

TIMEX

ANNUAL REPORT - 2007



*The watch featured on the cover,
is our iconic SLX Series,
Special Edition Watch,*

*The Timex SLX Series
is a signature collection
from the design studios of Milan,
which combines the magnificence of
an Automatic Movement with monochromatic
Luxury Design elements for an authentic
'LUXE' experience,*

*SLX, embodies
the global fashion theme of
'Sportx Luxury' in each of its five iconic styles
which blend sports-inspired looks
and performance with
luxury materials and detailing.*

Director(s)

Frank Sherer
Kapil Kapoor
Daya Dhaon
Chittaranjan Dua
Raghu Pillai
Mauro Antonio Calcano
Gagan Singh (Ms.)

Chairman
Managing Director

**Sr. V.P. - General Counsel
& Company Secretary**

V.D. Wadhwa

Bankers

The Hongkong and Shanghai Banking Corporation Limited
Calyon Bank
HDFC Bank Limited

Auditors

BSR & Co.
Chartered Accountants

Registered Office

117, G.F. World Trade Centre
Babar Road, New Delhi - 110 001

Works

Plot No. 10
Baddi Industrial Area
Katha Bhatoli
Baddi, Distt. Solan (H.P.)

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of TIMEX WATCHES LIMITED will be held on 25 September 2007 at 10.00 A.M. at the Air Force Auditorium, Subroto Park, New Delhi 110 010 to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31 March, 2007, 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. Chittaranjan Dua, 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 BSR & 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

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

"RESOLVED THAT subject to the approval of the Registrar of Companies under Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby given for the change in name of the Company from "TIMEX WATCHES LIMITED" to "TIMEX GROUP INDIA LIMITED" and accordingly the name "TIMEX WATCHES LIMITED", wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the name "TIMEX GROUP INDIA LIMITED".

RESOLVED FURTHER THAT Mr. V D Wadhwa, Sr. V. P. – General Counsel & Company Secretary of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and expedient in connection with the change of name of the Company."

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

"RESOLVED THAT Mr. Mauro Antonio Calcano, 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 31 October, 2006 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."

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

"RESOLVED THAT Ms. Gagan Singh, 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 31 January 2007 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."

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. Mr. Daya Dhaon and Mr. Chittaranjan Dua, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Brief resume of these Directors, nature of their expertise and names of Companies in which they hold Directorships and memberships / chairmanships of Board Committee as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange are provided in the Report on Corporate

Governance forming part of the Annual Report. The Board of Directors of the Company commend their respective re-appointments.

4. 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.
5. The Register of Members and the Register of Share Transfers of the Company have remained closed from 16 August 2007 to 22 August 2007 both days inclusive.
6. 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)
117, Ground Floor, World Trade Centre
Babar Road, New Delhi - 110 001

7. The Company has transferred all unpaid / unclaimed interest due and payable upto 12 October 1999 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Interest due and payable upto the period 12 October 2000, which remain unpaid / unclaimed for a period of 7 years will be transferred by the Company to IEPF.

Debenture holders who have not so far encashed the interest warrant (s) for the period 12 October 2000 are requested to seek duplicate warrant(s) by writing to the Company immediately. Debenture holders are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed or unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

8. 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.

9. 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.
10. 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.
11. 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:
117, Ground Floor,
World Trade Centre,
Babar Road,
New Delhi - 110 001

By Order of the
Board of Directors

V D Wadhwa
Sr. V.P. - General Counsel
& Company Secretary

Dated: 24 August 2007

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No 5

As a part of the global strategy of diversification in the luxury and fashion segment, Timex Corporation, USA has acquired several luxury and fashion brands and its portfolio now comprises of Versus, Valentino, Ferragamo, Guess, Guess Collection (GC), Nautica, Mark Ecko, Opex etc. As a part of the strategy, it is intended to change the name of all Timex entities across the globe to reflect the group strategy which is representative of a multiple brand portfolio Company.

The management and the Board of Directors of your Company are of the view that the new name would align the India operations with the world wide Timex Organization and facilitate the implementation of Group portfolio strategy. The Board of Directors of your Company in their meeting of 26 April 2007 proposed to change the name of the Company to "TIMEX GROUP INDIA LIMITED" subject however to the availability of the name and approval by the Shareholders of the Company.

