

TIMEXGROUP



Annual Report 2012

TIMEXGROUP



Timex



Salvatore Ferragamo



Versace



Brun Tildner



Marc Ecko



Helix



Nautica

TIMEX
SINCE 1869

HELIX
TIMEX

VERSACE

Salvatore Ferragamo
TIMEX

Brun Tildner

NAUTICA

marc ecko

TIMEX GROUP

Director(s)
As on 31 May, 2012

Kapil Kapoor
V D Wadhwa
Daya Dhaon
Gagan Singh (Ms.)
Pradeep Mukerjee
Bijou Kurien
Arthur Joseph Morissette

Non-Executive Director & Chairman
Managing Director
Non-Executive & Independent Director
Non-Executive & Independent Director
Non-Executive & Independent Director
Non-Executive & Independent Director
Non-Executive Director

Company Secretary

Shilpa Verma

Bankers

The Hongkong & Shanghai Banking Corporation Limited
HDFC Bank Limited

Auditors

BSR & Co.,
Chartered Accountants

Registered Office

117 G.F. World Trade Centre,
Babar Road, New Delhi – 110001.

Works

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

Share Registrar &
Transfer Agent

Alankit Assignment Limited
2E/21 Alankit House
Jhandewalan Extension
New Delhi-110 055
Tel.: 011-42541234
Fax: 011-42541967
Email.: rta@alankit.com
Website : www.alankit.com

TIMEX GROUP

NOTICE

Notice is hereby given that the Twenty-fourth Annual General Meeting of the Members of TIMEX GROUP INDIA LIMITED will be held on Friday, 3 August 2012 at 10.00 A.M. at the Air Force Auditorium, Subroto Park, New Delhi - 110010, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31 March 2012, the Profit and Loss Account for the year ended on that date and the Report of the Auditors' and Directors' thereon.
2. To declare dividend on Redeemable Preference Shares for the financial year 2011-12.
3. To appoint a Director in place of Ms. Gagan Singh who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof.

"RESOLVED THAT M/s. BSR & Co., Chartered Accountants (Firm Registration No. 101248W), be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company at remuneration to be fixed by the Board of Directors in consultation with the Auditors in addition to reimbursement of all out of pocket expenses."

SPECIAL BUSINESS

- 5 **Appointment of Mr. Bijou Kurien as a Director, 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**.

"RESOLVED THAT Mr. Bijou Kurien, who was appointed as an Additional Director of the Company pursuant to Section 260 and other relevant provisions of the Companies Act, 1956 and Article 103(a) of the Articles of Association of the Company with effect from 29 July 2011, 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.

- 6 **Appointment of Mr. Arthur Joseph Morissette as a Director, 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**.

"RESOLVED THAT Mr. Arthur Joseph Morissette, who was appointed as an Additional Director of the Company pursuant to Section 260 and other relevant provisions of the Companies Act 1956 and Article 103(a) of the Articles of Association of the Company with effect from 27 January 2012, 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 **Re-Appointment of Mr. V.D. Wadhwa as the Managing Director of the Company.**

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 198, 269, 309, 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, and subject to the approval of Central Government, if necessary, and such other approvals as may be required, the consent of the Company be and is hereby accorded for the re-appointment of Mr. V D Wadhwa as the Managing Director of the Company for a period of two years with effect from 29 April, 2012, 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. Wadhwa 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

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and / or Agreement in such manner as may be agreed to between the Board of Directors and Mr. Wadhwa within the parameter as provided in the Explanatory Statement and that the Company also accords its approval for the action(s) taken / to be taken by Board of Directors in this regard.

