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**TIMEX®**

**TIMEX GROUP INDIA LIMITED**

First Floor, Tower-B,  
Plot No. B-37, Sector-1,  
Noida - 201301, U.P. (India)  
CIN NO. : L33301DL1988PLC033434  
Tel. : 91-120-4741300  
Fax : 91-120-4741440  
Website : [www.timexindia.com](http://www.timexindia.com)  
E-mail : [feedback@timexindia.com](mailto:feedback@timexindia.com)

July 28, 2017

The Secretary  
BSE Ltd.  
PJ Towers, Rotunda Bldg.,  
Dalal Street, Fort  
Mumbai- 400 001

Scrip Code: 500414

Subject: 29<sup>th</sup> Annual General Meeting of the Company and voting results.

Dear Sir/Madam,

Further to our letter dated June 29, 2017, 29<sup>th</sup> Annual General Meeting (AGM) of the Company was held on Thursday, July 27, 2017 at 10.00 am at Air Force Auditorium, Subroto Park, New Delhi-110010 and the business mentioned in the Notice dated May 25, 2017 was transacted.

In this regard, please find enclosed the following:

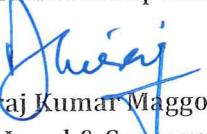
- 1) Summary of proceedings as required under Regulation 30, Part-A of Schedule-III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Annexure I)
- 2) Voting results as required under Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Annexure II)
- 3) Report of Scrutinizer dated July 28, 2017, pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. (Annexure III)
- 4) Annual Report for the financial year 2016-17 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013. (Annexure IV)

A copy of above reports is being uploaded on the website of the Company.

You are requested to take the above information on record and acknowledge.

Thanking you,

For Timex Group India Limited

  
Dhiraj Kumar Maggo  
GM- Legal & Company Secretary



Enclosures: as above

Annexure-1

**Summary of Proceeding of the 29<sup>th</sup> Annual General Meeting of the Company**

The 29<sup>th</sup> Annual General Meeting (AGM) of the Members of Timex Group India Limited (the 'Company') was held on Thursday, July 27, 2017 at 10.00 am at Air Force Auditorium, Subroto Park, New Delhi-110010.

Mr. Colin Davis Arsenault chaired the meeting and welcomed the shareholders to the meeting. Ms. Sharmila Sahai, Ms. Gagan Singh, Mr. Anil Malhotra, Mr. Bijou Kurien, Mr. Daya Dhaon and Mr. Pradeep Mukerjee, directors also attended the meeting. The representatives of Statutory Auditors and the Secretarial Auditors were also present at the AGM. The requisite quorum being present, the Chairman called the meeting to order.

The Register of Directors and KMP and their shareholdings (maintained under Section 170 of the Companies Act, 2013) and Register of Contracts or Arrangements (maintained under Section 189 of the Companies Act, 2013) were made available for inspection by the members at the meeting.

With the concurrence of the Members, the Notice convening the 29<sup>th</sup> AGM along with Annual Report, including the Audited Accounts of the Company being already circulated, were taken as read.

The Chairman addressed the members and gave an overview of the financial performance of the Company for the financial year ended 31<sup>st</sup> March 2017 and its future outlook.

The members were informed that in accordance with provisions of Companies act, 2013 read with SEBI Regulations, the Company had, through National securities Depositories Limited (NSDL), provided the members the facility to cast their vote electronically, on the resolutions set forth in the Notice. The remote e-voting period had commenced on July 24, 2017 (10.00 am IST) and ended on July 26, 2017 (5.00 pm IST). Members who were present at the AGM and had not cast their votes electronically were provided an opportunity to cast their votes at the end of the meeting. It was further informed that there would be no voting by show of hands.

The following items of business, as per the Notice of AGM dated May 25, 2017, were transacted at the meeting:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2017, and the Report of the Auditors and Board of Directors thereon.



2. To appoint a Director in place of Mr. Anil Malhotra (DIN: 00713889), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants as Auditors and fix their remuneration.
4. To fix the remuneration of Ms. Sharmila Sahai, Managing Director (DIN: 00893750), of the Company.

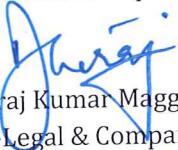
The members were informed that the Board of Directors had appointed Mr. Neelesh Kumar Jain (FCS No. 5593), Proprietor, M/s NKJ & Associates, Company Secretaries, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

The members were informed that the results of voting i.e. e-voting results and results of the voting done at the AGM along with consolidated Scrutinizer Report shall be announced on July 28, 2017 and would be submitted with the BSE Ltd. and displayed at the website of the Company.

The Chairman thanked all shareholders for their presence and support and for casting of votes. Thereafter, the AGM stood closed.

This is for your information and record.

Thanking you,  
For Timex Group India Limited

  
Dhiraj Kumar Maggo  
GM-Legal & Company Secretary  
Membership No.- F7609  
Address: 1<sup>st</sup> Floor, Plot No. B-37, Noida-201301, UP



Date: July 28, 2017

Place: Noida, UP

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Tel. : 91-120-4741300  
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Website : [www.timexindia.com](http://www.timexindia.com)  
E-mail : [feedback@timexindia.com](mailto:feedback@timexindia.com)

Annexure-II

Date of the AGM	July 27, 2017
Total number of shareholders on record date	60493
No. of shareholders present in the meeting either in person or through proxy	
Promoter and Promoter Group:	1
Public:	551
No. of shareholders attended the meeting through Video Conferencing:	Not Applicable
Promoter and Promoter Group:	
Public:	

**RESOLUTION NO. 1-** To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2017, and the Report of the Auditors and Board of Directors thereon.

Resolution required: (Ordinary/Special)			Ordinary Resolution					
Whether promoter/promoter group are interested in the agenda/resolution?			No.					
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes- in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	75645100	0	0	0	0	0	0
	Poll		75645100	100	75645100	0	100	0
	Total		75645100	100	75645100	0	100	0
Public Institution	E-Voting	188895	0	0	0	0	0	0
	Poll		0	0	0	0	0	0
	Total		0	0	0	0	0	0
Public-Non Institution	E-Voting	25116005	6828	0.0272	6727	101	98.5208	1.4792
	Poll		5818	0.0232	5747	71	98.7796	1.2204
	Total		12646	0.0504	12474	172	98.6399	1.3601
Total		100950000	75657746	74.9458	75657574	172	99.9998	0.0002



RESOLUTION NO. 2- To appoint a Director in place of Mr. Anil Malhotra (DIN: 00713889), who retires by rotation and being eligible, offers himself for re-appointment.

Resolution required: (Ordinary/Special)			Ordinary Resolution					
Whether promoter/promoter group are interested in the agenda/resolution?			No.					
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes- in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	75645100	0	0	0	0	0	0
	Poll		75645100	100	75645100	0	100	0
	Total		75645100	100	75645100	0	100	0
Public Institution	E-Voting	188895	0	0	0	0	0	0
	Poll		0	0	0	0	0	0
	Total		0	0	0	0	0	0
Public-Non Institution	E-Voting	25116005	6828	0.0272	6421	407	94.0393	5.9607
	Poll		5818	0.0232	5764	54	99.0718	0.9282
	Total		12646	0.0504	12185	461	96.3546	3.6454
Total		100950000	75657746	74.9458	75657285	461	99.9994	0.0006

RESOLUTION NO. 3- To appoint M/s. Deloitte Haskins & Sells LLP. Chartered Accountants as Auditors and fix their remuneration

Resolution required: (Ordinary/Special)			Ordinary Resolution					
Whether promoter/promoter group are interested in the agenda/resolution?			No.					
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes- in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	75645100	0	0	0	0	0	0
	Poll		75645100	100	75645100	0	100	0
	Total		75645100	100	75645100	0	100	0
Public Institution	E-Voting	188895	0	0	0	0	0	0
	Poll		0	0	0	0	0	0
	Total		0	0	0	0	0	0
Public-Non Institution	E-Voting	25116005	6828	0.0272	6627	201	97.0562	2.9438
	Poll		5818	0.0232	5747	71	98.7796	1.2204
	Total		12646	0.0504	12374	272	97.8491	2.1509
Total		100950000	75657746	74.9458	75657474	272	99.9996	0.0004



RESOLUTION NO. 4— To fix the remuneration of Ms. Sharmila Sahai (DIN: 00893750), Managing Director of the Company.

Resolution required: (Ordinary/Special)			Special Resolution					
Whether promoter/promoter group are interested in the agenda/resolution?			No.					
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3) =[(2)/(1)]*10 0	No. of Votes- in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]* 100	% of Votes against on votes polled (7)=[(5)/(2)]* 100
Promoter and Promoter Group	E-Voting	75645100	0	0	0	0	0	0
	Poll		75645100	100	75645100	0	100	0
	Total		75645100	100	75645100	0	100	0
Public Institution	E-Voting	188895	0	0	0	0	0	0
	Poll		0	0	0	0	0	0
	Total		0	0	0	0	0	0
Public-Non Institution	E-Voting	25116005	6828	0.0272	6521	307	95.5038	4.4962
	Poll		5818	0.0232	5764	54	99.0718	0.9282
	Total		12646	0.0504	12285	361	97.1453	2.8547
Total		100950000	75657746	74.9458	75657385	361	99.9995	0.0005



*Annexure - III***Consolidated Report**

To

The Chairman  
 Timex Group India Limited  
 106-107, Ambadeep, 14, Kasturba Gandhi Marg New Delhi 110001

Result of voting through electronic means conducted pursuant to the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, or amendments therein, and Poll conducted pursuant to Section 109 of the Companies Act, 2013 read with Rule 21 of the Companies (Management and Administration) Rules, 2014, or amendments therein, for the Twenty-Ninth Annual General Meeting of the Company held on Thursday, July 27, 2017 at 10.00 AM at the Air Force Auditorium, Subroto Park, New Delhi-110010.

Dear Sir,

I, Neelesh Kumar Jain, Proprietor, NKJ & Associates, Company Secretaries, (Membership Number 5593), was appointed as scrutinizer of Timex Group India Limited (the Company), with respect to the captioned subject hereby submit my consolidated report as under:

**Resolution-1 : Ordinary Resolution**

To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31 March 2017, and the Report of the Auditors and Board of Directors thereon.

Particulars	Number of Members Casted Votes			Number of votes Casted			Total	(%)
	E-voting	Poll	Total	E-voting	Poll	Total		
Assent	31	28	59	6,727	75650847	75657574	99.9997727	
Dissent	2	25	27	101	71	172	0.00022734	
Total	33	53	86	6828	75650918	75657746	100	
Invalid Votes	0	2	0	0	2	0	0	0

Based on the Above, the Resolution has been passed with requisite majority

**Resolution-2 : Ordinary Resolution**

To appoint a Director in place of Mr. Anil Malhotra (DIN: 00713889), who retires by rotation and, being eligible, offers himself for re-appointment.

Particulars	Number of Members Casted Votes			Number of votes Casted			Total	(%)
	E-voting	Poll	Total	E-voting	Poll	Total		
Assent	28	29	57	6421	75650864	75657285	99.9993907	
Dissent	5	24	29	407	54	461	0.00060932	
Total	33	53	86	6828	75650918	75657746	100	
Invalid Votes	0	2	2	0	2	0	0	0

Based on the Above, the Resolution has been passed with requisite majority



**Resolution-3 : Ordinary Resolution**

To Appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the Company for a period of 5 years and fixing their remuneration thereof.

Particulars	Number of Members Casted Votes			Number of votes Casted			Total	(% )
	E-voting	Poll	Total	E-voting	Poll			
Assent	30	28	58	6627	75650847	75657474	99.9996405	
Dissent	3	25	28	201	71	272	0.00035951	
<b>Total</b>	<b>33</b>	<b>53</b>	<b>86</b>	<b>6828</b>	<b>75650918</b>	<b>75657746</b>	<b>100</b>	
Invalid Votes	0	2	0	0	2	0	0	0

Based on the Above, the Resolution has been passed with requisite majority

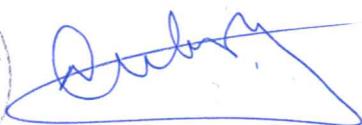
**Resolution-4 : Special Resolution**

To fix the Remuneration of Ms. Sharmila Sahai (DIN: 00893750), Managing Director of the Company:

Particulars	Number of Members Casted Votes			Number of votes Casted			Total	(% )
	E-voting	Poll	Total	E- voting	Poll			
Assent	29	29	58	6521	75650864	75657385	99.9995229	
Dissent	4	24	28	307	54	361	0.00047715	
<b>Total</b>	<b>33</b>	<b>53</b>	<b>86</b>	<b>6828</b>	<b>75650918</b>	<b>75657746</b>	<b>100</b>	
Invalid Votes	0	2	0	0	2	0	0	0

Based on the Above, the Resolution has been passed with requisite majority

For NKJ & Associates

Scrutinizer

Name: Neelesh Kr. Jain  
Practicing Company Secretary  
FCS: 5593 CP No.: 5233

Date: 27th July 2017

Place: New Delhi

Countersigned by:

For TIMEX GROUP INDIA LIMITED



Chairman

# TIMEX

Smart Watchmaking™

## ANNUAL REPORT 2017

TIMEX GROUP INDIA LIMITED



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#### Fitness Band Incognito.

Timex iQ+™ Move Activity Tracker



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Your Phone



Sync Time &  
Perfect Date\*



Activity & Sleep  
Tracking



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# **TIMEXGROUP**

<b>Board of Directors</b>	Colin Davis Arsenault David Thomas Payne Sharmila Sahai (Ms.) Anil Malhotra Daya Dhaon Gagan Singh (Ms.) Pradeep Mukerjee Bijou Kurien	Non-Executive Director & Chairman Non-Executive Director Managing Director Non-Executive Director Non-Executive & Independent Director Non-Executive & Independent Director Non-Executive & Independent Director Non-Executive & Independent Director
<b>CFO</b>	Amit Jain	
<b>GM Legal &amp; Company Secretary</b>	Dhiraj Kumar Maggo	
<b>Bankers</b>	J.P. Morgan Chase Bank NA HDFC Bank Limited	
<b>Auditors</b>	BSR & Co., LLP Chartered Accountants	
<b>Registered Office</b>	106-107, Ambadeep, 14, Kasturba Gandhi Marg, New Delhi – 110001.	
<b>Works</b>	Plot No.10 Baddi Industrial Area Katha Bhatoli Baddi, Distt. Solan (H.P)	
<b>Registrar &amp; Share Transfer Agent</b>	Alankit Assignments Limited 1E/13 Alankit Heights Jhandewalan Extension New Delhi 110 055 Tel.: 011-42541234 Fax: 011-23552001 Email: <a href="mailto:rta@alankit.com">rta@alankit.com</a> Website : <a href="http://www.alankit.com">www.alankit.com</a>	

# TIMEXGROUP

## DIRECTORS' REPORT

To the Members of Timex Group India Limited

The Directors are pleased to present the Twenty-Ninth Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2017.

FINANCIAL RESULTS	2016-17	2015-16 Rs. In Lakh
Revenue from operations (including other income)	19,995	17,338
Profit before Interest and Depreciation	105	(292)
Less: Interest	277	357
Less: Depreciation	209	278
Add: Exceptional item	-	-
Profit/ Loss for the year	(381)	(927)

The year 2016-17 was another year of improved operating performance, financial growth and new initiatives for Timex Group. The Revenue from Operations (including other income) during the financial year 2016-17 has increased by 15% over the previous year, and the loss for the year has reduced by 59% over the previous year. With the issuance of Cumulative Redeemable Non-Convertible Preference Shares amounting to Rs. 3500 Lakh to the Holding Company, the net worth of the Company has become positive.

The growth has been driven by increased sales to all sales channels. Timex has been one of the few brands registering double digit growth consistently. The new products developed by the Company have been well accepted, not only in the domestic market but also in the international markets. The Company has received good orders from group companies globally.

During the year, the Company reinforced the American heritage of the brand by a high decibel TV advertising campaign, supported by digital and social media, PR and local promotions. The Timex Metropolitan collection heralded the advertising campaign for the year. This was followed by the in-movie placement and association with the Salman Khan blockbuster Sultan, which won rave reviews and created impact in India and abroad. The sales campaign for the festival season was supported by an impactful multimedia advertising campaign. Other licensed watch brands like Versus, Versace and Salvatore Ferragamo grew significantly, backed by in-store presence and selective advertising and PR campaigns. All these efforts resulted in creating more salience for Timex and licensed brands, expanding distribution and increased sales.

With continued focus on increasing operational efficiencies, better working capital management, increased supply chain capability and efficiency and cost control efforts resulted in improved performance metrics. Driving low cost manufacturing helped the Company become a leading supplier of Timex watches to other group companies across the World.

Employees continue to remain the Company's most important assets. Several efforts were undertaken to improve employee capability, build greater engagement with the company and provide opportunities for growth. These resulted in industry leading benchmarks for attrition and performance.

The dealer, distributor, retail and institutional network partners showed greater commitment and support to the Company which resulted in retail commitment, increased market share and positive share of mind.

### Dividend

In view of the losses for the year ended 31<sup>st</sup> March, 2017 and accumulated losses, the Board of Directors has not recommended any dividend for this year.