As you would be aware the Company was incorporated with the Registrar of Companies, Delhi & Haryana on 04 October 1988 under the name of Timex Jayna Limited which was subsequently changed to Timex Watches Limited on 01 January 1991 and the Registrar of Companies, Delhi & Haryana has now confirmed that the new name "TIMEX GROUP INDIA LIMITED" is available for registration under Section 20 of the Companies Act, 1956.

An application will be made to Registrar of Companies, Delhi & Haryana for seeking his approval to change the name under Section 21 of the Companies Act, 1956 post approval of the shareholders for the proposed name change.

The Directors commend the resolution for acceptance by the Members.

None of the Directors 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) and 106 of the Articles of Association of the Company, Mr. Mauro Antonio Calcano was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 31 October, 2006. Mr. Calcano 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. Calcano 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. Calcano is elected as a Director.

Mr. Calcano has over twenty years of human resources management experience with consumer goods Companies like Sara Lee Corporation and Goya Foods International etc where he held senior leadership positions. His special abilities are in the area of change management and organizational effectiveness and have led global cross functional teams in Europe and Asia.

Mr. Calcano is originally from Caracas, Venezuela and holds a B.A. degree in International Business Affairs from George Washington University.

Mr. Calcano is not a Director on the Board of any other Company and does not own any shares in the Company and None of the Directors other than Mr. Calcano himself are deemed to be concerned or interested in this resolution.

The Directors commend the Resolution for acceptance by the Members.

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, Ms. Gagan Singh was appointed an Additional Director of the Company by the Board of Directors at their meeting held on 31 January, 2007. Ms. Gagan Singh 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. Gagan Singh 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. Gagan Singh is elected as a Director.

Ms. Gagan Singh was the Managing Director of Benetton India Private Limited and prior to being the Managing Director, Ms Singh was the Executive Director of the Company for four years. In this position she was responsible for finance, accounts, logistics, systems and human resources and played a key role in the transition of the company from a joint venture to a 100% subsidiary of Benetton Group. She is also a trustee with the Salaam Baalak Trust, and is the founder member and Vice President of Youthreach. She is at present the Deputy CEO of Jones Lange Lasalle Meghraj (JLLM) based at New Delhi.

Ms. Gagan Singh is a Director on the Board of Gamma Pizzakraft Private Limited, Gamma Brand Management Private Limited and Gamma Pizzakraft Overseas Private Limited and does not own any shares in the Company. None of the Directors other than Ms. Singh herself are deemed to be concerned or interested in this resolution.

The Directors commend the Resolution for acceptance by the Members.

Registered Office:
117, Ground Floor,
World Trade Centre,
Babar Road,
New Delhi – 110 001

By Order of the
Board of Directors

V D Wadhwa
Sr. V.P. - General Counsel
& Company Secretary

Dated: 24 August 2007

DIRECTORS' REPORT**To the Members of Timex Watches Limited**

The Directors are pleased to present the Nineteenth Annual Report and Audited Statement of Accounts for the year ended 31 March 2007.

FINANCIAL RESULTS**Rupees in Thousands**

	<u>2006 - 07</u>	<u>2005 - 06</u>
Income	1175055	1012902
Expenditure	1110132	945239
Gross Profit/ (Loss)	64923	67663
Interest	9747	18475
Depreciation	23123	32603
Profit/(Loss) before taxes	32053	16585
Provision for Taxes	6857	5084
Profit/ (Loss) after Taxes	25196	11501

OPERATIONS

The initiative taken by your Company to restructure its back end operations and to reposition its brand by pursuing the retail strategy through franchising of "The Time Factory" stores are yielding positive results. As a result your Company has improved its profitability and posted a net profit of Rs.2.52 Crores for the year ended on 31 March 2007 showing a growth of 119% over the previous year. The revenue of Rs.117.50 crores for the year was higher by 17% over the previous year.

Your Company continues to pursue its retail strategy aggressively to help create a truly international environment in which to show case the latest Timex collection. The total number of Time Factory Stores (TTF) have gone up to 45 across the country and it is intended to double the number of TTF stores in the next twelve months. As a part of the global strategy, the parent company has been acquiring various fashion and luxury brands. The Timex Group currently has TX, Versus, Valentino, Guess, Guess Collection, Ferragamo, Ecko, Nautica and Opex brands in its portfolio besides Timex, which cater to all the three segments, i.e. the mass market, fashion segment and Luxury Segment. Encouraged by the high growth in the luxury goods segment in India including watches in the recent past, your Company is contemplating and developing the strategic plan to bring in more of fashion watch brands in the Country which are currently available in the portfolio of its parent organization.

