

TRUE  
SINCE  
1854

**TIMEX®**

# ANNUAL REPORT 2016

TIMEX GROUP INDIA LIMITED

## TRACK YOUR ACTIVE LIFE.

**TIMEX**

Metropolitan+



Activity  
Tracking



Phone  
Syncing



No  
Charging

iOS  Bluetooth®

**TIMEX**

©2016 Timex Group USA, Inc. TIMEX, INDIGLO and WEAR IT WELL are trademarks of Timex Group B.V. and its subsidiaries. iOS is a trademark or registered trademark of Cisco in the U.S. and other countries and is used under license. The Bluetooth® word mark and logos are registered trademarks owned by Bluetooth SIG, Inc. and any use of such marks by Timex is under license. The Android robot is reproduced or modified from work created and shared by Google and used according to terms described in the Creative Commons 3.0 Attribution License.

TRUE  
STYLE IS  
TIMELESS.

TRUE  
SINCE  
1854

**TIMEX**



## INTRODUCING THE NEW STAINLESS STEEL CHRONOGRAPHS FROM TIMEX

- HIGH PRECISION 12 HOUR CHRONOGRAPH WITH TACHYMETER
- ACCURATE MEASUREMENT TO 1/20TH OF A SECOND
- SOLID STAINLESS STEEL CASE & GENUINE LEATHER STRAP
- DATE DISPLAY
- LOW BATTERY INDICATOR



<b>Director(s)</b>	Colin Davis Arsenault	Non-Executive Director & Chairman
	David Thomas Payne	Non-Executive Director
	Sharmila Sahai (Ms.)	Managing Director
	Anil Malhotra	Non-Executive Director
	Daya Dhaon	Non-Executive & Independent Director
	Gagan Singh (Ms.)	Non-Executive & Independent Director
	Pradeep Mukerjee	Non-Executive & Independent Director
	Bijou Kurien	Non-Executive & Independent Director

**CFO** Amit Jain

**GM Legal & Company Secretary** Dhiraj Kumar Maggo

**Bankers** HDFC Bank Limited  
The Hongkong & Shanghai Banking Corporation Limited  
J.P. Morgan Chase Bank NA

**Auditors** BSR & Co., LLP  
Chartered Accountants

**Registered Office** JA-1203, 12th Floor, DLF Tower-A,  
Jasola, New Delhi – 110025.

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

**Registrar &  
Share Transfer Agent** Alankit Assignments Limited  
1E/13 Alankit Heights  
Jhandewalan Extension  
New Delhi 110 055  
Tel.: 011-42541234/42541960  
Fax: 011-23552001  
Email: rta@alankit.com  
Website : www.alankit.com

## DIRECTORS' REPORT

To the Members of Timex Group India Limited

The Directors are pleased to present the Twenty-eighth Annual Report and Audited Statement of Accounts for the year ended 31st March 2016.

	Rs. in Lakh	
FINANCIAL RESULTS	2015-16	2014-15
Revenue from operations (including other income)	17,338	14,243
Profit before Interest and Depreciation	(292)	(792)
Less: Interest	357	253
Less: Depreciation	278	224
Add: Exceptional item	-	171
Profit/ Loss for the year	(927)	(1098)

Fiscal 2015-16 was a year of improved performance, recovery, consolidation and new explorations for Timex Group. The Revenue from Operations (including other income) has increased during the financial year 2015-16 by 22% over the previous year and the Loss for the year has reduced by 16% over the previous year.

The revenue growth is contributed by improvement in both traditional distribution channel and the new upcoming E-Commerce business. A good institutional order also helped. This financial year we have introduced a new brand Versus from the house of Versace, which is positioned at the fastest growing price segment of 10,000/- to 15,000/-. Versus watches are urban, youthful, dynamic and confident.

The Company is in line of its defined strategic direction of providing financial stability through rigorous management of credit facility, accounts receivables, inventory management, product margin management and cost control.

The Company has invested in the ERP package Oracle in its front end [order to sales] to help it make faster decisions and provide complete transparency and accountability.

Employees continue to be the most important assets and the Company continues to invest in their development and growth.

### Dividend

In view of the losses for the year ended 31st March, 2016 and accumulated losses, the Board of Directors has not recommended any dividend for this year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDIAN ECONOMY

The Indian economy has performed well during the year 2015-16 as compared to other parts of the World. The World Bank expects the Indian economy's growth rate at 7.5% during the financial year 2015-16. However, the International Monetary Fund expects the Indian economy to grow at 7.3% during this year. The GDP growth is driven by private consumption and low energy prices. Weak exports and delayed economic reforms weigh down the economy. The one significant upside possibility is a good monsoon. This would increase rural consumption and improve consumer sentiments.

