

FINANCE

During the year additional equity infusion for a sum of Rs. 3700 lakhs was made in the Company through preferential allotment of shares in favor of the promoters, which has helped the Company not only to improve the net worth but also to reduce the interest cost substantially. Post allotment of equity, the promoters holding in the Company has increased to 83.53% of the total equity capital of the Company compared to 73.44% in the previous year.

The Company's accumulated losses as on 31 March 2002 exceeded fifty percent of its net worth.

As on 31 March 2002, the Company held fixed deposits of Rs. 118.50 lakhs from the public, shareholders & employees. There were no overdue / unclaimed deposits as on 31 March 2002.

During the year under review, the Company made payment aggregating to Rs. 2619.35 lakhs by way of Central, State and local sales taxes and duties as against Rs.2498.06 lakhs in the previous year.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

As a result of ongoing rationalization of manpower, the total number of employees on the rolls of the Company as on 31 March 2002 was 586 as compared to 819 as of last year.

Introduction of new Performance Management System across the Company is expected to create a more interactive, transparent and performance oriented culture in the Organization. Remuneration program are also being developed to further a "pay for performance" culture.

With a view to improve performance and to meet future challenges, intensive efforts were made during the year to develop the knowledge and skill base of all employees in the Organization. These efforts should energise the manpower to outperform in the coming years.

Industrial Relations remained cordial and peaceful throughout the year 2001-02.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objective, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulation, tax laws, economic developments within the country and abroad and such other factors such as litigation and industrial relation.

DEMATERIALISATION

Effective 8 May 2000, the equity shares of your Company are being compulsorily traded in dematerialisation form. As on 30 June 2002, a total of 9.87 million-equity share representing 9.78% of the Equity Share Capital have been dematerialised and 22488 Shareholders are holding their shares in the dematerialised form.

DIRECTORS

During the year Mr. Amir Rosenthal, Ms. Margaret Taylor, Mr. Mark Collings and Mr. Bob Mirani, resigned. The Board wishes to place on record its deep appreciation for the valuable contribution made by them during their tenure with the Company.

Mr. Frank Sherer, Mr. Manuel Lopes Henriques and Mr. Siddharth Varma were appointed Additional Directors of the Company and they hold office till the forthcoming Annual General Meeting.

Mr. Daya Dhaon and Mr. M M Rao retire by rotation and are eligible for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

- (i) The Directors confirm that, in preparation of the Balance Sheet and the Profit & Loss Account of the Company, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and

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for preventing and detecting fraud and other irregularities.
(iv) That the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

PERSONNEL

There are no employees falling within the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY

Information required as per Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988,

regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

AUDITORS

M/s Bharat S. Raut & Co., Chartered Accountants and Statutory Auditors of the Company retire and are eligible for reappointment.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the support and cooperation, which the Company continues to receive from its customers, the watch trade, the NOIDA authority, the Company's bankers and finally the Members of the Company and its employees.

For and on behalf of the Board of Directors

Chairman

ANNEXURE TO THE DIRECTOR'S REPORT

(Additional information given in terms of notification No. 1029 of 31 December, 1988 issued by the Department of Company Affairs).

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2001-2002	2000-2001
Power and Fuel consumption		
1. UPSEB power purchase (Units)	2888622	2740122
Total Amount (in Rs.)	12726000	12203220
Rate per unit (in Rs.)	4.41	4.45
2. Own Generation (units)	964872	1199477
Cost per unit (in Rs.)	5.55	4.55
Units per litre of diesel	3.07	3.07

TECHNOLOGY ABSORPTION

Research and Development (R&D)

Areas in which R&D carried out by the Company

Development of

- Applique dial capacity with new methods.
- Bi-colour plating on solid link bracelets.
- Implementation of linear manufacturing for fit-up and watch head lines to cater to flexibility and inter changeability.

Future plan of action

- Continue to develop simplified process to improve productivity of Bi-colour ion plating at In house as well as at supplier.
- Development of Stainless steel shaped cases at cheaper cost by using alternate methods.
- Automation of packaging line to improve productivity.
- Implementation of alternate base plating on cases as well as attachments to avoid corrosion.

Technology Absorption, Adaption and Innovation :

Benefits :

The above efforts will result in recurring savings for the Company and enable the Company to offer products with latest technology to the consumers.

FOREIGN EXCHANGE EARNED AND OUTGO

The Company has earned Rs. 239.82 lacs in foreign exchange and used Rs. 1659.87 lacs.

TIMEX Watches Limited

REPORT ON CORPORATE GOVERNANCE

(1) Company's Philosophy

Corporate Governance assumes a significant role in the business life of Timex. The driving forces of Corporate Governance at Timex are its core values – Belief in People, Entrepreneurship, Customer Orientation and the Pursuit of excellence. This force manifests itself in the conduct of business that is based on commitment to transparency and business ethics in discharging its corporate responsibilities that are benchmarks to the best practices already followed by the Company

The Company's operating principles are:

1. Build focus.....i.e. Do few things but do them well
2. Consumer drives the business
3. New products are our life
4. Everything should be "ACE"
A – Aspirational, C – Cool and E– Execution with excellence
5. Plan carefully, execute swiftly
6. We cannot succeed without each other

This operating mantra ensures the role of a responsible corporate representative committed to best practices.

(2) Board of Directors

The Board of Directors of the Company comprises of a majority of Non Executive Directors with only one Executive Director. A Non Executive Director heads the Company as the Chairman and more than one third of the Board comprises of independent Directors. The independent Directors do not have any pecuniary relationships or transactions with the Company, promoters, management that may affect their judgment in any manner. The Directors are qualified professionals in business, finance and corporate management. The Board meets at least once in a quarter to consider amongst other business matters, the quarterly performance of the Company and financial results. Directors attending the meeting actively participate in the deliberations at these meetings.

Composition and Category of Directors

Name	Category	Designation	No. of Meetings held during the last financial year	No. of meetings attended	No. of Memberships in Boards of other Companies*	Attendance of each Director at last AGM	Resigned/ Appointed on
Amir Rosenthal	Non- Executive Director	Chairman upto 01-09-01	7	2	-	Yes	Resigned on 01-09-01
Frank Sherer	Non- Executive Director	Chairman from 18-09-01	7	2	-	-	Appointed on 18-09-01
Kapil Kapoor	Executive Director	Managing Director	7	7	-	Yes	-
Bob Mirani	Non-Executive Director	Director	7	-	-	No	Resigned on 29-09-01
Mark Collings	Non-Executive Director	Director	7	4	-	Yes	Resigned on 30-03-02
Margaret Taylor	Non- Executive Director	Director	7	-	-	No	Resigned on 30-03-02
Daya Dhaon	Non-Executive/ Independent Director	Director	7	7	1	Yes	-
M M Rao	Non-Executive/ Independent Director	Director	7	6	2	Yes	-
Manny Henriques	Non-Executive Director	Director	7	1	-	N.A.	Appointed on 30-03-02
Siddharth Varma	Non-Executive/ Independent Director	Director	-	-	1	N.A.	Appointed on 11-06-02

* does not include directorships in Companies incorporated outside India.

Only Mr. M. M. Rao is a member in another Company's Shareholder/ Investors Grievance Committee.