Registered Office :
117, Ground Floor,
World Trade Centre,
Babar Road,
New Delhi – 110 001
Dated: 31 May 2012

**By Order of the
Board of Directors**
Sd/
Shilpa Verma
Company Secretary

NOTES

1. **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 OF THE COMPANY.** A blank Proxy Form is enclosed with this notice and if intended to be used, the form duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting. Proxies submitted on behalf of Companies, societies etc. must be supported by appropriate resolution/ authority as applicable.
2. The Members/ Proxies 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 to the Annual General Meeting venue will be allowed only on verification of the signature(s) on the Attendance Slip.
3. 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.
4. Corporate Members are requested to send a duly certified copy of the Board resolution/ Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
5. In case of joint holders attending the meeting, only such joint holders who are higher in the order of names will be entitled to vote.
6. 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. Those members who have not received copies of Annual Report can collect their copies from the Corporate/ Registered Office of the Company.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 28 June 2012 to Friday, 29 June 2012, both days inclusive.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item No. 5 to 7 is annexed hereto. Relevant details, in terms of Clause 49 of the Listing Agreement, in respect of Director retiring by rotation and proposed to be re-appointed and other Directors proposed to be appointed are disclosed in the Corporate Governance Report.
9. The dividend declared by Board of Directors on 1,57,00,000 Cumulative Redeemable Non-Convertible Preference Shares issued on 27 March 2004 and 2,29,00,000 issued on 21 March 2006 and also 25,00,000 Non-cumulative Redeemable Preference shares issued on 25 March 2003 in favour of Timex Group Luxury Watches BV (formerly known as Timex Watches BV) will be paid/ distributed within the statutory period of 30 days after declaration by Members in this Annual General Meeting.
10. The members are requested to inform changes, if any, in their Registered Address along with Pin Code Number to the Company at the following Address:
TIMEX GROUP INDIA LIMITED
(Investors Relation Department)
117, Ground Floor, World Trade Centre
Babar Road, New Delhi – 110 001
11. The Register of Directors' shareholding maintained under section 307 of the Companies Act, 1956, will be available for inspection by the members at the Annual General Meeting.
12. The Members desirous of seeking any information on the Accounts are requested to write to the Company at least a week before the meeting to enable the management to keep the information ready.

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13. All documents referred to in the accompanying notice and the Explanatory Statement are available for inspection at the Registered Office of the Company during working hours between 10.00 A.M. to 1.00 P.M. except holidays up to the date of Annual General Meeting.
14. 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.
15. **Important Communication to Members**
The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notices/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the members business reply form (refer page 55 of the Annual Report) and register the same with Alankit Assignment Limited. **Postage for sending the business reply form will be borne by the Company.**

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

Item No 5

In terms of the provisions of Section 260 and other relevant provisions of the Companies Act, 1956 and Article 103(a) of the Articles of Association of the Company, Mr. Bijou Kurien was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 29 July 2011. Mr. Kurien 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. Kurien 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. Kurien is elected as a Director.

Mr. Bijou Kurien has 30 years of experience in the Consumer Products Industry. He is currently President & CE of Reliance Retail Limited. Prior to this he has worked with Titan Industries and Hindustan Unilever Limited. He has also held the position of Chairman of the India Retail Forum, Member of CII National Retail Committee and Member of Advisory Board of the World Retail Congress. He is a science graduate and also did PG Diploma in Business Management from XLRI, Jamshedpur. The Directors commend the Resolution for acceptance by the Members.

None of the Directors, other than Mr. Kurien himself, are deemed to be concerned or interested in this resolution, as it relates to his appointment.

Item No 6

In terms of the provisions of Section 260 and other relevant provisions of the Companies Act, 1956 and Article 103(a) of the Articles of Association of the Company, Mr. Arthur Joseph Morissette was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 27 January 2012. Mr. Morissette 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. Morissette 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. Morissette is elected as a Director.

Mr. Arthur Joseph Morissette is a seasoned financial executive with more than 30 years of hands-on senior management experience most recently as Chief Financial Officer of Timex Group USA Inc. He is experienced in cash flow forecasting, managing internal costing systems, internal and external financial reporting, implementing cost reduction initiatives, and rationalization of headcount and plant facilities. Mr. Morissette has also handled business acquisitions with responsibility for integrating all accounting and financial operations.

The Directors commend the Resolution for acceptance by the Members.