### OVERVIEW OF WATCH INDUSTRY

The watch industry has witnessed an average CAGR of 7-8% due to the factors including increasing disposable income; internet penetration, technologically advanced electronic gadgets and smart phones and tablets bringing in a new set of consumers into the fore; wearable technology and smart watches offering benefits such as ease of use, mobility and robust fitness-tracking acquiring new consumers across demography, increased spending from top e-commerce portals etc.

Amongst various segments, lifestyle & entry fashion segment is growing the fastest due to increasing aspiration to own branded timepieces as lifestyle accessory. Brands operating in this segment are increasing spends to improve brand visibility.

Luxury watch segment which was previously struggling for growth has taken a turn for the worse on account of the new mandatory PAN card disclosures for purchase above INR 2 Lakh. Poor retail has led to rethink of business model in India.

### GROWTH DRIVERS OF THE COMPANY

The Company has well adapted itself to the changing dynamics of the watch industry owing to the increased consumption and disposable income, coming from Tier 2 cities. The Company has identified the key growth drivers as:

**Product Offering:**

The Company will protect and grow its existing consumer base by continuously refreshing the product portfolio, in terms of design, technology and innovation to cater to the changing consumer taste and trends and offer the 'right' value of the products to the consumers.

The Company is also increasing its consumer base by offering products for the growing 'fashion' conscious consumer at the price point of 10000/- to 15000/-. The Company has introduced 'Versus' from the house of Versace to cater to this market.

In the past year, the Company has successfully introduced activity trackers for the tech savvy consumer, for example: the Runx 20 and Metropolitan+. Going forward the Company has a robust and exciting technology roadmap to cater to the growing market for wearable products.

**Strengthening Company's traditional distribution channel and growing the E-Commerce channel:**

The Company will grow by increasing its point of sales in the growing Tier 2 cities by strengthening its distribution in these markets. The Company is also investing in opening company owned showrooms in these markets. The Company ended the last fiscal year with 64 showrooms and is targeting to add 20 new showrooms this year. In the modern retail channel, the Company has grown with large format retailers and is making significant investments to improve its retail visibility.

The Company will continue to invest and grow in the E-commerce space along with all the key players in this space.

**Increased Investment in Marketing:**

In line with its strategic intent, the Company will be investing in improving its market share. The Company has defined its target market and will be communicating with them through television commercials and digital advertising. The objective is to be the preferred brand choice for consumers.

The Company plans to achieve double digit growth in the year ahead with investments in increasing brand pull and market share.

**OPPORTUNITIES AND CHALLENGES**

The following factors show that there is a strong growth potential in the Indian watch industry:

1. Wrist watch penetration is under 35% in India.
2. Ownership of multiple watches is lagging at less than 5%.
3. Purchasing power of Indian population is increasing, thereby fuelling the growth of watch industry. With the increase in number of millionaires and high net worth individuals (HNI), the demand for consumer products including watches is increasing.
4. Average selling price in fashion and lifestyle segment has been increasing continuously thereby improving the margins.
5. E-commerce has made the products more accessible to consumers. It ensures cost effective reach to consumers.
6. Increased number of brands including foreign brands and marketing activity is attracting consumers.
7. As a result of innovation and new technologies, advanced hi tech products are hitting the market and luring new customers. Multipurpose products like wearables are an attraction as well as useful products.

The watch industry is expected to witness significant growth in future years and the Company with its wide array of brands and styles, ranging from Fashion to Classics and Sports, can take full advantage of these consumer trends by addressing their specific needs. The Company shall continue to invest in its product portfolio and strengthen the communication of its brand attributes.

With constant product and marketing innovation becoming the need of the hour and most brands raising their game in agility and customer insight, these potent engagement initiatives from the house of Timex clearly signals the watch maker's corporate intent to embrace the ongoing retail revolution.

**RISKS & THREATS**

The Company has in place a well defined Risk Management Policy and Risk Assessment and Minimisation Committee comprising of senior management to periodically review and assess the key risks. A detailed exercise is carried out to identify, evaluate, manage and monitor the potential risks to the strategy of the Company. The Board periodically reviews the risks and suggests steps to be taken to mitigate the same.

Based on detailed review, the Company has recognized the below specific key risks relating to the Company-

- **Financial Risk**

The net worth of the Company has fully eroded with the accumulated losses sitting at Rs. 7814 Lakh as at 31 March 2016.