### CHANGES IN CAPITAL STRUCTURE

The Authorised Share Capital of the Company was re-classified and now stands at Rs. 17,000 Lakh, divided into 9,000 Lakh Equity Shares of Re. 1/- each and 800 Lakh preference shares of Rs. 10/- each.

During the year, the Company issued and allotted 5% Cumulative Redeemable Non-Convertible Preference Shares amounting to Rs. 3,500 Lakh to its Holding Company i.e. Timex Group Luxury Watches B.V., Nederland for working

capital requirements. Pursuant to the above allotment, the issued and paid-up share capital of the Company has increased to Rs. 8,619.5 Lakh, divided into 1,009.5 Lakh Equity Shares of Re. 1/- each and 761 Lakh Preference Shares of Rs. 10/- each.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDIAN ECONOMY**

Despite demonetisation impact, the Indian economy has performed well during the year 2016-17 as compared to other countries. The World Bank expects Indian economic growth rate to be 7% during the financial year 2016-17. However, the International Monetary Fund expects the Indian economy to grow at 6.8% during this year due to the temporary disruptions caused by demonetisation. The growth is expected to rebound quickly to 7.2% in 2017-18. Tailwinds from favourable monsoon, low oil prices and continued progress in resolving supply-side bottlenecks, as well as robust consumer confidence, will support near-term growth and ease cash shortages.

Goods and Services Tax (GST) is expected to be introduced from 1st July, 2017. Industry will have to reorganise its business as the country switches to the GST regime, which will bring more small companies into the tax net. While lower GST may lead to a decline in inflation, the transition to the new GST system will affect economic growth in the short term even though it will benefit both industry and the government in the medium term.

### **OVERVIEW OF WATCH INDUSTRY**

Watch industry has seen sluggish growth due to lower than expected performance of bigger players. The luxury watch market has been affected on account of demonetisation and PAN card disclosure for purchase of watches of value above Rs. 2,00,000. New introductions of luxury watch brands has seen innovative distribution practices and realignment of market share within the industry.

Future of watch industry looks bright as the economy is expected to regain its consumption momentum. This will be a function of new brand introductions and wearable technology supporting larger customer needs. Improved distribution in Tier 3 and Tier 4 markets is helping the Industry to acquire new customers. This is supported by the increased activity of online e-commerce players who offer deep distribution and significant discounts to create greater excitement for the watch category.

The young customer who is driven by fashion considerations is increasingly buying watches which suit their lifestyles. Supported by large format department store, boutique and mall led distribution and larger advertising spends, this category has shown resilience and is the fastest growing segment in the watch industry.

### **GROWTH DRIVERS OF THE COMPANY**

The Company has put in place plans for achieving sustained growth, keeping in view the fast-changing business environment and the growing competition. The industry is growing at a modest pace while the Company's growth is faster. The Company is focussed at maintaining this growth while ensuring returns for all its stakeholders. The Company has identified the key growth drivers as:

#### **Strengthening the Product portfolio:**

The Company believes that a good product is the most important way to approach, acquire and retain the consumer. To this end, the Company has adopted two-pronged approach viz. refreshing the existing product portfolio by introduction of new products in terms of design, technology and innovation that match the ever-changing taste and trends of the consumer and launch of new products for the fashion oriented consumer segment.

The new products launched by the Company have been well appreciated, both in the Indian and international markets. Brand 'Versus from the house of Versace', priced between Rs.11-20,000, has been doing well among the fashion-conscious consumer segments. The Company has also been introducing international products in the Indian market to offer more choice to the consumer. The Company has recently launched IQ+ Move in the connected style segment which combines the benefits of an activity tracker with beauty of a traditional analog quartz watch. In the past, the Company had also introduced activity trackers for the tech savvy consumer, such as the Runx 20 and Metropolitan+. The Company believes that the market for the wearable products is growing and has drawn up a robust and exciting technology roadmap to cater to this segment.

#### **Enhancing the distribution footprint and increasing points of Sale:**

The Company continues to focus on growth by further increasing its distribution footprint. Special focus on Tier 2 and

Tier 3 markets has yielded better than expected results. Franchisee led expansion will increase Showrooms in Tier 1 and Tier 2 cities. The Company is investing significantly in retail fixtures and visual merchandising to improve retail presence and increase consumer shopping experience. Increased brand perception amongst consumers has helped increase market share in large retail formats like department stores.

E-commerce business has seen exponential growth. In order to strengthen this business, the Company plans to introduce exclusive products for the E-commerce channel. The Company is also working on an omni channel strategy to unlock greater value.

#### **Increasing Marketing initiatives:**

The Company plans to introduce new marketing campaigns in 2017 to become the preferred choice of consumers. The company will continue to use traditional media like print & TV and also leverage new media vehicles to smartly connect with the core target group.

The in-store visibility of Timex Group brands is a key focus area to help improve brand presence. The Company will run innovative consumer campaigns, without diluting brand's perceived value.

#### **Strengthening our manufacturing capability:**

The Company continues to improve upon domestic manufacturing capability as part of the Make in India effort of the Government. Improved productivity and efficiency have resulted in higher production of watches per day. The Company has been able to export watches to other Group companies. There is growing recognition within the Global Supply Chain that India can become an important supplier in the future and efforts to support this drive are being undertaken.

#### **Internal and External stakeholder support:**

Employees have supported the building of the Company and will continue to drive its performance improvement. Suppliers and trade and institutional sales partners are committed to building this Company further.

#### **Managing Regulatory changes:**

The Company has taken steps to maintain business continuity despite introduction of new regulations like GST and transition from Excise exemption at Baddi. Vendors have been educated on documentation requirements and trained in new laws such as GST to ensure that there is no disruption in supplies. Key vendors have also been taken to Cebu, Philippines; a key manufacturing centre for Timex Global, to sensitise them to global manufacturing and supply chain practices.

## **OPPORTUNITIES AND CHALLENGES**

The Indian watch industry has strong growth potential which is substantiated by the following factors:

1. With increasing disposable income and purchasing power of Indian population, the watch industry is expected to grow at a higher rate. With the increase in number of millionaires and high net worth individuals (HNI), the demand for consumer products including watches is expected to increase.
2. The watch industry in India has potential to grow, with only 35% of our population wearing wristwatches and only 5% of them owning multiple watches.
3. Premium priced and Fashion categories are the fastest growing categories, which are expected to help the Company achieve better prices and product margins.
4. Online and Omni channels will fuel the growth of watch industry.
5. Fitness trackers and Smart watches, though at a nascent stage in development, will continue to aid the growth of the Watch industry.
6. Timex is one of the few brands registering consistent double digit revenue growth, and this is expected to continue.
7. Entry of new brands including international brands, and their marketing efforts are attracting new customers to the Industry.

The Excise benefit from the Company's Baddi plant has ceased in May 2017. The Company has taken efforts to maintain its margins despite this change. The proposed GST rates can also impact prices adversely, but the Company is taking steps to ensure that margins will not be affected despite these changes.

## **RISKS & THREATS**

The Company has set up a well-defined risk management mechanism to identify and assess the potential risks and

determine the processes to mitigate the same. A Committee comprising of senior management executives has been constituted to periodically review and assess the key risks in consultation with the functional managers. Detailed exercise has been carried out to identify, evaluate, manage and monitor the potential risks to the operations of the Company. The Board periodically reviews the risks and suggests steps to be taken to mitigate the same.

The Company has recognized the below specific key risks -

#### • **Financial Risk**

The Company has increased capital by issuing Cumulative Redeemable Non-Convertible Preference Shares amounting to Rs. 3,500 Lakh to the Parent Company, thereby addressing the concern of negative net worth.

The Company has taken various measures to improve its operational efficiency and growth rate. As per the business plans of the Company, the funding requirements of the company will be met through internal accruals, borrowings from Banks and affiliate Companies. With growth in revenue, the Company is confident of achieving breakeven.

While the Indian Rupee has strengthened against the US Dollar, and a bulk of the Company's imports designated in US Dollars, there has been an improvement in product margins. Continued efforts to indigenise will help protect the Company from any adverse exchange rate fluctuations.

#### • **External Environment**

Wearable technology is the buzzword in watch industry. Mobile handset manufacturers and technology companies are investing on wearable technology. Wellness companies also are launching bands which are an extension to their health apps. Technology companies are tying up with various watch manufacturers to integrate technology with watches. The Company believes that continuous innovation is key to success. Timex Group Global Design Centre located in Milan, and the Global Supply Chain organization supports the Company to create differentiation and bring cutting edge technology and designs to a highly competitive marketplace. By thinking and acting both locally and globally, we are constantly challenging ourselves to look at the future.

#### • **Internal Environment**

Dependency on China, which is a procurement hub for raw material, may get affected due to external environment. To combat this risk, the Company is integrating with Timex Global supply chain to develop alternate vendors.

#### • **Other Risks**

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, commercial rules & laws, information technology, business continuity and disaster management are analyzed regularly and measures taken to mitigate the same.

## **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/Key Managerial Personnel**

Mr. David Thomas Payne was appointed as a Director by the shareholders in their annual general meeting held on August 3, 2016.

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

There was no change in the Key Managerial Personnel during the year.

### **Declaration by the Independent Directors**

The Company has received declarations from all Independent Directors of the Company confirming that they continue to meet the criteria of independence, as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have confirmed that they have complied with the Company's code of conduct.

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

The Board met six times during the financial year 2016-2017 on 26<sup>th</sup> May, 2016, 1<sup>st</sup> July, 2016, 3<sup>rd</sup> August, 2016, 24<sup>th</sup> August, 2016, 10<sup>th</sup> November, 2016 and 2<sup>nd</sup> February, 2017. 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 of the Board in place-

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

The details with respect to the composition, powers, roles, terms of reference, etc. of these 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** and forms an integral part of this Report.

## **EMPLOYEE REMUNERATION**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report, which forms part of this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report, which forms part of this Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

## **FORMAL ANNUAL EVALUATION**

The Board has carried out performance evaluation of itself, its Committees and each of the Directors (without participation of the concerned director).Independent Directors collectively evaluated the Board's performance, performance of the Chairman and other non-independent Directors. The Nomination and Remuneration Committee also reviewed the performance of the Board, its Committees and of the Directors.

The performance evaluation concluded on the note that each of the individual directors, Committees and the Board as a whole, were performing efficiently and effectively and shared a common vision to turning organization goals into reality.

## **VIGIL MECHANISM**

The Whistle Blower Policy of the Company provides 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.

# **TIMEXGROUP**

The Whistle Blowers are not denied access to the Audit Committee of the Board. The details of the Whistle Blower Policy are given in the Report on Corporate Governance and are 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**

In terms of the 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.

## **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**

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 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).

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. For transactions which are foreseen and repetitive in nature, omnibus approval of Audit Committee is obtained at the beginning of the financial year. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company has issued preference shares to Timex Group Luxury Watches B.V., its Holding Company, at arms-length terms and conditions. As this transaction does not fall in the ambit of Section 188(1) of the Companies Act, 2013 and there is no other material related party transaction, 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.

## **FINANCE**

The Company has not invited nor does it hold any fixed deposits. There were no overdue / unclaimed deposits as on 31<sup>st</sup> March 2017.

During the year under review, the Company made payment aggregating to Rs. 4,356 Lakh by way of Central, State and local sales taxes and duties as against Rs. 4,555 Lakh 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 2017- 2018 has been paid to the Exchange.

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

The Company has put in place adequate internal control systems, commensurate with size, scale and complexity of its operations, to ensure compliance with policies and procedures. The Company has also adopted policies and procedures for ensuring the orderly and efficient conduct of its business, 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 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.

With a view to ensure and review the effectiveness and implementation of the systems and operations, the Audit Committee

regularly reviews them. The Internal Auditors and Statutory Auditors regularly attend Audit Committee meetings and convey their views on the adequacy of internal control systems as well as financial disclosures. The Audit Committee is briefed about the corrective actions taken by the management on the audit observations. The Audit scope is regularly reviewed by the Audit Committee for enhancement/ modification of scope and coverage of specific areas.

The Company has implemented internal financial controls with the help of M/s Deloitte Haskins & Sells LLP. These systems have also been checked by M/s BSR & Co., LLP, the Statutory Auditors.

## **AUDITORS AND AUDITORS' REPORT**

### **a. Statutory Auditors**

The Statutory Auditors of the Company, M/s BSR & Co. LLP, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting of the Company. In terms of the provisions of the Companies Act, 2013 relating to rotation of Auditors, the Company is required to appoint a different firm of Chartered Accountants as Statutory Auditors of the Company.

The Board of Directors has, in its meeting held on May 25, 2017, on the recommendations of the Audit Committee, recommended to the shareholders the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as the Statutory Auditors of the Company for a term of 5 consecutive years from the conclusion of 29<sup>th</sup> Annual General Meeting till the conclusion of 34<sup>th</sup> Annual General Meeting. The Company has received their written consent and a certificate that they satisfy the criteria provided under section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and the rules framed thereunder.

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act. The Report given by M/s BSR & Co. LLP, Statutory Auditors on the financial statement of the Company for the year 2016-17 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

### **b. Secretarial Auditors and Secretarial Audit Report**

The Secretarial Audit was carried out by M/s. NKJ and Associates, Company Secretaries (Certificate of Practice No. 5233) for the financial year 2016-17. The Report given by the Secretarial Auditors is annexed as **Annexure B** and forms integral part of this Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

In terms of Section 204 of the Companies Act, 2013, the Audit Committee recommended and the Board of Directors appointed M/s. NKJ & Associates, Company Secretaries (Certificate of Practice No. 5233) as the Secretarial Auditors of the Company in relation to the financial year 2017-18. The Company has received their consent for appointment.

## **HUMAN RESOURCES**

The Company considers its employees as most valuable resource and ensures strategic alignment of Human Resource practices to business priorities and objectives. Our constant endeavour is to invest in people and processes to improve human capital for the organisation and service delivery to our customers. Attracting, developing and retaining the right talent will continue to be a key strategic initiative and the organisation continues its undivided attention towards that. Given growth plans of the Company, an important strategic focus of the Company is to continue to not only nurture its human capital, but also proactively focus on preparing all employees for the challenges of the future. The Company strives to provide a conducive and competitive work environment to help the employees excel and create new benchmarks of productivity, efficiency and customer delight.

The Company comprises a small team of professionals, who are result oriented, committed and loyal. As on 31<sup>st</sup> March 2017, the Company had 367 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 based on 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 challenge 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. 31<sup>st</sup> March, 2017 and the date of Directors' Report i.e. 25<sup>th</sup> May, 2017.

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 is annexed herewith as **Annexure C** and forms an integral part of this Report.

## **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 D** to this Report forming an integral part of this report.

## **DEMATERIALISATION**

The equity shares of the Company are being compulsorily traded in dematerialized form. As on 31<sup>st</sup> March 2017, 26145 shareholders representing 97.18% of the Equity Share Capital are holding shares in 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 have been followed along with proper explanation relating to material departures;
- (b) the directors have 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 have 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 have prepared the annual accounts on a going concern basis; and
- (e) the directors have 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 have devised proper systems to ensure compliance with the provisions 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 25, 2017

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.

In the context of the aforesaid objectives, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on May 26, 2016.

### I. DEFINITIONS

- a. Key Managerial Personnel: Key Managerial Personnel means—
  - (i) Chief Executive Officer or the managing director or the manager;
  - (ii) Company Secretary,
  - (iii) Whole-time Director;
  - (iv) Chief Financial Officer; and
  - (v) such other officer as may be prescribed by the Committee from time to time.
- b. Senior Management: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This will include all members of management one level below the executive directors including all functional heads. Senior Management of Timex Group India Limited includes personnel heading the following functions of the Company: Finance, Sales, Luxury, Legal, Marketing, Human Resources, Supply Chain and Product. The positions included in Senior Management could change in future if there are changes in roles and structure of the Company.
- c. Board: Board means the Board of Directors of Timex Group India Limited.
- d. Committee: Committee means the Nomination and Remuneration Committee of Timex Group India Limited.

### II. CRITERIA FOR IDENTIFYING PERSONS WHO ARE QUALIFIED TO BE APPOINTED AS DIRECTORS / KEY MANAGERIAL PERSONNEL /SENIOR MANAGEMENT PERSONNEL OF THE COMPANY:

#### a. Directors

The Nomination and Remuneration Committee shall identify the persons who are qualified to become Directors in accordance to the criteria which includes, but are not be limited to-

- Financial and Business skills and experience to contribute to the strategy / risk / people / financial / legal / governance aspects of the Company's business;

- Personal specifications including integrity and probity, interpersonal communication and representational skills, Demonstrable leadership skills;
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities;
- At the time of appointment, the number of Boards on which such Director serves (including as an alternate director) are not more than 9 publicly listed companies and 19 companies overall (excluding Directorship of the Company if appointed),
- The proposed appointee is not disqualified to become a director in terms of Section 164 of the Companies Act, 2013.