None of the Directors, other than Mr. Morissette himself, are deemed to be concerned or interested in this resolution, as it relates to his appointment.

Item No 7

Mr. V D Wadhwa was appointed as Managing Director of the Company w.e.f. 29 April 2010 for a period of two years up to 28 April 2012.

In view of his vast experience and valuable contribution towards the growth of the Company, the Board of Director of the Company, on the recommendation of the Remuneration Committee approved the re-appointment of Mr. V D Wadhwa as a

Managing Director of the Company for a further period of two years commencing from 29 April, 2012 on the terms and conditions set out in the Agreement between the Company and Mr. V D Wadhwa. Such re-appointment is subject to the approval of members of the Company and Central Government, if necessary.

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

(A) Period of Appointment : Two years with effect from 29 April 2012

(B) Terms of Appointment:

1. As Managing Director of the Company, Mr. Wadhwa 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. Wadhwa 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. Wadhwa will perform such services personally at such reasonable times and places as the Company may direct in connection with the business.
2. During the term of this Agreement, Mr. Wadhwa will not engage in or accept any other assignment or employment except the responsibilities entrusted upon him as Director of Timex Group Precision Engineering Limited. Mr. Wadhwa shall devote sufficient 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.
3. Mr. Wadhwa 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.

(C) Terms of Remuneration

1. The following terms of remuneration shall be applicable to Mr. Wadhwa, effective 29 April 2012
2. The Board of Directors of the Company is empowered to fix the remuneration payable to Mr. Wadhwa in the slab of Rs. 1,00,00,000 to Rs. 2,00,00,000 per annum, with the base salary in the scale of Rs. 40,00,000 to Rs. 75,00,000 per annum, subject, however to deduction of all applicable taxes and / or levies etc.
3. Remuneration payable to Mr. Wadhwa, shall be fixed by the Board of Directors of the Company in accordance with the approval given by the shareholders of the Company which shall constitute the minimum remuneration payable to him irrespective of the fact that the Company has inadequate profits/ or has losses. Further, Mr. Wadhwa shall be eligible for compensation for loss of office for the purposes of Section 318 of the Act.
4. Mr. Wadhwa's performance shall be reviewed by the Board annually and his remuneration shall be revised within the overall range as mentioned above.
5. Mr. Wadhwa shall also be entitled to all other employee benefits with respect to Provident Fund, Superannuation Fund, Gratuity, leave rules, Club Membership etc. as per Company's policy. In addition, he shall be entitled to reimbursement of all business related expenses incurred by him on actual basis as per Company's policy, practice and procedure as is in effect from time to time, as an employee in continuation of his employment with the Company.
6. The draft of agreement between the Company and Mr. Wadhwa 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.

The Statement pursuant to Schedule –XIII of the Companies Act, 1956 for the appointment of Mr. V D Wadhwa as Managing Director is attached in the Notice.

This Explanatory Statement together with the accompanying Notice may also be regarded as an abstract under Section 302 of the Companies Act, 1956.

The Board recommends the Special Resolution set fourth at Item No. 7 of the Notice for approval of the members. None of the Directors, other than Mr. Wadhwa himself, are deemed to be concerned or interested in this resolution, as it relates to his appointment.

Registered Office :

117, Ground Floor,
World Trade Centre,
Babar Road,
New Delhi – 110 001
Dated: 31 May 2012

**By Order of the
Board of Directors**
Sd/
Shilpa Verma
Company Secretary

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GENERAL INFORMATION

- Nature of Industry:** Manufacturing of Wrist Watches
- Date or expected date of Commencement of Commercial Production:** The Company commenced its business from 4 October 1988.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**
Not Applicable
- Financial Performance of the Company based on given indicators**

The Financial Performance of the Company for the year 2010 – 2011 & 2011-12 are as follows:

Particulars	F.Y. 2010-11 Amount (Rs. in lakhs)	F.Y. 2011-12 Amount (Rs. in lakhs)
Sales and other Income	17,391	18,391
Less:- Total Expenditure	15,633	17,786
Profit (Loss) Before Tax	1,758	605
Profit(Loss) After Tax	1,401	453

- Export Performance and Net Foreign Exchange Collaborations: -**

Earnings in foreign currency

(Rs. In Lakh)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Exports on F.O.B basis	564	527
Service income	177	261
	741	788

- Foreign Investment or Collaborators, if any:-**

Out of Rs.10,09,50,000/-(10,09,50,000 Equity shares of Re. 1/- each) Paid up capital, Rs.7,56,45,100/-(7,56,45,100 Equity Shares of Re. 1/- each) is held by Timex Group Luxury Watches B.V.