As informed in the previous report, your Company has completed the construction of a new state of the art manufacturing facility in the state of Himachal Pradesh on schedule and commenced the production from April 2007. Your Company also intends to use the new facility for a "single warehouse" to cater to the market requirements once a uniform "Goods & Services Tax" regime is implemented by the Government of India. Your Company is also pursuing 'Indigenization Strategy' and working towards production of all fast moving styles in house which are currently being imported from parent organization. This offers consumers better prices while improving margins made by your Company.

Your Directors are confident that the initiative's taken by your Company by developing a retail channel, indigenization of international styles and consolidating of operations is likely to further improve its operating margins in the coming years.

CHANGE IN NAME OF THE COMPANY

Your Company proposes to change its name to "TIMEX GROUP INDIA LIMITED" in line with the global strategy of its parent organization which has been acquiring various fashion & luxury watch brands of international repute globally. The new name would enable your Company to realign with the world wide organizations, reflect the global image of the Company and facilitate the implementation of global portfolio strategy of multiple watch brands under one umbrella beyond just Timex brand of watches. In addition, the new name also reflects the growing diversified business interests of the Company.

The Registrar of Companies, Delhi & Haryana has approved the availability of Name and your approval is being sought as a separate item under the Notice convening the meeting.

**MANAGEMENT DISCUSSION AND ANALYSIS
INDUSTRY STRUCTURE AND DEVELOPMENT**

The watch industry witnessed yet another good year in which all the major players of the Industry recorded significant growth in their businesses. The growth has been higher in the high price segment, while this reflects the growing income trends and changing life style of Indian consumers, it also points to a low penetration level which is a concern for the growth of watch industry in general.

OUTLOOK

The profile of retail sector is undergoing a sea change with the opening up of the economy for Foreign Direct Investment (FDI) in this sector. The retail sector is growing at a very fast pace across the country with emergence of shopping malls coming and entry of large format retail giants. The growth is likely to be further fuelled with the increasing disposable

income. The luxury segment of the watch industry is growing by over 30% on yearly basis, as a result the industry is likely to witness entry of new high end fashion brands. Your company is taking full advantage of the changing business environment and pursuing its retail strategy through opening of exclusive stores titled "The Time Factory".

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 and rationalization of abatement factor would allow your Company to access the products being developed by the parent organisation.

We expect the penetration level to improve once the industry will witness further investment by the existing players as well as by the new entrants. The large format retailers are pursuing 'private label' strategy. While the private label business is likely to improve the overall penetration level for the industry, it will negatively impact the business of brands which are operating predominantly in sub Rs 1000/- price points.

OPPORTUNITIES AND THREATS

The consistent growth of the Indian Economy, increasing purchasing power and consumerisation and emergence of organized retailing coupled with your Company's initiative in pursuing its retail strategy and portfolio strategy are indicative of high growth of the life style category products in the foreseeable future of which your Company is one of the key players. We are well poised to reap the benefits through various initiatives undertaken by us. Your Company is also contemplating diversifying in to branded Jewellery business both at national and international level being a related life style category product and personal accessory, which would allow it to leverage its organizational strengths and grow its business further in the Country.

RISKS

Your Company envisages that increasing cost of the real estate/retailing and availability of skilled manpower in the retail sector as risks which are putting pressure on the operating margins. In addition, levy of service tax on the lease rentals and imposition of CVD of 4% on the imported products are likely to impact the operating margins negatively. Your Company intends to mitigate the incremental levies through various cost savings initiative undertaken by it for improvement in operational efficiencies. The interest costs have already gone up significantly and we do not expect it to go up further from its present level. The rupee continues to gain strength and being a net importer, your Company is in an advantageous situation under the present circumstances. We believe the rupee to be either stable or gaining further strength against the dollar in the near future, hence do not anticipate this as a major risk to our business.

GOVERNMENT POLICY

Your Company has been actively involved with the "All India Federation of Horological Industries", an apex body of the Horological Industry in India and taking up the issues concerning the watch industry and your Company in particular with the various government agencies. We have made representations to the Government for reduction in Basic Custom Duties, increase in the abatement factor from present 35%, rationalization of duty structure etc. In the Union Budget presented this year, the Government has lowered the basic custom duty by 5% and brought it down to 10%.