## **b. Independent Directors**

In addition to the above, a person proposed to be appointed as an Independent Director should meet the below mentioned parameters

- Should be in compliance to the definition of Independent Director as given under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Possess qualifications as mentioned in Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to six listed companies (excluding the directorship of the Company) as an Independent Director; however if the person is a Whole Time Director in any listed company, then the number of directorships the person can hold excluding directorship of the Company, cannot exceed two.

## **c. Senior Management Personnel and Key Managerial Personnel and Other Employees**

The Company has drafted job descriptions and job specifications against all positions. The proposed appointees are hired as per the laid down job description and job specifications.

Any new hire in the Company are assessed against a range of criteria which includes but are not limited to –

- Job knowledge, relevant experience, ability, academic achievements and qualifications, performance track record, potential, maturity, customer focus, integrity, skills, background and other qualities required to operate successfully in the position.
- Personal specifications including integrity and trust, communication and business acumen, interpersonal skills, teamwork and collaboration.
- The extent to which the appointee is likely to contribute to the overall effectiveness of the organization

## **III. EVALUATION OF DIRECTORS/ SENIOR MANAGEMENT / KEY MANAGERIAL PERSONNEL**

Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act states that the Independent Directors shall at a separate meeting –

- review the performance of non- independent directors
- review the performance of the Board as a whole
- review the performance of the Chairperson of the Company, taking into accounts views of executive directors and non executive directors

The performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated. The performance evaluation of Board Committees shall be done by the entire Board of Directors.

The evaluation/assessment of the Directors, Board, Board Committees, Chairperson, Key Managerial Personnel's and the senior officials of the Company is to be conducted on an annual basis.

### **a. Executive Directors:**

The Executive Directors shall be evaluated on the basis of targets and responsibilities assigned to executive Directors by the board from time to time. In addition, executive directors shall also be evaluated on the basis of below personal abilities.

- Innovation and Creativity
- Integrity and Trust

- Business Acumen
- Professional Courage
- Communicates Effectively
- Initiative
- Teamwork and Collaboration
- Customer Focus
- Global Mindset / External Focus
- Practices Continuous Improvement

**b. Non Executive Director:**

The Non Executive Directors shall be evaluated on the basis of the following criteria:

- Commitment to the fulfillment of a director's obligations and responsibilities as defined in the Appointment letter, Companies Act, 2013 and SEBI(Listing Obligations and Disclosure Requirements) 2015;
- Active participation in, and contributions to, long term strategic planning / risk assessment and mitigation / talent and people management / financial management / governance aspects of the Company's business.
- Assist the company in implementing the best corporate governance practices;
- Assist the company by outlining best practices to address key issues of the company;
- Assist the company in getting access to information or resources externally as and when required

**c. Chairperson**

The performance of the Chairperson of the Company shall be evaluated taking into accounts views of executive directors and non executive directors on the following parameters-

- leadership of the board
- role insetting its agenda;
- ensuring the provision of accurate, timely and clear information to directors;
- ensuring effective communication with shareholders;
- arranging the regular evaluation of the performance of the board, its committees and individual directors; and
- facilitating the effective contribution of non-executive directors and
- ensuring constructive relations between executive and non-executive directors.

**d. Board and Board Committees**

The Board and Board Committees shall be evaluated on the basis of broad parameters laid down below and as detailed in the evaluation forms prescribed by the Committee/Board.

- Board/ Committee Composition
- Board/ Committee Meetings
- Information to the Board/ Operating Procedures
- Responsibilities

**e. Key Managerial Personnel and Senior Management Personnel**

The Key Managerial Personnel and Senior Management Personnel shall be evaluated by the Managing Director on the basis of targets / smart goals given to them and shared with the Board from time to time and on the basis of below personal abilities-

- Innovation and Creativity
- Integrity and Trust
- Business Acumen
- Professional Courage
- Communicates Effectively
- Initiative
- Teamwork and Collaboration
- Customer Focus
- Global Mindset / External Focus
- Practices Continuous Improvement

**f. Criteria for evaluating performance of Other Employees**

The power to decide criteria for evaluating performance of Other Employees has been delegated to MD and HR Department of the Company.

## **IV. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

Guiding principles for determining remuneration of directors, Key Managerial Personnel & Senior Management

- a) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/ Key Managerial Personnel / Senior Management of the quality required to run the Company successfully.
- b) That the remuneration to Directors, Key Managerial Personnel, and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c) That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- d) That the trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration having due regard to financial and commercial health of the Company.
- e) No Director / Key Managerial Personnel / other employee is involved in deciding his or her own remuneration.

### **a. REMUNERATION TO DIRECTORS**

The remuneration to the Executive Directors, Non Executive Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company, Companies Act, 2013 and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

### **b. REMUNERATION TO INDEPENDENT DIRECTOR**

#### **Sitting Fees**

The Non-executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations and no sitting fee is paid to Non-executive Non Independent Directors. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Further the boarding and lodging expenses shall be reimbursed to the Directors on actuals should they need to travel inter-city out of their base location for attending Board meetings or other official engagements, for and on behalf of, the Company. Additionally, should the Board decide, the Independent Directors may be considered for additional remuneration in a financial year if the Board believes that they have contributed significantly to the business of the Company, and the Company's financial results reflect such contribution subject to the various regulations that apply to remuneration to Directors.

### **c. REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES**

The remuneration is negotiated with the prospective appointee taking into consideration the size of the Company, the profile of the appointee, responsibility to be shouldered by him/ her and the industry bench mark. The remuneration of Key Managerial Personnel and Senior Management Personnel shall be approved basis the guiding principles for determining remuneration stated above.

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company shall be paid monthly and/or annual remuneration as per the Company's HR policies and / or as may be approved by the Committee.

## **V. ANNUAL APPRAISAL PROCESS**

Organization-wide Increments to the existing remuneration / compensation structure shall be approved by the Committee on an annual basis. The Committee shall take into account the business results, competitive compensation market scenario, and other factors in approving the organization wide overall increments.

The Increments in the remuneration of Managing & Executive Director shall be approved by the Board on the recommendation of the Committee based on individual performance in addition to factors stated above in the previous paragraph. The Increments to the Managing Director should be within the slabs approved by the Shareholders.

The Increments in the remuneration of Key Managerial Personnel, Senior Management Personnel and other employees shall be made on the basis of achievement of smart goals/ targets set and shall be approved by the Managing Director within the overall organization wide increment recommendation of the committee.

**Form No. MR-3**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017**

**To,**  
**The Members,**  
**Timex Group India Limited**  
**106-107, Ambadeep, 14, Kasturba Gandhi Marg**  
**New Delhi Central Delhi DL 110001**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Timex Group India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) The Securities and exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above as applicable

# **TIMEXGROUP**

## **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

## **We further report that**

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Place : New Delhi**

**Date : 25th May, 2017**

**For NKJ & Associates  
Company Secretaries**

**Neelesh Kr. Jain  
FCS No.: 5593  
C P No. : 5233**

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report

**Annexure A**

**To,  
The Members  
Timex Group India Limited  
106-107, Ambadeep, 14, Kasturba Gandhi Marg,  
New Delhi-110001**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Date : 25th May, 2017**

**Place : New Delhi**

**Neelesh Kumar Jain  
FCS No.: 5593  
C P No. : 5233**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31st March 2017**

*(Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014)*

**I. REGISTRATION AND OTHER DETAILS**

1	CIN	L33301DL1988PLC033434
2	Registration Date	4 October 1988
3	Name of the Company	Timex Group India Limited
4	Category/Sub-Category of the Company	Public Company/Limited by shares
5	Address of the Registered office and contact details	106-107, Ambadeep,14, Kasturba Gandhi Marg, New Delhi-110001 Phones Nos. 011-41021297 Email Id: investor.relations@timex.com
6	Whether listed company	Yes
7	Name, Address and Contact Details of Registrar and Transfer Agent:	Alankit Assignment Limited 1E/13 Alankit Heights, Jhandewalan Extension, New Delhi-110055 Telephone: 011-42541234 Fax Number: 011-23552001 Email Id : rta@alankit.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Watches	2652	100%*

\*Rounded off

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S No.	Name and address of the Company	CIN/GLN	Holding/subsidiary/ Associate of the Company	% of shares held	Applicable section
1.	Timex Group Luxury Watches B.V. Herengracht 466, 1017 CA Amsterdam The Netherland Netherlands	-	Holding Company	74.93%	Section 2(46)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (1 <sup>st</sup> April 2016)				No. of Shares held at the end of the year (31 <sup>st</sup> March 2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoter</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Government	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/PFI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-Total(A)(1):-	0	0	0	0	0	0	0	0	0
<b>(2) Foreign</b>									
a) NRIs-Individual	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	75645100	0	75645100	74.93	75645100	0	75645100	74.93	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other....	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	75645100	0	75645100	74.93	75645100	0	75645100	74.93	0
<b>Total shareholding of Promoter(A)=(A)(1)+(A)(2)</b>	<b>75645100</b>	<b>0</b>	<b>75645100</b>	<b>74.93</b>	<b>75645100</b>	<b>0</b>	<b>75645100</b>	<b>74.93</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	7800	7800	.01	0	7800	7800	0.01	0
b) Banks/FI	200	1100	1300	0.00	200	1100	1300	0.00	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	15600	15600	0.015	89296	15600	104896	0.104	0.088
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
<b>i) Others(specify) Foreign National</b>	<b>400</b>	<b>0</b>	<b>400</b>	<b>0.00</b>	<b>400</b>	<b>0</b>	<b>400</b>	<b>0.00</b>	<b>0</b>

# TIME X GROUP

Category of Shareholders	No. of Shares held at the beginning of the year (1 <sup>st</sup> April 2016)				No. of Shares held at the end of the year (31 <sup>st</sup> March 2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>Sub-total (B)(1):-</b>	<b>600</b>	<b>24500</b>	<b>25100</b>	<b>0.025</b>	<b>89896</b>	<b>24500</b>	<b>114396</b>	<b>0.113</b>	<b>0.088</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indians	31976130	175000	32151130	3.1840	24315180	175000	24490180	2.4260	(0.758)0
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	14347834	2458913	16806747	16.649	13817435	2421139	16238574	16.086	(0.563)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3965295	0	3965295	3.928	5189571	0	5189571	5.141	1.213
c) Others (specify)									
<b>NRI Trust</b>	<b>8982451400</b>	<b>3930000</b>	<b>12912451400</b>	<b>1.2790.00</b>	<b>9198018840</b>	<b>3847000</b>	<b>13045018840</b>	<b>1.2920.008</b>	<b>0.0130.007</b>
<b>Subtotal (B)(2):-</b>	<b>22410387</b>	<b>2869413</b>	<b>25279800</b>	<b>25.042</b>	<b>22367165</b>	<b>2823339</b>	<b>25190504</b>	<b>24.953</b>	<b>(0.088)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>22410987</b>	<b>2893913</b>	<b>25304900</b>	<b>25.07</b>	<b>22457061</b>	<b>2847839</b>	<b>25304900</b>	<b>25.07</b>	<b>0</b>
<b>3. Share held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>98056087</b>	<b>2893913</b>	<b>100950000</b>	<b>100.00</b>	<b>98102161</b>	<b>2847839</b>	<b>100950000</b>	<b>100.00</b>	<b>0</b>

### (i) Shareholding of Promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year (1 <sup>st</sup> April 2016)			Shareholding at the end of the year (31 <sup>st</sup> March 2017)			% Change in shareholding during the year
		No of shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	No of shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	
1.	Timex Group Luxury Watches B.V.	75645100	74.93	0	75645100	74.93	0	0
	<b>Total</b>	<b>75645100</b>	<b>74.93</b>	<b>0</b>	<b>75645100</b>	<b>74.93</b>	<b>0</b>	<b>0</b>

**(ii) Change in Promoters Shareholding**

No Change in the shareholding of the promoters.

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year				
2.	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/bonus/sweat equity etc)			Not Applicable	
3.	At the end of the year				

**(iii) Shareholding Pattern of the top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For each of the Top 10 Shareholders			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Tarbir Shahpuri</b>						
	At the beginning of the year			0	0		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares				
		07-10-2016	702187			702187	0.695
		21-10-2016	172			702359	0.695
		28-10-2016	5586			707945	0.701
		18-11-2016	337055			1045000	1.035
		25-11-2016	10000			1055000	1.045
		23-12-2016	10000			1065000	1.054
		31-12-2016	15000			1080000	1.069
		03-02-2017	5951			1085951	1.075
		10-02-2017	9049			1095000	1.084
	At the end of the year (or on the date of separation, if separated during the year)		1095000	1.084			
2.	<b>S. Shyam</b>						
	At the beginning of the year			954554	0.946		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares				
		08-04-2016	15027			969581	0.960
		22-04-2016	25895			995476	0.986
	At the end of the year (or on the date of separation, if separated during the year)		995476	0.986			

<b>3.</b>	<b>Chetan Jayantil Shah</b>					
	At the beginning of the year			500000	0.495	
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares			
		29-04-2016	9099		509099	0.504
		06-05-2016	65901		575000	0.570
		20-05-2016	50000		625000	0.619
		30-06-2016	75000		700000	0.693
		22-07-2016	50000		750000	0.743
		05-08-2016	25000		775000	0.768
		02-09-2016	25000		800000	0.792
	At the end of the year (or on the date of separation, if separated during the year)			800000	0.792	
<b>4.</b>	<b>Ojas Consulting Pvt Ltd.</b>					
	At the beginning of the year			690927	0.684	
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares			
	At the end of the year (or on the date of separation, if separated during the year)			690927	0.684	
<b>5.</b>	<b>Dr. Sanjeev Arora</b>					
	At the beginning of the year			598355	0.593	
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares			
	At the end of the year (or on the date of separation, if separated during the year)			598355	0.593	
<b>6.</b>	<b>Bharat Kunverji Kenia</b>					
	At the beginning of the year			320612	0.318	
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares			
	At the end of the year (or on the date of separation, if separated during the year)			320612	0.318	
<b>7.</b>	<b>Sonal Chetan Shah</b>					
	At the beginning of the year			300000	0.297	
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares			
	At the end of the year (or on the date of separation, if separated during the year)			300000	0.297	

<b>8.</b>	<b>Shashank S Khade</b>						
	At the beginning of the year			268615	0.266		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares				
		03-06-2016	28000			296615	0.294
	At the end of the year (or on the date of separation, if separated during the year)			296615	0.294		
<b>9.</b>	<b>Bhadra Jayantilal Shah</b>						
	At the beginning of the year			150000	0.149		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares				
		22-04-2016	49213			199213	0.197
		29-04-2016	50787			250000	0.248
	At the end of the year (or on the date of separation, if separated during the year)			250000	0.248		
<b>10.</b>	<b>S. Shyam</b>						
	At the beginning of the year			200000	0.198		
	Sale(-)/Purchase(+) during the Year	As on Benpos Date	No of shares				
		22-04-2016	11000			211000	0.209
		29-04-2016	10000			221000	0.219
	At the end of the year (or on the date of separation, if separated during the year)			221000	0.219		

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (1 <sup>st</sup> April 2016)		Increase/decrease in shareholding during the year specifying the reason for increase/increase	Shareholding at the end of the year (31 <sup>st</sup> March 2017)	
		Name of Director /KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Colin Davis Arsenault	0	0	-	0	0
2.	Mr. David Thomas Payne	0	0	-	0	0
3.	Ms. Sharmila Sahai	0	0	-	0	0
4.	Mr. Anil Malhotra	0	0	-	0	0
5.	Mr. Daya Dhaon	0	0	-	0	0
6.	Ms. Gagan Singh	0	0	-	0	0
7.	Mr. Pradeep Mukerjee	0	0	-	0	0
8.	Mr. Bijou Kurien	3800	0.00	-	3800	0.00
9.	Mr. Amit Jain	0	0	-	0	0
10.	Mr. Dhiraj Kumar Maggo	0	0	-	0	0

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	34,44,34,873	-	34,44,34,873
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	4,83,388	-	4,83,388
<b>Total (i+ii+iii)</b>		<b>34,49,18,261</b>	-	<b>34,49,18,261</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	13,00,00,000	-	13,00,00,000
• Reduction	-	12,31,59,623	-	12,31,59,623
Net Change	-	68,40,377	-	68,40,377
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	25,14,07,702	-	25,14,07,702
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	82,82,959	-	82,82,959
<b>Total (i+ii+iii)</b>	-	<b>25,96,90,661</b>	-	<b>25,96,90,661</b>

## VI. REMUNERATION OF THE DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Directors, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (Rs.)
	<b>Ms. Sharmila Sahai</b>		
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax act, 1961 (b) Value of perquisites u/s 17(2) Income tax Act, 1962 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	89,37,933 - -	89,37,933 - -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of profit - Others, specify	- -	- -
5.	Others (incentive, reimbursements & retiral)	13,44,106	13,44,106
	<b>Total (A)</b>	<b>1,02,82,039</b>	<b>1,02,82,039</b>
	Ceiling as per the Act	Remuneration paid is within the ceiling prescribed under Companies Act 2013 read with Ministry of Corporate Affairs Notification dated September 12, 2016.	