However, the Company has taken various measures to improve its operational efficiency and growth trajectory. As per the business plans of the Company, the funding requirements of the company will be met through funds from operations, operational efficiency, bank borrowings, borrowing from affiliate Company and the proposed issuance of the preference

shares. With the consistent double digit growth in revenue by increasing market share, the Company is confident of achieving breakeven soon.

Dollar is expected to be range bound from here on. However, any adverse movement in exchange rate can seriously impact the margin of the Company in the short and medium term. However, the Company is working towards localization of imported parts/ goods.

## • External Environment

Various segments of the industry are focusing on wearable technology. Handset/IT/Telecom/CD companies as part of their convergence strategy are investing heavily on wearable technology & Watches are the primary device on which a majority of the investments are being made. Wellness companies also are launching bands which are an extension to their health apps. Technology companies are tying up with various watch manufactures to integrate handsets to provide unparalleled consumer experience across walks of life.

Innovation is a key and to be profitable there has to be continuous improvement. Timex Group Global Design Centre located in Milan and also Global Supply Chain organization renders support to the business in India in terms of improved technology and styling of the products. Our global resources give Timex Group India a true advantage in a highly competitive marketplace. By thinking and acting both locally and globally, we are constantly challenging ourselves to look at the future.

The Company has already forayed into wearable technology through Timex Ironman Move x20, and Timex Ironman Run x20 in Q1 of FY 2015-2016 to cater to the current age of fitness enthusiasts and tech-savvy audience. The Company has also entered smart watch market through Metropolitan+.

## III. Internal Environment

Other players in the industry are setting up their own manufacturing base. This may impact the economies of scale of watch industry vendors and may lead to increase in the cost of procurement. To combat this risk, the Company is integrating with global supply chain to develop alternate vendors.

## IV. Other Risks

Other risks including the risks relating to retention of key personnel, compliance to various laws, contractual obligations, risks relating to the general macroeconomic environment including risks associated with political and legal changes, changes in tax structures, and commercial rules & laws are analyzed and measures are taken to mitigate the same, if required.

## KEY INITIATIVES BY TIMEX

The Company has laid down the growth strategy for the current year which includes the following key initiatives:

- The Company continues to invest in brand building to reposition Timex as an Authentic, Iconic, and American brand through advertising and marketing initiatives.
- With a view to bring consumers closer to the international trends, the Company has been introducing its international range of products. The Company will also focus on local product development to meet market specific requirements. New product launches, improved quality and service levels shall be the core focus.

The company has forayed into wearable technology with the successful launch of Ironman fitness tracker bands last year followed by successful launch of Metropolitan+ this year.

- Offer value for money to the consumers and build solid brand perception by executing effective marketing.

The Company recently launched some the international best sellers in India and the Company has planned to launch its latest exciting international collection for Indian consumers.

- City centric demand generation marketing campaigns and sometimes seasonal & regional sales led promo-off campaigns. Use international imagery; focus on growing lifestyle of consumers. The company has increased investment on marketing; driving brand imagery through global best sellers and harping on truly the American connect.
- On the Channel segmentation front, e-commerce was the focused channel to reach-out to larger consumer base across cities. Modern trade & showrooms drive imagery. Distribution lead mass markets will drive volumes and share.

The Company's visibility and sales are increasing on each channel, especially online & retail. The Company has planned to expand further to untapped segments.

- The Company has invested in the ERP package Oracle in front end [order to sales] to help make faster decisions and provide complete transparency and accountability.

## DIRECTORS

### Composition

The Company has eight (8) Directors consisting of four (4) Independent Directors, three (3) Non Executive Directors and One (1) Managing Director.

## **Appointment/ Resignation from the Board of Directors**

Mr. David Thomas Payne was appointed as an additional director of the Company with effect from May 12, 2016. He holds the office until the forthcoming Annual General meeting. The Company has received requisite notice pursuant to Section 160 of the Companies Act, 2013 from a member proposing candidature of Mr. David Thomas Payne as the Director of the Company. The Directors recommend his appointment as Director of the Company, liable to retire by rotation.

Ms. Sharmila Sahai has been re-appointed as the Managing Director of the Company for a term of two years with effect from 18th November, 2015 which has been approved by the shareholders through postal ballot on 5th April, 2016.

Mr. Ryan Todd Roth resigned from the directorship with effect from 21st March, 2016.