FINANCE

Your Company has been able to manage its cash flow through improved trade collections and also used a part of the preference capital issue proceeds to retire a substantial part of its term loan liability which has resulted in significant reduction in the interest costs despite increasing rate of interest. We do not anticipate further increase in the interest rates from its existing level and shall mitigate such risks through corresponding reduction in the term loans.

The Company does not hold any fixed deposits from the public, shareholders & employees. There were no overdue / unclaimed deposits as on 31 March 2007.

During the year under review, the Company made payment aggregating to Rs.297,152 thousands by way of Central, State and local sales taxes and duties as against Rs.219,886 thousands in the previous year.

SEGMENT WISE REPORTING

The Company has identified segments taking into account the nature of products and services, the different risks and returns, the organizational structure and the internal financial reporting system. The main business of the Company is manufacturing and trading of watches. The other segments are less than 10% of the business. The segment wise information for watches and other activities are provided in the Notes to the Accounts.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has well established procedures for internal control and comprise of coverage by Internal Audit Division of the Company in a phased manner which are commensurate with its size and operations.

The internal control mechanism comprises a well defined organization structure, documented policy guidelines, predetermined authority levels and processes.

The systems and operations are regularly reviewed by the Audit Committee of the Board of Directors to ensure and review their effectiveness and implementation. The Statutory Auditors of the Company also attend these 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.

HUMAN RESOURCES

Timexians are the key resource for your Company. Your Company has been able to create and continuously provide a challenging work environment that encourages novelty and meritocracy at all levels and has always believed in attracting, developing and maintaining a diverse team of highly committed and capable individuals working in an environment that fosters accomplishment, ownership, creativity and mutual respect.

The Company enjoys a harmonious relationship with its employees and its workmen.

The information required as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed herewith forming part of this report. However as per provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, only the report and accounts are being sent to all the shareholders excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office address of the Company.

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.

DEMATERIALIZATION

Effective the year 2000, the equity shares of your Company are being compulsorily traded in dematerialization form. As on 31 March 2007, a total of 21690066 equity shares representing 21.49% of the Equity Share Capital have been dematerialized and 28067 shareholders are holding shares in the dematerialized form.

DIRECTORS

Mr. Daya Dhaon and Mr. Chittaranjan Dua retire by rotation and are eligible for reappointment.

Mr. Mauro Antonio Calcano and Ms. Gagan Singh were appointed additional directors during the year to hold office up to the date of the forthcoming shareholders meeting. Your Company has received notice from a shareholder seeking their appointment as Director of your Company pursuant to Section 257 of the Companies Act 1956. Mr. M.M. Rao, a Director since inception of the Company resigned on 26 July 2007 due to his preoccupation, the Board wishes to place on record their appreciation for the valuable guidance provided by Mr. Rao during his Directorship.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:

- (i) 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 profit 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 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.

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 BSR & 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, the Government of Uttar Pradesh and Himachal Pradesh, the Company's bankers and finally the Members of the Company and its employees.

For and on behalf of the
Board of Directors

New Delhi
24 August, 2007

Chairman

ANNEXURE TO THE DIRECTORS' 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
POWER AND FUEL CONSUMPTION**

	2006-07	2005-06
UPSEB/ HPSEB Power purchase (units)	1234921	1718844
Total Amount (in Rs.)	5320961	8701886
Rate per unit (in Rs.)	4.31	5.06
Own generation (units)	368850	483288
Cost per unit (in Rs.)	10.27	9.72
Units per litre of diesel	3.20	2.94

TECHNOLOGY ABSORPTION**Research and Development (R&D)****Areas in which R&D carried out by the Company****Development of -**

- 1) Implemented in-house manufacturing of Chrono, Indiglo and Perpetual Calender watches.
- 2) Introduction of new generation adhesive "Loctite LP-47" for glue application process - for better quality of crystal to bezel adhesion.
- 3) Introduction of conveyorised line for watch packaging.

Future plan of action

- 1) Enhancing capability and absorption of technology to manufacture retrograde watches.
- 2) Introduction of Vacuum Tunnel for movement of components from Receiving Stores to Central stores, to maximize clean room conditions.

Technology Absorption, Adoption and Innovation Benefits

The above efforts will help us in delivering a new technology watch keeping in pace with the current trends and at the same time enabling us to continue our focus on quality product.

FOREIGN EXCHANGE EARNED AND OUTGO

The Company has earned Rs.59376 thousands in Foreign Exchange and used Rs.65036 thousands.

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. Do few thingsBut do them well
2. Consumer drives the business.
3. There is a way to do it better - find it.
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.