## B. Remuneration of other directors

Sl No.	Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
		Mr. Bijou Kurien	Mr. Daya Dhaon	Ms. Gagan Singh	Mr. Pradeep Mukerjee	
1.	A. Independent Directors • Fees for attending board/committee meetings • Commission • Others, please specify	2,80,000 - -	2,60,000 - -	3,20,000 - -	2,80,000 - -	11,40,000 - -
2.	<b>Total (1)</b>	<b>2,80,000</b>	<b>2,60,000</b>	<b>3,20,000</b>	<b>2,80,000</b>	<b>11,40,000</b>
3.	B. Other Non-Executive Directors • Fees for attending board committee meetings • Commission • Others, please specify	NA	NA	NA	NA	NA
4.	<b>Total (2)</b>	-	-	-	-	-
5.	<b>Total (B)=(1+2)</b>	<b>2,80,000</b>	<b>2,60,000</b>	<b>3,20,000</b>	<b>2,80,000</b>	<b>11,40,000</b>
6.	<b>Total Managerial Remuneration (A+B)</b>					<b>1,14,22,039</b>
	Overall Ceiling as per the Act	The sitting fees has been paid within the limits prescribed under the Companies Act, 2013				

Mr. Colin Davis Arsenault, Mr. David Thomas Payne and Mr. Anil Malhotra were not paid any sitting fee or other remuneration during the year 2016-17.

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S No	Particulars of Remuneration	Key Managerial Personnel			
		CEO/ MD*	Company Secretary- Dhiraj Kumar Maggo	CFO- Amit Jain	Total (Rs.)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax act, 1961 (b) Value of perquisites u/s 17(2) Income tax Act, 1962 (c) Profits in lieu of salary under section 17(3) income Tax Act,1961		33,19,912 32,400 -	50,57,614 32,400 -	<b>83,77,526</b> <b>64,800</b> -
2.	Stock Option	-	-	-	-
3.	Sweat Equity		-	-	-
4.	Commission - As % of profit - Others, specify		-	-	-
5.	Others (Retirals and Reimpursements)		7,05,415	8,47,850	<b>15,53,265</b>
	<b>Total</b>		<b>40,57,727</b>	<b>59,37,864</b>	<b>99,95,591</b>

\*Particulars of remuneration of CEO/MD are given under point VI(A) above.

## VII. PENALITIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any(give details)
<b>COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

### Annexure-D

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 AND RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

Particulars	Measures
<b>Conservation of energy</b>	
(i) the steps taken or impact on conservation of energy; (ii) the steps taken by the company for utilising alternate sources of energy; (iii) the capital investment on energy conservation equipments.	<ul style="list-style-type: none"> <li>Conversion of offline and semi offline VJ55, VX43 and YM92 module to online-single operation with process line assembly with the view to improve productivity, pick and place time.</li> <li>One time capital expenditure incurred during conversion amounts to Rs. 6,28,000.</li> </ul>
<b>Technology Absorption</b>	
(i) the efforts made towards technology absorption; (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and (iv) the expenditure incurred on Research and Development.	NA
<b>Foreign exchange</b>	
The Company has earned Rs. 1,429 Lakhs in Foreign exchange and used Rs. 4,427 Lakhs.	

## **REPORT ON CORPORATE GOVERNANCE**

### **CORPORATE GOVERNANCE PHILOSOPHY**

Transparency and accountability are the two basic tenets of Corporate Governance which are integral part of our business and endeavour to ensure fairness for every stakeholder- our customers, investors, vendors and the communities wherever we operate. At TIMEX, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business. We always seek to ensure that our performance is driven by integrity, value and ethics. Responsible corporate conduct is integral to the way we do our business.

We, at TIMEX, ensure that we evolve and follow the corporate governance guidelines and best practices. The norms and processes of Corporate Governance reflect our commitment to disclose timely and accurate information regarding our financial and operational performance, as well as the Company's leadership and governance structure.

Our Board is responsible for shaping the long-term vision and policy approach to steadily elevate the quality of governance in our Organisation. At Timex, we firmly believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance to bring objectivity and transparency in the Management. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

### **VISION**

The Timex Group vision is anchored in our rigorous focus on long lasting relationships with our customers and our commitment to build the power of our brands, underpinned by our peoples will to win.

By transforming ourselves into a truly Global Company and intent on globalizing the mindset of our people, we are building one of the most powerful portfolios of brands in the watch and jewellery industry.

Our vision for the future goes way beyond timekeeping. We will delight and surprise our customers through innovation in design, technology and application of our brands and deliver a superior customer experience. This will lead to enhanced values for our shareholders and increase returns on investments and assets.

Deeply committed to our Corporate Social Responsibility and our values, we will build pride in our people and win the best future talent for our Group.

### **VALUES**

- The customer is our most important asset,
- Corporate Social Responsibility is our foundation,
- Truth, transparency and respect for our differences are our pillars of strength,
- We work together to achieve Group goals,
- Our core values encompass integrity, responsibility and courage,
- We reward performance and results and we value a culture of discipline,
- We are fair and listen to our people and we expect them to always look for a better way,
- We protect our assets,
- We want to win.

## BOARD OF DIRECTORS

### a) Composition of Board

The composition of Board of Directors of the Company is in conformity with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 149 of Companies Act 2013. As on March 31, 2017, the Board consists of 8 Directors comprising 1 Executive Director, 4 Non-Executive and Independent Directors, and 3 Non-Executive Directors. The Board is chaired by Mr. Colin Davis Arsenault as a Non-Executive Chairman. All the Directors are well qualified professionals in their respective arenas. The Board has no institutional nominee directors. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

The composition and category of Directors on Board of the Company are as follows:

Name of the directors	Category	Number of shares held	No. of Directorship held in other Companies (1)	No. of Membership/Chairmanship in other Board Committees (2)
Mr. Colin Davis Arsenault	Chairman and Non Executive Director	Nil	-	-
Ms. Sharmila Sahai	Managing Director	Nil	-	-
Mr. Anil Malhotra	Non-Executive Director	Nil	4	-
Mr. David Thomas Payne	Non-Executive Director	Nil	1	-
Mr. Daya Dhaon	Non-Executive-Independent Director	Nil	-	-
Ms. Gagan Singh	Non-Executive-Independent Director	Nil	1	2 (including 1 as Chairperson)
Mr. Pradeep Mukerjee	Non-Executive-Independent Director	Nil	1	-
Mr. Bijou Kurien	Non-Executive-Independent Director	3800	8	3 (including 1 as Chairperson)

1. Does not include directorships/committee position in Companies incorporated outside India.
2. Only Audit Committee and Stakeholders Relationship Committee of the Public Limited Company have been considered for the purpose of ascertaining no. of membership & Chairmanship of Committee.
3. No director is inter-se related to any other director on the Board.

### b) Appointment/Re-appointment of Director(s)

As per the Companies Act, 2013, one-third of the Directors retires by rotation and, if eligible, seeks re-appointment at the AGM of shareholders. Mr. Anil Malhotra will retire at the ensuing AGM and being eligible, seeks re-appointment. The Board has recommended his re-appointment.

### c) Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance. Agenda papers are sent to the Directors generally one week before the meeting to facilitate meaningful and focused discussions at the meeting. In case of exigencies or urgencies, resolutions are considered by Circulation as well.

The Board met six times during the financial year 2016-17 on 26<sup>th</sup> May, 2016, 1<sup>st</sup> July, 2016, 3<sup>rd</sup> August, 2016, 24<sup>th</sup> August, 2016, 10<sup>th</sup> November, 2016 and 2<sup>nd</sup> February, 2017 to consider amongst other business matters, the quarterly performance of the Company and financial results. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days. Directors attending the meeting actively participated in the deliberations at these meetings.

## Board/ General Meetings and Attendance

Details of Attendance of Directors at various Board Meetings and at the Annual General Meeting held during the Financial year 2016-17 are as under:

Names	No of Meetings attended	Attendance at last AGM
Mr. Colin Davis Arsenault	5	Yes
Ms. Sharmila Sahai	6	Yes
Mr. Anil Malhotra	5	Yes
Mr. David Thomas Payne	4	-
Mr. Daya Dhaon	5	Yes
Ms. Gagan Singh	5	Yes
Mr. Pradeep Mukerjee	4	Yes
Mr. Bijou Kurien	6	Yes

### • Board Independence

The definition of 'Independence' of Directors is derived from Section 149(6) of the Companies Act, 2013 and the rules made thereunder, and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Based on the confirmation /disclosures received from the Independent Directors and on evaluation of their relationships disclosed, they are Independent in terms of Section 149(6) of the Companies Act, 2013 and the rules made thereunder, and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### • Information provided to the Board

The Board has unrestricted access to all Company-related information including that of our employees. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to the officers of the Company. The Board was presented with the information broadly on all suggested matters in terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has an effective post Board meeting follow up procedure. Action taken report on the decisions taken in a meeting is placed at the immediately succeeding meeting for information of the Board. The Board has established procedures to periodically review Compliance Report pertaining to all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance.

### INDEPENDENT DIRECTORS MEETING

A meeting of Independent Directors of the Company was held on 2<sup>nd</sup> February, 2017 whereat the following items as enumerated under Schedule IV to the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were discussed:

- a) Review of performance of Non-Independent Directors and the Board as a whole;
- b) Review of performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- c) Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### FAMILIARIZATION PROGRAMME

In compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. 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).

## BOARD COMMITTEES

The Board Committees play a crucial role in the governance structure of the Company and have been constituted as per the requirement of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees request special invitees to join the meeting, as and when considered appropriate.

### a) Audit Committee

The Company has adequately qualified and independent Audit Committee. Currently, Audit Committee comprises of six Directors: Ms. Gagan Singh, Mr. Daya Dhaon, Mr. Pradeep Mukerjee, Mr. Bijou Kurien, Mr. Colin Davis Arsenault and Mr. David Thomas Payne. Four of the six members on the Committee are independent directors. The Committee is chaired by Ms. Gagan Singh, who is an independent Director having vast experience and expertise in the area of finance and accounts. Mr. Bijou Kurien is the Vice Chairman of the Committee.

The Company Secretary of the Company acts as the Secretary to the Committee.

The role of the Audit Committee, inter-alia, includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company and also approval for the payment of any other services;
3. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134(3)(c) of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
4. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
5. Approval or any subsequent modification of transactions of the company with related parties;
6. Evaluation of internal financial controls and risk management systems;
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
8. To review/oversee the functioning of the Whistle Blower/ vigil mechanism.

Audit Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, the Audit Committee met four times on 26<sup>th</sup> May 2016, 3<sup>rd</sup> August 2016, 10<sup>th</sup> November, 2016 and 2<sup>nd</sup> February, 2017.

The details of member's attendance at the Audit Committee Meetings during the financial year 2016-17 are as under:

Names	No of Meeting attended
Ms. Gagan Singh	4
Mr. Bijou Kurien	4
Mr. Colin Davis Arsenault	4
Mr. Daya Dhaon	3
Mr. Pradeep Mukerjee	4
Mr. David Thomas Payne(1)	3

1. Mr. David Thomas Payne was appointed as member w.e.f 26<sup>th</sup> May 2016.

The meetings of Audit Committee are also attended by the Managing Director, Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees. The minutes of each Audit Committee meeting are placed and confirmed in the next meeting of the Board.

**b) Nomination and Remuneration Committee**

Currently, the Committee comprises of five Non-Executive Directors, namely Mr. Daya Dhaon, Ms. Gagan Singh, Mr. Pradeep Mukerjee, Mr. Colin Davis Arsenault and Mr. David Thomas Payne. Mr. Daya Dhaon, an Independent Director is the Chairman of the Committee. The Committee meets periodically as and when required. None of the Directors, except Managing Director draws remuneration from the Company.

Terms of reference of the Committee, *inter alia*, includes the following:

1. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. Formulation of criteria for evaluation of Independent Directors and the Board;
4. Devising a policy on Board diversity;
5. To recommend/ review remuneration of Managing Director(s)/ Whole time Director(s).
6. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of the independent directors.

The Nomination and Remuneration Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, the Committee met three times on 26<sup>th</sup> May 2016, 10<sup>th</sup> November 2016 and 2<sup>nd</sup> February 2017.

The details of member's attendance at the Nomination & Remuneration Committee Meetings during the financial year 2016-17 are as follows:

Names	No of Meeting attended
Mr. Daya Dhaon	2
Ms. Gagan Singh	3
Mr. Pradeep Mukerjee	2
Mr. Colin Davis Arsenault	3
Mr. David Thomas Payne(1)	2

1. *Mr. David Thomas Payne was appointed as member w.e.f 26<sup>th</sup> May 2016.*

**Performance evaluation criteria for Independent Directors**

The Nomination and Remuneration Committee have developed parameterized feedback forms for the evaluation of the Independent Directors of the Company.

**c) Stakeholders Relationship Committee**

The Committee comprises of six Non-Executive Directors namely Mr. Daya Dhaon, Ms. Gagan Singh, Mr. Pradeep Mukerjee, Mr. Bijou Kurien, Mr. Colin Davis Arsenault and Mr. David Thomas Payne. Mr. Daya Dhaon, an Independent Director is the Chairman of the Committee. The Company Secretary is the Secretary of the Committee and attends its meetings.

The Stakeholders Relationship Committee is primarily responsible for looking into the redressal of shareholders and other security holders, if any. The Committee considers and resolves the grievances of the security holders of the company including complaints relating to transfer and transmission of securities, non receipt of balance sheet, non receipt of declared dividends. To expedite the process of share transfers, the Board has delegated the power of share transfer to Share Transfer Committee which attends to share transfer formalities.

The Stakeholders Relationship Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, the Stakeholders Relationship Committee met four times on 26<sup>th</sup> May 2016, 3<sup>rd</sup> August 2016, 10<sup>th</sup> November, 2016 and 2<sup>nd</sup> February, 2017.

The details of member's attendance at the Stakeholders Relationship Committee Meetings during the financial year 2016-17 are as under:

Names	No of Meeting attended
Mr. Daya Dhaon	3
Ms. Gagan Singh	4
Mr. Pradeep Mukerjee	4
Mr. Bijou Kurien	4
Mr. Colin Davis Arsenault	4
Mr. David Thomas Payne(1)	3

*1. Mr. David Thomas Payne was appointed as member w.e.f. 26<sup>th</sup> May 2016.*

The details of complaints received and resolved during the Financial Year ended 31<sup>st</sup> March, 2017 are given in the table below:

Complaints outstanding as on April 1, 2016	0
Complaints received during the year ended March 31, 2017	2
Complaints resolved during the year ended March 31, 2017	2
Complaints pending as on March 31, 2017	0

**Name and designation of compliance officer:** Mr. Dhiraj Kumar Maggo - GM Legal & Company Secretary.

Address: 106-107, Ambadeep, 14, Kasturba Gandhi Marg, New Delhi-110001

**d) Corporate Social Responsibility Committee**

The Committee comprises of Ms. Gagan Singh, Ms. Sharmila Sahai and Mr. David Thomas Payne. The Company Secretary is the Secretary of the Committee.

Terms of reference of the Committee includes the following:

- To formulate and recommend to the Board, CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- To monitor the CSR policy of the Company from time to time.

There was no meeting of the Corporate Social Responsibility Committee held during the year.

**e) Share Allotment and Transfer Committee**

The Committee comprise of Ms. Sharmila Sahai and Mr. David Thomas Payne. The Share Allotment and Transfer Committee consider requests of share transfer/transmission/transposition/split/consolidation/sub-division/duplicate share certificate etc. The summary of number of requests received and resolved in every quarter is placed before the Board for its information and noting.

**PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has zero tolerance towards sexual harassment at the workplace and has formed committees called Internal Complaints Committee at corporate office and at all regional offices for prevention and prohibition of sexual harassment and redressal against complaints of sexual harassment of working women at the workplace as per Sexual Harassment of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013 read with Sexual Harassment of Women At Workplace (Prevention, Prohibition And Redressal) Rules, 2013. This Internal Complaints Committee has the power/jurisdiction to deal with complaints of sexual harassment of working women as per the rules specified therein. All the employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the financial year 2016-17, no such complaints were received across the organisation.

## CODE OF CONDUCT

In compliance with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has formulated and adopted a Code of Conduct for its Board of Directors and senior management and has put the same on the company's website [www.timexindia.com](http://www.timexindia.com). The Code has been circulated to all members of the Board and Senior Management and they have affirmed the compliance of the same. A declaration signed by the Managing Director of the Company regarding affirmation of the compliance with the code of conduct by Board Members and Senior Management for the financial year ended March 31, 2017, is annexed hereto.

## DISCLOSURES

### a) Related party transactions

Audit Committee reviews the Related Party Transactions periodically. All transactions entered into with related parties as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 during the financial year were in ordinary course of business and on arm's length basis.

None of the transactions with any of the related parties was in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note no. 32 of Financial Statements, forming part of the Annual Report.

Company has formulated a "Related Party Transaction Policy" to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This Policy as considered and approved by the Board has been uploaded on the website of the Company at [www.timexindia.com](http://www.timexindia.com). The Audit Committee/ Board may review and amend this policy from time to time.