Further, in accordance with Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Colin Davis Arsenault retires by rotation as a Director of the Company, and being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

## **Appointment / Resignation of Key Managerial Personnel**

Mr. Dhiraj Kumar Maggo has been appointed as the General Manager – Legal & Company Secretary and Compliance Officer of the Company with effect from 30th March, 2016 in place of Ms. Shilpa Verma who resigned from this position with effect from 28th March, 2016.

## **Declaration by the Independent Directors**

Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

## **Number of meetings of Board of Directors**

The Board met five times during the financial year 2015-2016 on 21st May, 2015, 6th August, 2015, 3rd November, 2015, 4th February, 2016 and 30th March, 2016. Directors attending the meeting actively participated in the deliberations at these meetings. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. More details of the Board meetings have been provided in the 'Report on Corporate Governance'.

## **COMMITTEES OF THE BOARD**

The Company has constituted various Committees pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. Presently, the Company has following Committees in place-

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee
4. Share Transfer Committee
5. Corporate Social Responsibility Committee

The details with respect to the compositions, powers, roles, terms of reference, etc. of relevant Committees are given in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

## **REMUNERATION POLICY**

The Policy on Directors appointment and remuneration, including criteria for determining qualifications, positive attributes and independence of the Directors and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013 adopted by the Board, is attached as **Annexure A**.

## **EMPLOYEE REMUNERATION**

Statement pertaining to remuneration and other details as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) and (2) of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 is attached as **Annexure B**.

## **FORMAL ANNUAL EVALUATION**

Nomination and Remuneration Committee of the Board had prepared draft parameterized feedback forms for evaluation of the Board, Board Committees, Directors and Chairman.

Independent Directors evaluated the Board's performance, performance of the Chairman and other non-independent Directors.

The Board subsequently evaluated performance of the Board as a whole, the Committees and Independent Directors (without participation of the concerned director).

## **VIGIL MECHANISM**

The Company has implemented a Whistle Blower Policy to provide a mechanism for employees / Board Members and others to raise good faith concerns about violation of any applicable law/ Code of Conduct of the Company, gross wastage or misappropriation of funds, substantial or specific danger to public health and safety, abuse of authority or unethical behaviour and to protect the individuals who take such actions from retaliation or any threat of retaliation and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time.

None of the Whistle Blowers have been denied access to the Audit Committee of the Board. The details of the Whistle Blower Policy are explained in the Report on Corporate Governance and also available on the website of the Company at the following link: [www.timexindia.com](http://www.timexindia.com).

## **POLICY ON PREVENTION OF INSIDER TRADING**

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has framed a) Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and b) Code of Fair Disclosure. The Company's Code, inter alia, prohibits dealing in the shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods.

## **FAMILIARISATION PROGRAMME**

The details of familiarization programmes arranged for the Independent Directors have been disclosed on the website of the company and are available at the following link-[www.timexindia.com](http://www.timexindia.com).

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

## **RELATED PARTY TRANSACTIONS**

All related party transactions entered into during the year under review were in the ordinary course of business, on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No material related party transactions was entered during the financial year. Accordingly, the disclosure required under section 134(3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company. The details of the related party transactions entered during the year are given in the financial statements of the Company.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Policy has been uploaded on the website of the Company at [www.timexindia.com](http://www.timexindia.com).

## **FINANCE**

The Company does not hold any fixed deposits. There were no overdue / unclaimed deposits as on 31st March 2016.

During the year under review, the Company made payments aggregating to Rs. 45.55 Crore by way of Central, State and local sales taxes and duties as against Rs 35.35 Crore in the previous year.

## **SEGMENT WISE REPORTING**

The segment wise information for watches and other activities are provided in the Notes to the Accounts.

## **LISTING**

The Equity Shares of the Company are listed on the BSE Ltd. The annual listing fee for the year 2016- 2017 has been paid to the Exchange.

## **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The internal control mechanism comprises of a well-defined organization, which undertakes time bound audits and reports its findings to the Audit Committee, documents policy guidelines and determines authority levels and processes.

The systems and operations are regularly reviewed by the Audit Committee to ensure and review their effectiveness and implementation. The Statutory Auditors of the Company also regularly attend these meetings and convey their views on the adequacy of internal control systems as well as financial disclosures. The Audit Committee, Statutory Auditors and the Function Heads are periodically apprised of the internal audit findings. Corrective actions taken by the management on the audit observations are presented to the Audit Committee. The Audit Committee also issues directives for enhancement in scope and coverage of specific areas, wherever felt necessary.