II. Information about Mr. V. D. Wadhwa, :

- Background details**

Mr. V D Wadhwa is an alumnus of Harvard Business School & a fellow member of the Institute of Company Secretaries of India. Mr. Wadhwa has over 25 years of working experience in various industries/business. He has been associated with the Company since the year 1992 in various capacities and largely credited with the re-establishment of the entire distribution and retail base after the Company ceased to be the Timex JV with Tata's. Subsequently he played a major role in the profitable turnaround of the Company's operations through business and financial restructuring

- Past Remuneration:**

Organization	Designation	Duration	Total cost to the Company (In Rs.)
Timex Group India Limited	Managing Director	W.e.f. 29 April, 2010 for a period of two years	1,07,74,525/-per annum

- Recognition or awards:**

Mr. Wadhwa has been awarded with *two of the Most Prestigious Awards-"Movers of Time Award" and "The Man of the Year Award"* by the Trade Post Journal of India at the opening ceremony of India International Watch Clock Fair 'Samay Bharati 2012'

- Job Profile & his Suitability:**

As Managing Director of the company, Mr. V.D. Wadhwa is responsible for the overall performance of the company.

Since his joining, Mr. Wadhwa has very ably handled many challenges and helps stabilize the company's growth & the team. Because of his advice and interventions, the Company was able to solve all the challenges of company's

working. He put in rigorous systems & processes in place to regularly review performance of the company, generate timely MIS, fulfil all compliance & related obligations, etc. He set up internal controls & processes and delegated responsibilities effectively to his teams.

In addition, his advice and counsel was found to be very valuable by the management of Timex Group India Ltd in various organizational matters ranging from managing & improving profitability to investment decisions to employee development & assessment of their performance.

Keeping in view of his contribution to the Company since his appointment, the Board considers his re-appointment to be in the best interests of the Company. The Board is confident that Mr. V.D. Wadhwa's management capabilities will enable the Company progress further.

5. Remuneration Proposed:

As set out in the above Notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the Relevant details would be w.r.t. the country of his origin):

The Company conducts the annual compensation benchmarking exercise for determining the industry norms and finalizes the remuneration basis the same. The Company takes a conservation approach while finalization of remuneration.

Taking into account Mr. V.D. Wadhwa's invaluable contribution to the Company, his role in placing the Company in eminent position in the Industry, his strategic role in turning around the Company from its difficult position, the remuneration paid to the appointee was found to be reasonable and in par with the remuneration levels in the Industry, across the country and befits his position.

7. Pecuniary relationship, directly or indirectly, with the Company or relationship with the managerial personnel, if any:

Mr. V.D. Wadhwa has no pecuniary relationship with the company, except to the extent of the remuneration as proposed to be paid to him.

Further he has no relationship with any of the managerial personnel of the company

III. Other Information

• Reasons of loss or inadequate profits:

The Company has been operating successfully and earning profits since past few years. Since the Company is in the growth mode, it has been ploughing back the profits and making investments in the marketing front. Spends have gone up on Brand building and expansion of retail front for betterment of long term profitability.

In the year 2010-2011, the Company delivered its highest ever volume, revenue and profitability performance with sales revenue up by 25% at Rs. 174 crores and profit after tax grew by 203% at Rs. 14 crores.

In the year 2011-12, the economy witnessed a sharp depreciation of Indian Rupee during the year, which in turn has significantly impacted the operating margins for the business. However, the Company grew marginally over the last year on overall business but our trade channel, which is a better barometer for business equity witnessed approx 20% growth over the last year.