### b) Details of Non-compliance

The Company has complied with the requirements of the BSE Ltd., SEBI and other statutory authorities on all matters relating to capital markets during the last three years. A report on the compliances on the applicable laws for the Company is placed before the Board on a quarterly basis for its review and consideration. There has been no instance of non-compliance with any legal requirements, nor have there been any strictures imposed by any stock exchange or SEBI, on any matters relating to the capital market over the last three years.

### c) Whistle Blower Policy

The Company is committed to adopt the best Corporate Governance Practices and to follow the highest possible moral, legal and ethical standards in the conduct of its business. In line with this commitment, Whistle blower Policy was designed to provide a mechanism for employees / Board Members and others to raise good faith concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct and to protect the individuals who take such actions from retaliation or any threat of retaliation.

During the year under review, no personnel were denied the access to the Audit Committee.

### d) Details of compliance with mandatory requirements and adoption of the discretionary requirements

The Company has fully complied with the mandatory requirements of the Code of Corporate Governance as specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- Separate posts of Chairman and Managing Director: The Company has maintained separate posts for Chairperson and Managing Director of the Company.
- Reporting of Internal Auditor: The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

### e) Accounting treatment in preparation of financial statement

The Company has followed the Accounting standards notified by the Institute of Chartered Accountants of India, as amended from time to time, in preparation of its financial statements.

**f) Certificate for transfer of Shares and Reconciliation of Share Capital**

Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates on half-yearly basis, have been issued by a Company Secretary-in-Practice with respect to due compliance of share transfer formalities by the Company.

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid-up capital of the Company and submitted the same to the BSE Ltd. where the securities of the Company are listed within 30 days of the end of each quarter.

**g) Risk management**

The Company has established a risk management framework where in a Committee comprising of the senior executives of the Company has been established which periodically indentify potential risks to the strategy of the Company and take effective measures to mitigate the same in the best possible manner. The Board is also periodically updated on the key risks, steps and processes initiated for reducing and, if feasible, eliminating various risks.

**h) CEO/CFO certification**

As required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended on March 31, 2017 which is annexed to this Report.

**i) Foreign currency risk and hedging activities**

The Company is exposed to foreign currency risk due to imports of components and watches and export of watches. The Company had not indulged in currency hedging activities during the year under report.

**j) Commodity price risk and commodity hedging activities**

The Company is exposed to commodity price risk as per nature of its business. The Company had not indulged into commodity hedging activities during the year under report.

## **DIRECTORS REMUNERATION**

Non Executive Directors including Independent Directors do not have any pecuniary relationships or transactions with the Company. However, the independent directors were paid sitting fees of Rs. 20,000/- each for attending the meetings of the Board of Directors or Committees.

Remuneration of Executive Directors is decided by the Board of Directors, subject to the approval of shareholders, based on recommendation of Nomination and Remuneration Committee.

Details of remuneration paid to Directors of the Company for the financial year ended 31<sup>st</sup> March 2017 are as follows-

Sl. No.	Name	Sitting Fees	Salary and Benefits	Performance Bonus	Retirals	Total
1.	Ms. Sharmila Sahai	Nil	89,61,433	9,20,656	3,99,950	<b>1,02,82,039</b>
2.	Ms. Gagan Singh	3,20,000	Nil	Nil	Nil	<b>3,20,000</b>
3.	Mr. Bijou Kurien	2,80,000	Nil	Nil	Nil	<b>2,80,000</b>
4.	Mr. Daya Dhaon	2,60,000	Nil	Nil	Nil	<b>2,60,000</b>
5.	Mr. Pradeep Mukerjee	2,80,000	Nil	Nil	Nil	<b>2,80,000</b>

**Note:** Mr. Colin Davis Arsenault, Mr. David Thomas Payne and Mr. Anil Malhotra were not paid any sitting fees or other remuneration during the year 2016-17.

Ms. Sharmila Sahai was appointed as Managing Director of the Company for a period of 2 years w.e.f November 18, 2015. In terms of the agreement, the Company or Ms. Sharmila Sahai can terminate the Appointment Agreement by giving 3 months notice in writing. There is no severance fee.

## MEANS OF COMMUNICATION

In accordance with Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has maintained a functional website at [www.timexindia.com](http://www.timexindia.com) containing information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, details of conference calls/presentations to institutional investors or analysts etc. The contents of the said website are updated within 2 working days from the date of such change.

The quarterly and annual results are generally published in Business Standard (English and Hindi editions) and also displayed on the Company's website.

Further, the Company disseminates to the Stock Exchange (i.e. BSE Ltd.), wherein its equity shares are listed, all mandatory information and price sensitive/ such other information, which in its opinion, are material and/or have a bearing on its performance/ operations and for the information of the public at large.

## GENERAL SHAREHOLDER INFORMATION

AGM: Day, Date, time and venue	:	Thursday, 27 <sup>th</sup> July, 2017 at 10.00 am at Air Force Auditorium, Subroto Park, New Delhi-110010
Financial Year	:	April 1, 2016 to March 31, 2017
Tentative calendar of events for the financial year 2017-18 (April- March)	:	To review and approve unaudited Financial Results for the quarter First quarter - upto 14 <sup>th</sup> September, 2017 Second quarter - upto 14 <sup>th</sup> December, 2017 Third quarter - upto 14 <sup>th</sup> February, 2018 Fourth quarter - upto 15 <sup>th</sup> May, 2018 or alternatively upto 30 <sup>th</sup> May, 2018 with Annual Results for the Year ending 31 <sup>st</sup> March 2018.
Book closure Date	:	July 25, 2017 to July 26, 2017 (both days inclusive)
Listing of shares on Stock Exchanges	:	BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
Registered Office	:	106-107, Ambadeep, 14, Kasturba Gandhi Marg, New Delhi-110001
Listing Fees	:	Listing fees as prescribed has been paid to the Stock Exchange up to 31 March 2018
Registrar & Share Transfer Agents of the Company for both physical and electronic mode of share transfers.	:	Alankit Assignment Limited 1E/13 Alankit Heights, Jhandewalan Extension, New Delhi -110055 Contact Person: Mr. J K Singla Phones : 011-42541234 Fax : 011-23552001 Email : <a href="mailto:rta@alankit.com">rta@alankit.com</a> <a href="mailto:info@alankit.com">info@alankit.com</a> Website : <a href="http://www.alankit.com">www.alankit.com</a>

## SHARE TRANSFER SYSTEM

The Company has appointed Alankit Assignment Limited as Registrar and Shares Transfer Agent. Shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agents within fifteen days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed, if found in order and confirmation is given to the respective depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Limited (CDSL) within twenty-one days.

The Board has delegated the authority for approving transfer, transmission etc of the Company's securities to the Share Allotment and Transfer Committee. A summary of transfer, transmission of securities of the company so approved by the Share Allotment and Transfer Committee is placed at the Board Meeting.

# TIMEXGROUP

## Venue and time of the Last Three Annual General Meetings

Date	Category	Venue	Time	No of Special Resolution
14.08.2014	AGM	Air Force Auditorium, Subroto Park, New Delhi	4.30 PM	2
06.08.2015	AGM	Air Force Auditorium, Subroto Park, New Delhi	10.00 AM	-
03.08.2016	AGM	Air Force Auditorium, Subroto Park, New Delhi	10.00 AM	3

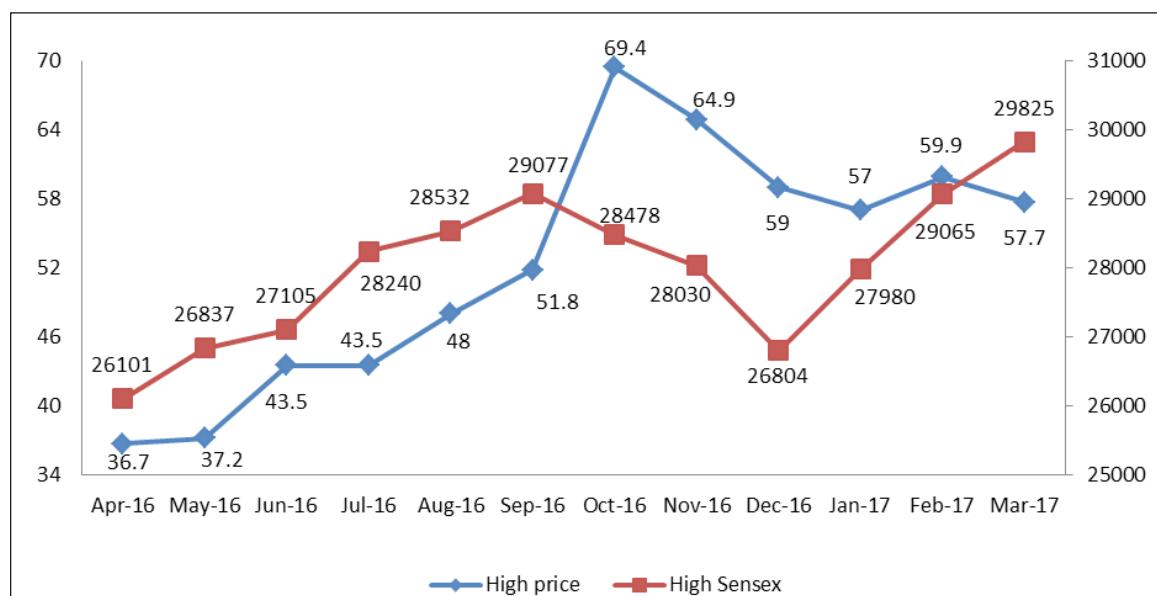
## POSTAL BALLOT

The Company had initiated the process of Postal Ballot during the financial year 2015-16 whose results were declared on April 5, 2016. The details of this Postal Ballot was given in the last years Annual Report.

There is no proposal for passing any resolution through Postal Ballot.

## STOCK PERFORMANCE

**Market price data:** The monthly high and low stock quotations during the last financial year at the BSE Ltd. and performance in comparison to BSE Sensex are given below:



Month	Apr 16	May 16	June 16	July 16	Aug 16	Sept 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	March 17
High	36.7	37.2	43.5	43.5	48	51.8	69.4	64.9	59	57	59.9	57.7
Low	28.5	30	28.8	36.7	35.25	42.5	48.6	46	48.25	50	49.5	48

## STOCK CODE

The stock code of the Company at BSE Ltd.	500414
ISIN allotted by National Securities Depository Limited and Central Depository Services (India) Limited for Equity Shares	INE064A01026

The Company's shares are covered under the compulsory dematerialization list and are transferable through the depository system. Shares received for physical transfers are registered within a maximum period of two weeks from the date of receipt, if the documents are clear in all respects.

# TIME X GROUP

**As on 31 March 2017, the distribution of Company's shareholding was as follows: -**

No. of Shares	No. of Shareholders	% of Shareholders	Share Amount	% of Amount
UPTO - 2500	61702	98.394	9457744	9.369
2501 - 5000	506	0.807	1928290	1.910
5001 - 10000	273	0.435	2123947	2.104
10001 - 20000	112	0.179	1576796	1.562
20001 - 30000	51	0.081	1259628	1.248
30001 - 40000	19	0.03	645423	0.639
40001 - 50000	14	0.022	654900	0.649
50001 - 100000	11	0.018	810375	0.803
100001 AND ABOVE	21	0.033	82492897	81.717
<b>TOTAL</b>	<b>62709</b>	<b>100</b>	<b>100950000</b>	<b>100</b>

## **DEMATERIALISATION OF SHARES**

Members are requested to convert their physical holdings to demat/electronic form through the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held. Shares received for dematerialization are generally confirmed within a maximum period of twenty one days from the date of receipt, if the documents are clear in all respects. There are 26145 no. of shareholders holding their shares in dematerialized form, which represent 97.18% of the paid up capital of the Company.

## **PLANT LOCATION**

**TIMEX GROUP INDIA LIMITED**

Plot No-10, Baddi, Ind. Area Katha, Near Fire Station Baddi, Nalagarh, Solan, Himachal Pradesh.

## **ADDRESS FOR CORRESPONDANCE**

Timex Group India Limited, 106-107, Ambadeep, 14, Kasturba Gandhi Marg, New Delhi-110001

Email: investor.relations@timex.com

# TIME X GROUP

## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION AS PER REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Board of Directors  
Timex Group India Limited  
New Delhi

### Certification to the Board pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to certify that;

- a) We have reviewed the Financial Statements and the cash flow statement for the year ended 31st March, 2017 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2017 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and Audit Committee:
  - i. significant changes in internal control over financial reporting during the year ended 31st March, 2017;
  - ii. significant changes in accounting policies during the year ended 31st March, 2017 and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in Company's internal control system over financial reporting.

Sd/-  
Sharmila Sahai  
Managing Director  
(DIN: 00893750)

Sd/-  
Amit Jain  
Chief Financial Officer

**Date** : 25<sup>th</sup> May, 2017  
**Place** : Noida

# **TIMEXGROUP**

## **DECLARATION BY THE CEO UNDER SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, REGARDING ADHERENCE TO THE CODE OF CONDUCT**

On the basis of affirmations received from the Board Members and the Senior Management Personnel and to the best of my information, knowledge and belief, I, Sharmila Sahai, Managing Director of Timex Group India Limited (“the Company”), hereby affirm that, the Board Members and the Senior Management Personnel during the financial year 2016-17, have complied with the provisions of Code of Conduct for Directors and Senior Management of the Company as laid down by the Board of directors of Timex Group India Limited.

Sd/-

Sharmila Sahai  
Managing Director  
(DIN: 00893750)

Date : May 5, 2017  
Place : Noida

## **CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the Members,  
Timex Group India Limited  
106-107, Ambadeep, 14, Kasturba  
Gandhi Marg, New Delhi-110001

1. We have reviewed the implementation of the corporate governance procedures by Timex Group India Limited (the Company) during the year ended March 31<sup>st</sup> 2017, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance, as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has to conduct the affairs of the Company.
4. On the basis of our review and according to the best of our information and according to the explanation given to us, the company has been complying with conditions of Corporate Governance, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For N.K.J & ASSOCIATES  
Company Secretaries

Sd/-  
NEELESH KR. JAIN  
Proprietor  
Membership No. FCS 5593  
Certificate of Practice No. 5233

Date : 25<sup>th</sup> May, 2017  
Place : New Delhi

## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
Timex Group India Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Timex Group India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its loss and its cash flows for the year ended on that date.

### **Emphasis of Matter**

Attention is invited to note 2 (b) of the financial statements, wherein it is explained that the Company has significant accumulated losses which have resulted in substantial erosion of the net worth of the Company as at 31 March 2017. The

ability of the Company to continue as a going concern is dependent on improvement of the Company's future operations and continued financial support from the ultimate holding Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) the going concern matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" ; and
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 39 to the financial statements;
  - (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - (iv) the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 45 to the financial statements.

*For B S R & Co. LLP*

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022

**Rajiv Goyal**

*Partner*

Membership No.: 094549

Place : Gurgaon  
Date : 25<sup>th</sup> May 2017

## Annexure - A to the Independent Auditor's Report

The Annexure referred to in our Independent Auditor's Report of even date to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. According to this programme, the Company has verified all fixed assets at the factory, corporate office and regional offices during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed to us, the discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of the immovable property is held in the name of the Company.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management as at the year end. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on verification between the physical stock and book records were not material and have been properly adjusted in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, para 3(iii) of the order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, para 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for any of the activities carried out by the Company. Accordingly, para 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, duty of customs, duty of excise, service tax, value added tax, cess and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except in respect of deposit of value added tax and service tax where there have been slight delays in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, other than the amounts reported below, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise or value added tax which have not been deposited by the Company with the appropriate authorities on account of any dispute.