In order to further strengthen the internal controls, the Company has implemented an ERP package-Oracle in front end [order to sales] at all its locations during the year. Further, the Company has also implemented internal financial controls with the help of M/s Deloitte Haskins & Sells. These systems have also been checked by M/s BSR & Co., LLP, the Statutory Auditors.

## AUDITORS AND AUDITORS' REPORT

### a. Statutory Auditors

M/s BSR & Co. LLP, Chartered Accountants, Statutory Auditors of the Company shall hold office till the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for re-appointment. It is recommended that they may be re-appointed as Statutory Auditors of the Company from the conclusion of the ensuing Annual General meeting of the Company till the conclusion of next Annual General meeting.

The Board has examined the Report issued by the Statutory Auditors of the Company on the Accounts for the financial year ended 31st March 2016 and their comment about the managerial remuneration. The Company is taking necessary steps for recovery of this amount from the erstwhile Managing Director.

### b. Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. NKJ and Associates, Company Secretaries, as the Secretarial Auditors of the Company to carry out Secretarial Audit for the Financial Year 2015-16. The report of Secretarial Auditors is annexed to this Report as **Annexure- C**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has re-appointed M/s. NKJ & Associates as Secretarial Auditors for the Financial Year 2016-17.

## HUMAN RESOURCES

The Company believes that experienced, talented and motivated manpower is an essential pre-requisite for successful operations as well as achieving the growth plans of the Company. Employees of all ranks contribute towards the Company's growth in the form of leading, thinking, working, creating, processing, dealing, motivating, and encouraging the workforce to meet work challenges. The management is committed to strengthen this human force by providing it with better tools, technology, techniques, and terms as well as a conducive ambiance at the work place. Given growth plans of the Company, an important strategic focus of the Company is to continue to not only nurture its human capital, but proactively focus on preparing all employees for the challenges of the future.

The Company comprises a small team of professionals, who are result oriented, committed and loyal. As on 31st March 2016, the Company had 363 employees on its rolls.

The Company has reinforced a culture of performance and meritocracy by deploying transparent and agreed upon smart KRAs and KPIs. These KRAs and KPIs cascade from the Company's growth strategy and plans. The Company has implemented an online performance management system i.e. 'Workday' for setting up of goals and objectives of all employees and thereby tracking it on a regular basis. Appraisals are also completed basis these goals and objectives filled by the employees. The Company has also introduced a rewards and recognition policy for all employees i.e. Employee of the Month Award.

Attracting and retaining bright talent and improvement in the quality of manpower at retail stores are identified as key challenges and being addressed accordingly through product training and retention initiatives.

## MATERIAL CHANGES

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year of the Company i.e. 31st March, 2016 and the date of Directors' Report i.e. 26th May, 2016.

Further, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

## EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company under the provisions of Section 92 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, is annexed herewith as **Annexure- D**.

## CORPORATE GOVERNANCE

As per Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a separate section on Corporate Governance together with a certificate from the practicing Company Secretary confirming compliance is set out in the Annexure forming part of this report.

## CONSERVATION OF ENERGY

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided in **Annexure E** to this Report.

## DEMATERIALIZATION

The equity shares of the Company are being compulsorily traded in dematerialization form. As on 31st March 2016, 27536 no. of shareholders representing 97.13% of the Equity Share Capital are holding shares in the dematerialized form.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the directors to the best of their knowledge and ability confirm that-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

## CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis Report describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable laws. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices, raw material availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

## ACKNOWLEDGEMENTS

The 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 New Okhla Industrial Development Authority, the Governments of Uttar Pradesh and Himachal Pradesh, the Banks / Financial Institutions and other stakeholders such as, shareholders, customers and suppliers, among others, and its employees. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to their continued support in future.

**For and on behalf of the Board of Directors**

**Place : Noida, U.P.  
Date : May 26, 2016**

**Sd/-  
Colin Davis Arsenault  
Chairman  
DIN: 07156629**

**Annexure-A**

## NOMINATION & REMUNERATION POLICY

In accordance with the provisions of the Companies Act, 2013 the policies governing the appointment, removal and remuneration of the Board of Directors, Key Managerial Personnel and Senior Management Personnel of Timex Group India Ltd. (hereinafter referred to as "the Company") are outlined below.

The policy is framed with the following objective(s):

- a) to lay down the criteria to identify person/s who are qualified to become Directors, Key Managerial Personnel and Senior Management on the basis of which the Committee can recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to lay down the criteria to evaluate the performance of the Board as an entity, the members of the Board, Board Committees, Key Managerial Personnel and Senior Management
- c) to define the policy for remuneration of directors, Key Managerial Personnel, senior management and other employees.