• Steps taken or proposed to be taken for improvement:

Going forward the Company has set clear goals and objectives to ensure the sales and profit evolution is in line with the Company's strategic plan. The Company intends to continue making investments on marketing and brand building to improve the future profitability.

• Expected Increase in productivity and profits in measurable terms:

The performance of the Company is expected to improve in the year ahead in terms of higher turnover, better productivity and profitability as a result of above measures taken for improvement in performance.

IV. Disclosures

The Remuneration package of the managerial personnel has been provided in the Notice and the Company shall make appropriate disclosures as required under Schedule XIII of the Companies Act, 1956 in the Corporate Governance Report forming part of the Directors' Report of the Company every year.

TIMEX GROUP

DIRECTORS' REPORT

To the Members of Timex Group India Limited

Your Directors are pleased to present the Twenty-fourth Annual Report and Audited Statement of Accounts for the year ended 31 March 2012.

FINANCIAL RESULTS

	Rs. in Lakhs	
	2011-12	2010-11
Income	18,391	17,391
Expenditure	17,786	15,633
EBIDTA	911	1,927
Interest	109	0.47
Depreciation	197	169
Profit before tax (PBT)	605	1,758
Provision for Taxes	152	357
Profit after Tax	453	1,401

The year under review had been a tough year due to slowdown of the economic growth. The GDP growth projection of 9% fell short of expectations and the year closed with GDP growth of under 7%. This coupled with high inflation and borrowing costs adversely impacted the consumer demand in most categories and your Company was no exception.

In addition, the economy witnessed a sharp depreciation of Indian Rupee during the year, which in turn had significantly impacted the operating margins for the business. Your Company had taken aggressive price increases across brands to minimize the impact of adverse exchange rate; however the full benefit of these price changes will only be seen in the next year. The rupee continues to be weak and necessary steps are being taken to mitigate the future risk in this regard.

Regardless of these challenges, the focus of the Company had been to deliver results and continue to invest in the long term growth drivers for the business. The year 2011-12 saw the Company growing marginally over the last year on overall business but our trade channel, which is a better barometer for business equity witnessed approx 20% growth over the last year.

The year 2012-2013 shall continue to be a challenging year. However, we have no doubt that the fundamentals of the Indian economy shall continue to be strong over the longer term. Going forward the Company has set itself clear goals and objectives to ensure the sales and profit evolution is in line with the Company's strategic plan.

In the last year, your Company had initiated synchronized action on multiple fronts – people leadership, brand presence and innovations in terms of products. Some of the key initiatives taken were as under:

- Improved Brand salience by building a stronger consumer connects through a multimedia Communication program.
- Key positions in the Company were filled in to help address some of the competency gaps.
- Revamped the product portfolio and introduced new styles with improved aesthetics and at the same time generated a higher gross unit margin for the business. This will serve us well in future
- Launched iconic Timex products such as Intelligent Quartz – the world's smartest analog watch & Heart Rate Monitor.
- Partnered with 3 Gold Label Marathons (SCMM-Mumbai, ADHM-Delhi & TCS Bangalore 10K) as "Official Timekeeper".
- Visual Merchandising development: Introduced new VM concepts and techniques to amplify brand visibility across verticals.
- Expanded retail chain and launched 100th "Time Factory" store.
- Started E-Commerce and Face book fan page for our youth brand – HELIX

MANAGEMENT DISCUSSION AND ANALYSIS

THE INDIAN WATCH MARKET

The present size of the Indian time industry is currently estimated at INR 4,600 crore. The industry has witnessed a growth of 8-10 percent in the past few years. The watch industry has a promising future as it is expected to grow at 12-15 percent in the next few years. A large part of this growth is expected from youth, women and luxury segment of the consumers. While the unit growth is driven by low price unbranded products, the growth at the mid and higher price points is driven by creating higher value through improved styling and technology. The growth in the market has been led by marketing