Name of the Statute	Nature of the dues	Amount Disputed (Rs. lakhs)	Amounts paid under protest (Rs. lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	6	5	1992-93 and 1996-97	Deputy Commissioner, Central Excise
Central Sales Tax Act, 1956	Sales Tax	59	-	1994-95	Deputy Commissioner, Commercial tax
The Kerala Sales Tax Act, 1963	Sales Tax	1	-	1995-96	Assistant Commissioner, Sales Tax

Name of the Statute	Nature of the dues	Amount Disputed (Rs. lakhs)	Amounts paid under protest (Rs. lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	8	-	1992-93 to 1993-94	Commercial taxation officer
Andhra Pradesh Sales Tax Act, 1957	Sales Tax	1	-	1995-96	Commercial taxation officer
Karnataka Sales Tax Act, 1957	Cess	1	-	1995-96	Deputy Commissioner, Commercial taxes
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	9	7	2002-03	Honourable High Court of, Chennai
Customs Act, 1962	Customs duty	8	8	1995-96	Commissioner, Customs (Appeals)
The Kerala Value Added Tax Rules, 2005	Sales Tax	1	1	2009-10	Assistant Commissioner, Commercial tax
The Madhya Pradesh Value Added Tax Act, 2002	Sales Tax	7	1	2009-10	Commercial taxation officer
Central Sales Tax Act, 1956	Sales Tax	110	12	2011-12	Deputy Commissioner-Commercial tax
Gujarat Value Added Tax Act, 2003	Sales Tax	13	-	2011-12	Deputy Commissioner-Commercial tax
Central Sales Tax Act, 1956	Sales Tax	3	2	2011-12	Deputy Commissioner-Commercial tax
Income Tax Act, 1961 *	Income Tax	610	-	2001-02	Income tax Appellate Tribunal
Income Tax Act, 1961 *	Income Tax	786	-	2002-03	Income tax Appellate Tribunal
Income Tax Act, 1961 *	Income Tax	397	-	2003-04	Income tax Appellate Tribunal
Income Tax Act, 1961 *	Income Tax	329	-	2004-05	Income tax Appellate Tribunal
Income Tax Act, 1961 *	Income Tax	338	-	2005-06	Income tax Appellate Tribunal
Income Tax Act, 1961 *	Income Tax	75	-	2006-07	Commissioner of Income Tax, (Appeals)
Income Tax Act, 1961 *	Income Tax	2,000	-	2007-08	Commissioner of Income Tax, (Appeals)
Income Tax Act, 1961 *	Income Tax	2,686	-	2008-09	Commissioner of Income Tax, (Appeals)

Name of the Statute	Nature of the dues	Amount Disputed (Rs. lakhs)	Amounts paid under protest (Rs. lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income Tax Act, 1961 *	Income Tax	2,084	-	2009-10	Commissioner of Income Tax, (Appeals)
Income Tax Act, 1961 *	Income Tax	2,828	-	2010-11	Income tax Appellate Tribunal
Income Tax Act, 1961 *	Income Tax	1,315	-	2011-12	Dispute Resolution Panel
Income Tax Act, 1961 *	Income Tax	1,432	-	2012-13	Commissioner of Income Tax, (Appeals)

\*Represents additions made to the total taxable income of the Company by the tax authorities which have been disputed by the Company. No demand has been raised by the tax authorities as any additions to the income will be adjusted against the brought forward losses / unabsorbed depreciation.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding dues to any financial institutions, government or debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, there has been no fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been provided and paid by the Company in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made private placement of preference shares during the year and complied with the provisions of section 42 of the Companies Act, 2013. As explained to us by the management, the amount raised has been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For B S R & Co. LLP**  
*Chartered Accountants*

Firm Registration Number: 101248W/W-100022

**Rajiv Goyal**  
*Partner*

Membership No.: 094549

Place : Gurgaon

Date : 25 May 2017

## **Annexure - B to the Independent Auditor's Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Timex Group India Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the 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 information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

**For B S R & Co. LLP**  
*Chartered Accountants*  
Firm Registration No.: 101248W/W-100022

**Rajiv Goyal**  
*Partner*  
Membership No.: 094549

# TIMEXGROUP

## Balance Sheet as at 31 March 2017

		(Amount in Rs. lakhs, unless otherwise stated)	
	Note	31 March 2017	31 March 2016
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	8,620	5,120
Reserves and surplus	4	(7,844)	(7,463)
		<b>776</b>	<b>(2,343)</b>
<b>Non-current liabilities</b>			
Other long-term liabilities	5	23	16
Long-term provisions	6	525	385
		<b>548</b>	<b>401</b>
<b>Current liabilities</b>			
Short-term borrowings	7	2,514	3,444
Trade payables	8	-	-
- total outstanding dues of micro enterprises and small enterprises		4,960	8,369
- total outstanding dues of creditors other than micro enterprises and small enterprises		2,967	2,437
Other current liabilities	9	566	615
Short-term provisions	6		
		<b>11,007</b>	<b>14,865</b>
<b>TOTAL</b>		<b>12,331</b>	<b>12,923</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible fixed assets	10	794	953
Intangible fixed assets	11	186	229
		<b>980</b>	<b>1,182</b>
Long-term loans and advances	12	306	415
Other non-current assets	13	0#	0#
		<b>306</b>	<b>415</b>
<b>Current assets</b>			
Inventories	14	3,114	3,410
Trade receivables	15	7,333	7,130
Cash and bank balances	16	409	419
Short-term loans and advances	17	189	354
Other current assets	18	0#	13
		<b>11,045</b>	<b>11,326</b>
<b>TOTAL</b>		<b>12,331</b>	<b>12,923</b>

# Amount is below rounding off threshold adopted by the company

### Significant accounting policies

2

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022

For and on behalf of the Board of Directors of **Timex Group India Limited**

**Rajiv Goyal**  
*Partner*  
Membership No.: 094549

Place : Gurgaon  
Date : 25 May 2017

**Colin Davis Arsenault**  
*Chairman*  
DIN : 07156629

Place : Noida  
Date : 25 May 2017

**Sharmila Sahai**  
*Managing Director*  
DIN : 00893750

Place : Noida  
Date : 25 May 2017

**Amit Jain**  
*Chief Financial Officer*

Place : Noida  
Date : 25 May 2017

**Dhiraj Kumar Maggo**  
*Company Secretary*  
Membership No.: F7609

Place : Noida  
Date : 25 May 2017

## Statement of Profit and Loss for the year ended 31 March 2017

		(Amount in Rs. lakhs, unless otherwise stated)	
	Note	31 March 2017	31 March 2016
<b>Revenue from operations</b>			
Sale of products (gross)	19	19,551	17,030
Less: Excise duty		37	189
Sale of products (net)		<b>19,514</b>	<b>16,841</b>
Sale of services		348	427
Other operating revenues		119	66
<b>Total</b>		<b>19,981</b>	<b>17,334</b>
Other income	20	14	4
<b>Total revenue</b>		<b>19,995</b>	<b>17,338</b>
<b>Expenses</b>			
Cost of materials and components consumed	21	9,670	8,924
Purchases of stock-in-trade	22	1,057	1,065
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	451	(668)
Employee benefits expense	24	2,418	2,245
Finance costs	25	277	357
Depreciation and amortisation	26	209	278
Other expenses	27	6,294	6,064
<b>Total expenses</b>		<b>20,376</b>	<b>18,265</b>
<b>Loss for the year</b>		<b>(381)</b>	<b>(927)</b>
Loss per equity share [nominal value of share Re. 1 (previous year Re. 1)]	29		
Basic		(1.04)	(1.25)
Diluted		(1.04)	(1.25)
<b>Significant accounting policies</b>	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022

**Rajiv Goyal**

*Partner*

Membership No.: 094549

Place : Gurgaon

Date : 25 May 2017

**Colin Davis Arsenault**

*Chairman*

DIN : 07156629

Place : Noida

Date : 25 May 2017

**Sharmila Sahai**

*Managing Director*

DIN : 00893750

Place : Noida

Date : 25 May 2017

**Amit Jain**

*Chief Financial Officer*

Membership No.: F7609

Place : Noida

Date : 25 May 2017

**Dhiraj Kumar Maggo**

*Company Secretary*

Membership No.: F7609

Place : Noida

Date : 25 May 2017

## Cash flow statement for the year ended 31 March 2017

(Amount in Rs. lakhs, unless otherwise stated)

		31 March 2017	31 March 2016
<b>A. Cash flows from operating activities</b>			
<b>Profit before tax</b>		(381)	(927)
Non cash adjustments :			
Depreciation and amortisation	209	278	
Bad debts written off	6	39	
Provision for doubtful debts	10	49	
Provision for doubtful advances	-	2	
Assets written off	53	21	
Loss on sale of assets (net)	1	10	
Unrealised foreign exchange (gain)/loss	(35)	312	
Liabilities / provisions no longer required written back	(115)	(66)	
Interest expense	277	357	
Interest income	(4)	(4)	
Insurance claim receivable written off	-	15	
<b>Operating profit before working capital changes</b>	<b>21</b>	<b>86</b>	
Movements in working capital:			
Increase/(decrease) in trade payables	(3,320)	713	
Increase in other long term liabilities	7	16	
Increase in long term provisions	140	36	
Increase/(decrease) in short term provisions	6	(7)	
Increase in other current liabilities	475	201	
(Increase)/decrease in inventories	296	(886)	
(Increase) in trade receivables	(214)	(274)	
(Increase)/decrease in non-current assets	(0) #	(0) #	
Increase in loans and advances	276	(11)	
Increase in other current assets	13	(13)	
Cash used in operations	(2,300)	(139)	
Income taxes paid (net of refunds)	(2)	(3)	
<b>Net cash used in operating activities (A)</b>	<b>(2,302)</b>	<b>(142)</b>	
<b>B. Cash flows from investing activities</b>			
Purchase of fixed assets	(83)	(217)	
Proceeds from sale of fixed assets	-	5	
Bank deposits (having original maturity of more than 3 months)	-	1	
Interest received	4	4	
<b>Net cash used in investing activities (B)</b>	<b>(79)</b>	<b>(207)</b>	
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of preference share capital	3,500	-	
Proceeds from loan from related party	1,300	-	
(Re-payment)/Proceeds from loans from banks (net)	(1,030)	1,475	
Re-payment of working capital loans from bank (net)	(1,200)	(800)	
Interest on borrowings	(198)	(291)	
Interest on delayed payment of statutory dues	(1)	(63)	
<b>Net cash generated from financing activities (C)</b>	<b>2,371</b>	<b>321</b>	
Net (decrease) in cash and cash equivalents (A+B+C)	(9)	(28)	
Cash and cash equivalents at the beginning of the year	418	446	
<b>Cash and cash equivalents at the end of the year</b>	<b>409</b>	<b>418</b>	
<b>Notes :</b>			
<b>Component of cash and cash equivalents :</b>			
Cash on hand	1	3	
Cheques on hand	145	155	
Balances with banks:			
On current accounts	263	260	
<b>Cash and cash equivalents at the end of the year</b>	<b>409</b>	<b>418</b>	

# Amount is below rounding off threshold adopted by the Company.

### Significant accounting policies (refer note 2)

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022

**Rajiv Goyal**

*Partner*

Membership No.: 094549

Place : Gurgaon

Date : 25 May 2017

**Colin Davis Arsenault**

*Chairman*

DIN : 07156629

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**Sharmila Sahai**

*Managing Director*

DIN : 00893750

Place : Noida

Date : 25 May 2017

**Amit Jain**

*Chief Financial Officer*

Place : Noida

Date : 25 May 2017

**Dhiraj Kumar Maggo**

*Company Secretary*

Membership No.: F7609

Place : Noida

Date : 25 May 2017

## Notes to the financial statements for the year ended 31 March, 2017

### 1. Company overview

Timex Group India Limited ('TGIL' or the 'Company'), a subsidiary of Timex Group Luxury Watches B.V., is a limited liability company incorporated on 4 October 1988. The Company is listed on Bombay Stock Exchange in India.

The Company is engaged in the business of manufacturing and trading of watches and rendering of related after sales service. The Company's manufacturing facilities are located at Baddi, Himachal Pradesh. The Company also provides accounting and information and technology support services to group companies.

### 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

#### a. Basis of preparation of financial statements

These financial statements have been prepared and presented under the historical cost convention on a going concern basis, on the accrual basis of accounting and comply with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP comprises mandatory accounting standards as specified under the section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

#### b. Use of going concern assumption

The company had incurred significant losses in the past which had resulted in substantial erosion of net worth. The company has issued preference share capital of Rs. 3,500 lakhs during the year to the holding company which has resulted in positive net worth of Rs. 776 lakhs as at the end of the year (net of Rs. 381 lakhs loss incurred during the year). The company expects growth in its operations in coming years with continuous improvement in operational efficiency as per the business plan approved by the board. The company has sufficient funds (guaranteed by Timex Group B.V., a fellow subsidiary) to meet its business requirements. In view of the above, the use of going concern assumption has been considered appropriate in preparation of financial statements of the Company.

#### c. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities on the date of the financial statements. Examples of such estimates include estimated provision for doubtful debts, warranties, future obligations under employee retirement benefit plans and estimated useful life of fixed assets, classification of assets/liabilities as current or non current in certain circumstances etc. Differences between actual results and estimates are recognised in the year in which the actual results are known or materialised. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

#### d. Current–non-current classification

All assets and liabilities are classified into current and non-current.

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

## *Operating cycle*

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

## **e. Fixed assets and depreciation**

Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost is inclusive of freight, duties, taxes and any other directly attributable costs to bring the assets to their working condition for intended use.

Depreciation on tangible assets other than leasehold land and leasehold improvements is provided under the straight line method based on management's assessment of useful economic lives of the asset. Depreciation is provided at the useful lives prescribed under Part C of Schedule II of The Companies Act, 2013, except for the following block of assets:

• Office Equipment (Mobile Phones)	3 years
• Furniture and fixtures	5 years
• Computers	4 years
• Tools and moulds	1 year

For these class of assets, based on internal technical evaluation, the management believes that useful lives given above best represent the period over which company expects to use these assets.

Depreciation on additions is provided on a pro-rata basis from the date of acquisition/installation.

Depreciation on sale/deduction from fixed assets is provided for upto the date of sale/adjustment, as the case may be.

Leasehold land is amortised over the period of lease.

Leasehold improvements are depreciated under the straight line method over the lowest of the following:

- period of the lease
- useful life as estimated by management

Gain or loss arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the Statement of Profit and Loss when assets are derecognised.

## **f. Intangible assets and amortisation**

Intangible assets comprising software are carried at cost of acquisition less accumulated amortisation. Cost is inclusive of duties, taxes and any other directly attributable costs to bring the assets to their working condition for intended use.

Software is amortised over 5-7 years, depending on its estimated useful life, on a straight-line basis.

Gain or loss arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the Statement of Profit and Loss when assets are derecognised.

## **g. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date in accordance with Accounting Standard – 28 on 'Impairment of Assets' to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

## **h. Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventories includes all costs incurred in bringing the inventories to their present location and condition.

In determining the cost, the weighted average cost method is used. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Finished goods and work-in-progress include appropriate share of allocable overheads.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

## **i. Employee benefits**

The Company's obligations towards various employee benefits have been recognised as follows:

### *Short term employee benefits*

All employee benefits payable/available within twelve months of rendering the service are classified as short-term

employee benefits. Benefits such as salaries, wages and bonus etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

#### *Post employment benefits*

##### **Superannuation:-**

In respect of defined contribution plan in the form of Superannuation, the Trustees of the Scheme have entrusted the administration of the Scheme to the Life Insurance Corporation of India (LIC). Annual contribution to the LIC is recognised as an expense in the Statement of Profit and Loss.

##### **Gratuity:-**

Charge for the year in respect of unfunded defined benefit plan in the form of gratuity has been ascertained based on actuarial valuation carried out by an independent actuary as at the year end using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

##### **Provident Fund:**

The Company deposits certain portion of the Provident Fund contribution with the Regional Provident Fund Commissioner and will have no obligation to pay further amounts. Accordingly, this plan is considered as a defined contribution plan.

For the remaining portion of Provident Fund, the Company contributes to the Provident Fund Trust which is administered by trustees of an independently constituted Trust recognised by the Income-tax Act, 1961. Contributions, including shortfall, if any, to the Trust are charged to the Statement of Profit and Loss on an accrual basis. As the provident fund scheme has a guaranteed return linked with that under Employee Provident Fund Scheme, 1952, the same has been considered as a defined benefit plan. The present value of obligation has been determined based on actuarial valuation done by independent actuary using the Projected Accrued Benefit Method. Under this method, the Defined Benefit Obligation is calculated based on deterministic approach in respect of all accrued and accumulated provident fund contributions as at the valuation date. The cost of interest rate guarantee, if any, in respect of future provident fund contributions is not taken into consideration. This approach determines the present value of the interest rate guarantee under three interest rate scenarios: base case scenario, rising interest rate scenario and falling interest rate scenario. The Defined Benefit Obligation of the interest rate guarantee is set equal to the average of the present values determined under these scenarios in respect of accumulated provident fund contributions as at the valuation date.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

##### *Other long term benefits*

Compensated absences are in the nature of other long term employee benefits. Cost of long term benefit by way of accumulating compensated absences that are expected to be availed after a period of 12 months from the year end are recognised when the employees render the service that increases their entitlement to future compensated absences. The liability in respect of compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end using projected unit credit method. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

#### **j. Revenue recognition**

Revenue from sale of goods is recognised on delivery of goods to the buyer which coincides with transfer of all significant risks and rewards of ownership. The amount recognised as sale is inclusive of excise duty and excludes sales tax and trade and quantity discounts.

Revenue from services is recognised on rendering of services to customers on accrual basis.

Interest income is recognised on a time proportion basis considering the rate of interest and amount invested.

#### **k. Foreign currency transactions**

Foreign exchange transactions are recorded using the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss for the year.

Monetary assets and liabilities denominated in foreign currencies remaining unsettled as at the balance sheet date are translated at the exchange rates on that date and the resultant exchange differences are recognised in the Statement of Profit and Loss.

#### **l. Warranties**

Warranty costs are estimated for expected warranty claims in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement.

Provision is made for the estimated liability in respect of warranty costs in the year of sale of goods.

**m. Provision for sales returns**

Provision for sales returns is recognised to the extent of estimated margin on expected returns based on past trends.

**n. Provision for unearned margin**

Provision for unearned margin relates to certain sales where property in the goods has passed but a significant risk of ownership has not passed to the counterparty by the date of the Balance Sheet.

**o. Taxation**

Income tax expense comprises current tax (i.e amount of tax for the year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liability or deferred tax asset is recognised using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation. Such assets are reviewed at each balance sheet date to reassess realisation. However, where there are carried forward losses or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

The credits arising from Minimum Alternate Tax paid are recognised as receivable only if there is reasonable certainty that the Company will have sufficient taxable income in future years in order to utilize such credits.

**p. Leases**

Lease rentals in respect of assets taken on operating lease are charged on a straight-line basis to the Statement of Profit and Loss.

**q. Other Provisions and Contingent Liabilities**

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

**r. Cash and cash equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank and in hand and short term investments with original maturity of less than three months.

**s. Earnings per share**

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti- dilutive.

(Amount in Rs. lakhs, unless otherwise stated)  
 31 March 2017      31 March 2016

**3. Share capital**

**Authorised (No. lakhs)**

9,000 (previous year 12,500) equity shares of Re. 1 each	9,000	12,500
800 (previous year 450) preference shares of Rs. 10 each	8,000	4,500
	<b>17,000</b>	<b>17,000</b>

**Issued, subscribed and paid up (No. lakhs)**

1,009.5 (previous year 1,009.5), equity shares of Re. 1 each, fully paid up	1,010	1,010
25 (previous year 25), 0.1% non cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	250	250
157 (previous year 157), 13.88% (previous year 7.1%) cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up*	1,570	1,570
229 (previous year 229), 13.88% (previous year 7.1%) cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up*	2,290	2,290
350 (previous year nil), 5% cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	3,500	-
	<b>8,620</b>	<b>5,120</b>

\* The coupon rate has been revised to 13.88% with effect from April 1, 2016.

**Reconciliation of shares outstanding at the beginning  
and at the end of the reporting period**

	31 March 2017		31 March 2016	
	No. lakhs	Amount Rs. in lakhs	No. lakhs	Amount Rs. in lakhs
<b>Equity shares</b>				
At the commencement and end of the year	1,010	1,010	1,010	1,010
	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>
<b>Preference shares</b>				
At the commencement of the year				
0.1% non cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	25	250	25	250
13.88% (previous year 7.1%) cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	157	1,570	157	1,570
13.88% (previous year 7.1%) cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	229	2,290	229	2,290
	<b>411</b>	<b>4,110</b>	<b>411</b>	<b>4,110</b>
Add: Shares issued during the year				
5% cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	350	3,500	-	-
At the end of the year				
0.1% non cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	25	250	25	250
13.88% (previous year 7.1%) cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	157	1,570	157	1,570
13.88% (previous year 7.1%) cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	229	2,290	229	2,290
5% cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	350	3,500	-	-
	<b>761</b>	<b>7,610</b>	<b>411</b>	<b>4,110</b>

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. All equity shareholders rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared by the Company subject to payment of dividend to preference shareholders.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Rights, preferences and restrictions attached to preference shares**

0.1% Non-cumulative redeemable non-convertible preference shares shall be entitled to dividend at the rate of 0.1% per annum. In case of insufficiency of profits /no profits, the dividend on preference shares shall not be declared and distributed and the dividend liability on the preference shares for the respective year shall lapse.

13.88% (previous year 7.1%) Cumulative redeemable non-convertible preference shares shall be entitled to dividend at the rate of 13.88% per annum. In case of insufficiency of profits /no profits, the dividend on preference shares shall not be declared and distributed in the respective year but the dividend liability on the preference shares for that respective year shall be cumulated and paid to the holders of the preference shares.

5% Cumulative redeemable non-convertible preference shares shall be entitled to dividend at the rate of 5% per annum. In case of insufficiency of profits /no profits, the dividend on preference shares shall not be declared and distributed in the respective year but the dividend liability on the preference shares for that respective year shall be cumulated and paid to the holders of the preference shares.

Preference shares of all classes carry a preferential right as to dividend over equity shareholders. Where dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward whereas in the case of non-cumulative preference shares, the entitlement for that year lapses. The preference shares are entitled to one vote per share at meetings of the Company on any resolutions of the Company directly affecting their rights. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

### Terms of redemption of preference shares

Maturity period for redemption of 0.1% preference shares amounting to Rs. 250 lakhs (previous year Rs. 250 lakhs) is till 24 March 2018 . Original maturity was ten years from the date of allotment i.e. 25 March 2003, with an option to the Company of an earlier redemption after 24 March 2005. The shares were due for redemption on 24 March 2013 which pursuant to the provisions of section 106 of the Companies Act, 1956 was extended by the Company with the consent of preference shareholders by five years, i.e. till 24 March 2018.

Maturity period for redemption of 13.88% (previous year 7.1%) preference shares amounting to Rs. 1,570 lakhs (previous year Rs. 1,570 lakhs) is till 26 March 2019. Original maturity was ten years from the date of allotment i.e. 27 March 2004, with an option to the Company of an earlier redemption after 27 March 2006. The shares were due for redemption on 26 March 2014 which pursuant to the provisions of Section 106 of the Companies Act, 1956 was extended by the Company with the consent of preference shareholders by the five years i.e. till 26 March 2019. (Refer note 32 and note 41)

Maturity period for redemption of 13.88% (previous year 7.1%) preference shares amounting to Rs. 2,290 lakhs (previous year Rs. 2,290 lakhs) is till 20 March 2021. Original maturity was ten years from the date of allotment i.e. 21 March 2006, with an option to the Company of an earlier redemption after 21 March 2008. The shares were due for redemption on 20 March 2016 which pursuant to the provisions of Section 106 of the Companies Act, 1956 was extended by the Company with the consent of preference shareholders by five years i.e. till 20 March 2021. (Refer note 32 and note 41)

Maturity period for redemption of 5% preference shares amounting to Rs. 3,500 lakhs (previous year nil) is till 15 February 2027, with an option to the Company of an earlier redemption after 15 February 2022. (Refer note 32 and note 41)

### Shares held by holding / ultimate holding company and /or their subsidiaries/associates

	31 March 2017			31 March 2016		
	No. lakhs	Amount Rs. in lakhs	% holding	No. lakhs	Amount Rs. in lakhs	% holding
Equity shares of Re. 1 each fully paid up held by Timex Group Luxury Watches B.V., the holding Company*	756	756	74.93	756	756	74.93
	<b>756</b>	<b>756</b>	<b>74.93</b>	<b>756</b>	<b>756</b>	<b>74.93</b>
Preference shares						
Timex Group Luxury Watches B.V., the holding Company						
0.1% non cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	25	250	100	25	250	100
13.88% (previous year 7.1%) cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	157	1,570	100	157	1,570	100
13.88% (previous year 7.1%) cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	229	2,290	100	229	2,290	100
5% cumulative redeemable non convertible preference shares of Rs. 10 each fully paid up	350	3,500	100	-	-	-
	<b>761</b>	<b>7,610</b>	<b>100</b>	<b>411</b>	<b>4,110</b>	<b>100</b>

\* There is no other shareholder holding more than 5% shares in the Company.

(Amount in Rs. lakhs, unless otherwise stated)

	31 March 2017	31 March 2016		
<b>4. Reserves and surplus</b>				
<b>Securities premium account</b>				
Balance at the commencement and at the end of the year	351	351		
	<u>351</u>	<u>351</u>		
<b>Deficit in the Statement of Profit and Loss</b>				
Balance at the commencement of the year	(7,814)	(6,887)		
Add: Loss for the year	(381)	(927)		
Balance as at the end of the year	<u>(8,195)</u>	<u>(7,814)</u>		
<b>Total reserves and surplus</b>	<u><u>(7,844)</u></u>	<u><u>(7,463)</u></u>		
<b>5. Other long term liabilities</b>				
Rent equalisation reserve	23	16		
	<u>23</u>	<u>16</u>		
<b>6. Provisions</b>				
	Long-term	Short-term		
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Provision for employee benefits</b>				
Gratuity (refer note 30)	322	231	6	9
Compensated absences	203	154	17	16
	<u>525</u>	<u>385</u>	<u>23</u>	<u>25</u>
<b>Other provisions</b>				
Provision for warranties	-	-	96	87
Provision for sales returns	-	-	260	229
Provision for unearned margin	-	-	151	238
Provision for litigations	-	-	26	26
Provision for current tax [net of advance tax of Rs. 203 lakhs (previous year Rs. 203 lakhs)]	-	-	10	10
	<u>-</u>	<u>-</u>	<u>543</u>	<u>590</u>
<b>Total provisions</b>	<u>525</u>	<u>385</u>	<u>566</u>	<u>615</u>

**Additional disclosures relating to certain provisions (as per Accounting Standard 29)**

	Unearned margin		Warranty		Sales return		Litigations	
	31 March 2017	31 March 2016						
At the commencement of the year	238	305	87	85	229	198	26	43
Provision created/(reversed) during the year	(87)	(67)	159	131	31	31	-	-
Provision utilised during the year	-	-	(150)	(129)	-	-	-	(17)
<b>At the end of the year</b>	<b>151</b>	<b>238</b>	<b>96</b>	<b>87</b>	<b>260</b>	<b>229</b>	<b>26</b>	<b>26</b>

**Provision for warranties**

A provision is estimated for expected warranty claims in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. It is expected that most of this cost will be incurred over the next one year as per warranty terms.

### Provision for sales returns

(Amount in Rs. lakhs, unless otherwise stated)

Provision for sales returns has been created for estimated loss of margin on expected sales returns in future period against products sold during the year. The provision has been setup based on management's estimates and past trends.

### Provision for unearned margin

Provision for unearned margin relates to certain sales where property in the goods has passed but a significant risk of ownership has not passed to the counter party by the date of the balance sheet.

### Provision for litigations

This represents provisions made for probable liabilities/ claims arising out of pending disputes/litigations with various regulatory authorities (in respect of excise duty, sales tax and similar matters). Above provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. Timing of outflow of resources will depend upon timing of decision of cases.

31 March 2017      31 March 2016

### 7. Short-term borrowings

Loan repayable on demand		
- Cash credit from banks (unsecured)*	1,214	2,244
- From Timex Group Precision Engineering Limited, a related party (unsecured)**	1,300	-
Working capital loans from bank (unsecured) ***	-	1,200
	<b>2,514</b>	<b>3,444</b>

\* Cash credit facilities from banks carry interest ranging between 9%-12% p.a., computed on a monthly basis on actual amount utilised, and are repayable on demand. Timex Group B.V., a fellow subsidiary, has provided a standby letter of credit amounting to Rs. 3,880 lakhs (previous year Rs. 3,880 lakhs) to the bankers of the Company as a guarantee for use of cash credit and overdraft facilities.

\*\* The Company has taken loan from Timex Group Precision Engineering Limited during the financial year 2016-17, which carries interest @ 8.5% per annum, and is repayable on May 31, 2017.

\*\*\* Working capital loans carry interest ranging between 9% to 10% p.a. The working capital loans are guaranteed by Timex Group B.V., a fellow subsidiary and are repayable within 30 days.

31 March 2017      31 March 2016

### 8. Trade Payables

#### Trade Payables

- total outstanding dues of micro enterprises and small enterprises	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	4,960	8,369
	<b>4,960</b>	<b>8,369</b>

For dues to micro and small suppliers, refer note 40

(Amount in Rs. lakhs, unless otherwise stated)

31 March 2017

31 March 2016

**9. Other current liabilities**

Discount, selling and other expenses		2,234	1,688
Interest accrued but not due on borrowings		83	5
Interest free security deposits received from dealers		17	17
Advance received from customers		67	138
Dues to employees		131	140
Excise duty payable		23	14
Sales tax payable		175	151
TDS payable		49	44
Provident fund payable		19	16
Other statutory dues payable		10	43
Capital creditors		159	181
		<b>2,967</b>	<b>2,437</b>

**10. Tangible fixed assets**

	Leasehold land	Buil- dings*	Leasehold im- prove- ments	Plant and equipment	Furniture and fixtures	Office equip- ment	Computer equipment	Total
<b>Gross block</b>								
Balance as at 1 April 2015	155	334	7	1,742	699	109	254	3,300
Additions	-	-	45	7	28	26	71	177
Deletions/ adjustment	-	-	-	807	223	11	63	1,104
<b>Balance as at 31 March 2016</b>	<b>155</b>	<b>334</b>	<b>52</b>	<b>942</b>	<b>504</b>	<b>124</b>	<b>262</b>	<b>2,373</b>
Balance as at 1 April 2016	155	334	52	942	504	124	262	2,373
Additions	-	-	-	8	1	6	46	61
Deletions/ adjustment	-	-	7	342	342	61	38	790
<b>Balance as at 31 March 2017</b>	<b>155</b>	<b>334</b>	<b>45</b>	<b>608</b>	<b>163</b>	<b>69</b>	<b>270</b>	<b>1,644</b>
<b>Depreciation</b>								
Balance as at 1 April 2015	15	88	7	1,427	464	92	144	2,237
Depreciation for the year	2	11	10	28	111	9	49	220
Accelerated depreciation	-	-	-	32	-	-	0 #	32
Deletions/ adjustment	-	-	-	798	202	10	59	1,069
<b>Balance as at 31 March 2016</b>	<b>17</b>	<b>99</b>	<b>17</b>	<b>689</b>	<b>373</b>	<b>91</b>	<b>134</b>	<b>1,420</b>
Balance as at 1 April 2016	17	99	17	689	373	91	134	1,420
Depreciation for the year	2	11	15	28	48	9	53	166
Accelerated depreciation	-	-	-	-	-	-	-	-
Deletions/ adjustment	-	-	7	330	305	58	36	736
<b>Balance as at 31 March 2017</b>	<b>19</b>	<b>110</b>	<b>25</b>	<b>387</b>	<b>116</b>	<b>42</b>	<b>151</b>	<b>850</b>
<b>Net block</b>								
<b>As at 31 March 2016</b>	<b>138</b>	<b>235</b>	<b>35</b>	<b>253</b>	<b>131</b>	<b>34</b>	<b>128</b>	<b>953</b>
<b>As at 31 March 2017</b>	<b>136</b>	<b>224</b>	<b>20</b>	<b>221</b>	<b>47</b>	<b>27</b>	<b>119</b>	<b>794</b>

# Amount is below rounding off threshold adopted by the company

\* Buildings are constructed on leasehold land.

(Amount in Rs. lakhs, unless otherwise stated)

	Computer Software	Total
<b>11. Intangible assets</b>		
<b>Gross block</b>		
Balance as at 1 April 2015	104	<b>104</b>
Additions	185	185
Deletions	1	1
<b>Balance as at 31 March 2016</b>	<b>288</b>	<b>288</b>
Balance as at 1 April 2016	288	288
Additions	-	-
Disposals	1	1
<b>Balance as at 31 March 2017</b>	<b>287</b>	<b>287</b>
<b>Amortisation</b>		
Balance as at 1 April 2015	34	34
Amortisation for the year	26	26
Accumulated amortisation on disposals	1	1
<b>Balance as at 31 March 2016</b>	<b>59</b>	<b>59</b>
Balance as at 1 April 2016	59	59
Amortisation for the year	43	43
Accumulated amortisation on disposals	1	1
<b>Balance as at 31 March 2017</b>	<b>101</b>	<b>101</b>
<b>Net block</b>		
<b>As at 31 March 2016</b>	<b>229</b>	<b>229</b>
<b>As at 31 March 2017</b>	<b>186</b>	<b>186</b>

	Non current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>12. Long-term loans and advances</b>				
<b>Security deposits</b>				
<i>(unsecured)</i>				
Considered good	136	180	-	4
Considered doubtful	-	100	-	-
Less: Provision for doubtful security deposits	-	(100)	-	-
	<b>136</b>	<b>180</b>		
				<b>4</b>
<b>Other loans and advances</b>				
<i>Secured and considered good</i>				
Loans to employees **	-	-	0 #	0 #
<i>Unsecured and considered good</i>				
VAT receivable	36	96	-	-
CENVAT receivable	4	11	-	-
Advance income-tax [net of provision for tax	130	128	-	-
Rs. 620 lakhs (previous year Rs. 620 lakhs)]				
	<b>170</b>	<b>235</b>	<b>0 #</b>	<b>0 #</b>
	<b>306</b>	<b>415</b>	<b>0 #</b>	<b>4</b>
			*	*

# Amount is below rounding off threshold adopted by the company

\*Amount disclosed under 'Short term loans and advances'

\*\* Secured by hypothecation of respective vehicles.

# TIMEX GROUP

(Amount in Rs. lakhs, unless otherwise stated)

**31 March 2017    31 March 2016**

### 13. Other non-current assets

(Unsecured, considered good unless otherwise stated)

Bank deposits (due to mature after 12 months from the reporting date) \*\*\* 0# 0#  
(refer note 16) \_\_\_\_\_ 0# \_\_\_\_\_ 0#

\*\*\* Pledged with bank as security for guarantees issued on behalf of the Company.

# Amount is below rounding off threshold adopted by the company

**14. Inventories (valued at the lower of cost and net realisable value)**

Raw materials and components*	1,317	1,171
Work-in-progress	147	124
Finished goods**	996	1,386
Traded goods	654	729
	<b>3,114</b>	<b>3,410</b>

\*Includes goods-in-transit amounting to Rs. 53 lakhs (previous year Rs. 235 lakhs)

\*\*Includes goods-in-transit amounting to Rs. 5 lakhs (previous year Rs. nil)

In the year ended 31 March 2017, the write down of inventories to net realisable value amounts to Rs. 920 lakhs (previous year Rs. 796 lakhs)

## 15. Trade receivables

Receivables outstanding for a period exceeding six months from the date they became due for payment

Secured, considered good	-	-
Unsecured, considered good	913	906
Unsecured, considered doubtful	457	567
Less: Provision for doubtful receivables	(457)	(567)
	(A) <u>913</u>	<u>906</u>
Other receivables		
Unsecured, considered good	6,420	6,224
Unsecured, considered doubtful	15	21
Less: Provision for doubtful receivables	(15)	(21)
	(B) <u>6,420</u>	<u>6,224</u>
	(A) + (B) <u>7,333</u>	<u>7,130</u>

(Amount in Rs. lakhs, unless otherwise stated)

31 March 2017      31 March 2016

<b>16. Cash and bank balances</b>		
Cash and cash equivalents		
- Cash on hand	1	3
- Cheques on hand	145	155
- Balances with banks:		
On current accounts	261	260
Other bank balances*	2	1
	<b>409</b>	<b>419</b>
* Pledged with bank as security for guarantee issued on behalf of the company		
<b>Details of bank balances/deposits</b>		
Bank balance available on demand included under 'Cash and cash equivalents'	261	260
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	2	1
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 13)	0#	0#
	<b>263</b>	<b>261</b>
# Amount is below rounding off threshold adopted by the company		
<b>17 Short-term loans and advances</b>		
<i>(unsecured, considered good)</i>		
<b>Current portion of long-term loans and advances (refer note 12)</b>	0#	4
<b>To parties other than related parties</b>		
Prepaid expenses	16	25
Advances to employees	9	12
VAT receivable	9	-
CENVAT receivable	16	1
Advances to suppliers	110	291
Others	29	21
	<b>189</b>	<b>354</b>
# Amount is below rounding off threshold adopted by the Company.		
<b>18. Other current assets</b>		
<i>(Unsecured, considered good, unless otherwise stated)</i>		
Interest accrued on fixed deposits	0#	0#
Unbilled revenue	-	13
	<b>0#</b>	<b>13</b>
# Amount is below rounding off threshold adopted by the Company.		
<b>19. Revenue from operations</b>		
Sale of products		
Finished goods	16,785	15,864
Traded goods	2,766	1,166
<b>Sale of products (gross)</b>	<b>19,551</b>	<b>17,030</b>
Less: Excise duty	37	189
<b>Sale of products (net)</b>	<b>19,514</b>	<b>16,841</b>
Sale of services	348	427
<b>Other operating revenues</b>		
- Dealers signing fees	4	-
-Liabilities /provisions no longer required written back	115	66
	<b>119</b>	<b>66</b>
	<b>19,981</b>	<b>17,334</b>

(Amount in Rs. lakhs, unless otherwise stated)

31 March 2017      31 March 2016

**Break-up of revenue from sale of products**

**Manufactured goods**

- Watches	16,257	15,384
- Components and others	528	480
	<b>16,785</b>	<b>15,864</b>

**Traded goods**

- Watches	2,766	1,166
	<b>2,766</b>	<b>1,166</b>

**Break-up of revenue from services rendered**

- Support charges	322	401
- Customer services	26	26
	<b>348</b>	<b>427</b>

**20. Other income**

Interest income on		
- bank deposits	0#	0#
- others	4	4
Foreign exchange gain	10	-
Miscellaneous income	0#	0#
	<b>14</b>	<b>4</b>

# Amount is below rounding off threshold adopted by the Company.

**21. Cost of materials and components consumed**

Inventory at the beginning of the year	1,171	880
Purchases	9,816	9,215
Inventory at the end of the year	(1,317)	(1,171)
	<b>9,670</b>	<b>8,924</b>

**Break-up of cost of materials and components consumed**

Movements	1,971	2,080
Straps	2,336	2,009
Other materials	5,363	4,835
	<b>9,670</b>	<b>8,924</b>

**Break-up of inventory - materials and components**

**Raw materials and components**

Movements	95	126
Straps	261	302
Other materials	961	743
	<b>1,317</b>	<b>1,171</b>

**22. Purchases of stock-in-trade**

Watches	1,057	1,065
	<b>1,057</b>	<b>1,065</b>

(Amount in Rs. lakhs, unless otherwise stated)

31 March 2017      31 March 2016

**23. Changes in inventories of finished goods, work-in-progress and stock-in-trade**

**Inventory at the end of the year**

Traded goods	654	729
Work-in-progress	147	124
Finished goods	996	1,386
	<b>1,797</b>	<b>2,239</b>

**Inventory at the beginning of the year**

Traded goods	729	59
Work-in-progress	124	141
Finished goods	1,386	1,444
	<b>2,239</b>	<b>1,644</b>

Excise duty related to increase / decrease in inventory of finished goods

<b>(Increase)/decrease in inventory</b>	<b>451</b>	<b>(668)</b>

**Traded goods**

Inventory at the end of the year	654	729
Inventory at the beginning of the year	729	59
	<b>75</b>	<b>(670)</b>
<b>(Increase)/decrease in inventory</b>		

**Work-in-progress**

Inventory at the end of the year	147	124
Inventory at the beginning of the year	124	141
	<b>(23)</b>	<b>17</b>
<b>(Increase)/decrease in inventory</b>		

**Finished goods**

Inventory at the end of the year	996	1,386
Inventory at the beginning of the year	1,386	1,444
	<b>390</b>	<b>58</b>
<b>(Increase)/decrease in inventory</b>		

Excise duty related to increase / decrease in inventory of finished goods

	<b>(9)</b>	<b>73</b>
	<b>451</b>	<b>(668)</b>

**Details of inventory**

**Traded Goods**

Watches	654	729
	<b>654</b>	<b>729</b>

**Work-in-progress**

Watches	147	124
	<b>147</b>	<b>124</b>

**Finished goods**

Watches	996	1,386
	<b>996</b>	<b>1,386</b>

**24. Employee benefits expense #**

Salaries, wages and bonus	2,085	1,961
Contribution to provident and other funds	112	103
Compensated absences	73	45
Staff welfare expenses	148	136
	<b>2,418</b>	<b>2,245</b>

# Refer note 30

**25. Finance costs**

Interest expense	276	294
Interest on delayed payment of statutory dues	1	63
	<b>277</b>	<b>357</b>

(Amount in Rs. lakhs, unless otherwise stated)

	31 March 2017	31 March 2016
<b>26. Depreciation and amortisation #</b>		
Depreciation of tangible fixed assets	166	252
Amortisation of intangible assets	43	26
	<u><b>209</b></u>	<u><b>278</b></u>
# Refer note 10 and 11		
<b>27. Other expenses</b>		
Consumption of stores and spare parts	65	21
Power and fuel	61	53
Selling and distribution	589	531
Rent (refer note 31)	238	316
Repairs and maintenance		
- Building	61	49
- Machinery	37	50
- Others	3	3
Insurance	48	53
Rates and taxes, excluding taxes on income	188	334
Travelling	440	385
Legal and professional (refer note below)	271	247
Advertising expenses	894	585
Sales promotion expenses	1,413	1,020
Minimum Guarantee expenses	303	407
Bank charges	11	10
Communication	69	69
Warranty	159	131
Director's sitting fees	13	11
Meeting and conference	89	174
Purchased services	899	690
Bad debts written off	122	39
Less : Provision utilised	(116)	6
Provision for doubtful debts		10
Doubtful advances written off	100	-
Less : Provision utilised	(100)	-
Provision for doubtful advances		2
Insurance claim receivable written off		15
Assets written off	53	21
Loss on sale of assets (net)	1	10
Foreign exchange loss (net)		433
Miscellaneous expenses	373	356
	<u><b>6,294</b></u>	<u><b>6,064</b></u>
<b>Note: Payment to auditors (inclusive of service tax)</b>		
As auditor		
Statutory audit	14	19
Tax audit	2	2
Limited review of quarterly results	15	20
In other capacity		
Group audit	6	8
Certification services	1	-
Reimbursement of expenses	4	4
	<u><b>42</b></u>	<u><b>53</b></u>

28. Managerial remuneration of Rs 7.46 lakhs paid by the Company during the year ended 31 March 2012 was in excess of the amount approved by the Central Government. The Company's application for approval of such excess remuneration was rejected by Central Government vide its letter dated 26 July 2012. The Company had requested the Central Government to reconsider the same and an application was made in this regard by the Company vide its letter dated 30 August 2012.

In response, the Company received direction from Central Government to recover the excess remuneration of Rs. 7.09 lakhs paid during the year ended 31 March 2012. Subsequently, the Company filed an application with the Central Government for waiver of such excess remuneration paid, since the concerned managerial person has resigned w.e.f. 31 January 2013.

In response, the Central government vide its letter dated 18 November 2014, rejected the application filed by the Company for waiver of remuneration paid in excess of the limits specified in the Companies Act, 1956. Subsequent to 31 March 2017, the Company has recovered the excess managerial remuneration along with interest thereon from the erstwhile director.

**29. Earnings/ (loss) per equity share (EPS)**

**Basic earnings/ (loss) per equity share**

The calculation of basic earnings/ (loss) per equity share for the year ended 31 March 2017 is based on the profit/ (loss) attributable to equity shareholders of Rs. (1,051) lakhs (previous year loss: Rs. (1,257) lakhs), and weighted average number of equity shares outstanding of 1,010 lakhs (previous year: 1,010 lakhs).

**Diluted earnings / (loss) per equity share**

The calculation of diluted earnings/(loss) per share for the year ended 31 March 2017 is based on profit/ (loss) attributable to equity shareholders of Rs. (1,051) lakhs (previous year loss: Rs (1,257) lakhs and weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares of 1,010 lakhs (previous year: 1,010 lakhs).

**Earnings**

**(Rs. in lakhs)**

	<b>31 March 2017</b>	<b>31 March 2016</b>
Loss after tax	(381)	(927)
Less: Preference dividend and tax thereon	670	330
Net loss attributable to equity shareholders for calculation of basic EPS	(1,051)	(1,257)
Loss adjusted for the effects of dilutive potential equity shares for calculation of diluted EPS	(1,051)	(1,257)

**Shares**

<b>Particulars</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Weighted average number of equity shares attributable to equity shareholders for calculation of basic and diluted EPS (in lakhs)	1,010	1,010

**Loss per share (Nominal value of Rs. 1 per share)**

<b>Particulars</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Basic	(1.04)	(1.25)
Diluted	(1.04)	(1.25)

**30. Employee benefits: Post-employment benefit plans**

**Provident fund**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund. The Company has no obligation other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount

recognised as an expense towards contribution to Provident Fund for the period aggregated to Rs. 97 lakhs (previous year: Rs. 87 lakhs).

The Company also has an approved provident fund for its own employees, which is exempt from the Income tax Act 1961. In order to comply with the provisions of the Act, the Company matches the interest declared by Regional Provident Fund (RPFC) to its own subscribers. To the extent that the actual interest earned by the Company's private fund falls short of the rate declared by RPFC, the shortfall is met by the Company. The benefit valued is the interest shortfall, if any, for future years on the provident fund balances of the employees.

The Defined Benefit Obligation of interest rate guarantee on exempt provident fund in respect of the employees of the Company as at 31 March 2017 amounts to Rs. Nil (previous year Rs. Nil) based on an actuarial valuation carried out by an independent actuary as at 31 March 2017.

#### **Principal assumptions at the valuation date**

Particulars	31 March 2017	31 March 2016
Discount rate	7.35%	8.05%
Expected rate of return on assets	9.33%	9.00%
Discount rate for the remaining term to maturity of the investment	6.80%	7.84%
Average historic yield on investment	8.78%	8.79%
Guaranteed rate of return	8.65%	8.80%

#### **Composition of plan assets**

Category of assets (% allocation)	31 March 2017	31 March 2016
Government of India securities	53%	57%
Special deposit scheme	57%	54%
Equity shares of Listed company	2%	1%
Others	-12%	-12%
<b>Grand total</b>	<b>100%</b>	<b>100%</b>

#### **Superannuation fund**

The Company's contribution paid/ payable under the scheme to the Superannuation Fund Trust, as administered by the Company is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to Superannuation fund for the period aggregated to Rs. 7 lakhs (previous year: Rs. 9 lakhs).

#### **Employee State Insurance fund**

The Company's contribution paid/ payable under the scheme to the Employee State Insurance is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to Employee State Insurance Fund for the period aggregated to Rs. 8 lakhs (previous year: Rs. 7 lakhs).

#### **Gratuity**

The Company operates a post-employment defined benefit plan that provides for gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. The Scheme is not funded by plan assets. The following table summarises the position of assets and obligations in relation to the plan:

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016
Present value of obligations	328	240
Liability recognised in balance sheet	<b>328</b>	<b>240</b>

## Classification into current / non-current

The liability in respect of the plan comprises of the following non-current and current portions: (Rs. in lakhs)

Particulars	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Gratuity	322	231	6	9

## Movement in present values of defined benefit obligations

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016
Defined benefit obligation at commencement of the period	240	215
Current service cost	36	32
Interest cost	22	20
Actuarial (gains) / losses	48	7
Liabilities assumed on Acquisition / (Settled on Divestiture)	-	(6)
Benefits paid by the plan	(18)	(28)
<b>Defined benefit obligation at end of the period</b>	<b>328</b>	<b>240</b>

## Expense recognised in Statement of Profit and Loss

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016
Current service cost	36	32
Interest cost	22	20
Actuarial (gains) / losses	48	7
<b>Total included in 'employee benefits expense'</b>	<b>106</b>	<b>59</b>

## Principal actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

### Economic Assumptions:

Particulars	31 March 2017	31 March 2016
Discount rate	7.35%	8.05%
Future salary increases	8%	8%

The principal assumptions are the discount rate and salary increase. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations. The estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

### Demographic Assumptions:

Particulars	31 March 2017	31 March 2016
Retirement age (years)	58	58
Mortality	IALM (2006-08)	IALM (2006-08)

## Withdrawal Rates:

Age (years)	31 March 2017	31 March 2016
21 to 44 years	2%	2%
45 to 57 years	1%	1%

## Five-year information

Amounts for the current and previous four periods are as follows:

Particulars	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	328	240	215	163	174
Experience adjustment arising on plan liabilities	19	9	34	1	36

The Company expects Rs. 6 lakhs benefit payout in the next year (previous year: Rs. 8 lakhs)

## 31. Operating leases as lessee:

The Company has taken land and building, office premises, showrooms, other business premises, vehicles and residential accommodation for some of its employees under operating lease arrangements, with an option of renewal at the end of the lease term and escalation clause in some of the cases. Lease payments charged during the year to the Statement of Profit and Loss aggregate Rs. 238 lakhs (previous year Rs. 316 lakhs). The future minimum lease payments under non-cancellable operating leases are as follows:

(Rs. in lakhs)

Future lease payments due	31 March 2017	31 March 2016
Payable within one year	102	71
Payable between one to five years	141	190
<b>Total</b>	<b>243</b>	<b>261</b>

## 32. Related party disclosures

### A. Names of related parties:

Related parties and nature of related party relationship where control exists:

Description of Relationship	Name of the Party
Ultimate Holding Company	Eagleville Group B.V.*
Holding Company	Timex Group Luxury Watches B.V.

Other related parties:

Description of Relationship	Name of the Party
Fellow Subsidiaries	Timex Group B.V.*
	Timex Nederland B.V.
	Timex Group B.V. T/A Mersey Manufacturers
	TMX Limited N.V.
	Timex Group USA, Inc.
	Timex Group Precision Engineering Limited
	Timex Group Canada, Inc.
	Tiempo, S.A. de C.V.
	TX Group Europe Limited
	Timex Group Polska Sp. Z o.o.
	Vertime B.V.
	Timex Group USA, Inc. (German Branch)*
Key Management Personnel	Sharmila Sahai, Managing Director

\* No transactions during the current year

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## B. Transactions and outstanding balances with related parties:

(Rs. In lakhs)

Party Name	IT Support expenses*	Purchase of goods	Reimbursement		Service income	Service charges paid @	Loan received	Interest expense on loan	Sale of goods	Loan (including interest) repayable on demand	Issue of preference shares	Payable	Receivable
			Paid	Received									
<b>Holding company</b>													
Timex Group													
Luxury Watches B.V.	-	-	-	-	-	-	-	-	-	-	3,500	-	1
<b>Fellow Subsidiaries</b>													
Timex Group B.V.	-	-	-	-	124	-	-	-	-	-	-	495	
	-	-	-	-								505	
Timex Group USA Inc.	25 31	- 162**	- -	2 43	135 297	373	-	-	3	-	-	1,540## 1,178##	204 72
TMX Limited NV	25 7	953 1045	-	-	164 209	-	-	-	73	-	-	576 4,286	152 78
Timex Nederland B.V.	-	-	-	3	-	74	-	-	-	-	-	812	3
	-	-	-	-	-	24	-	-	-	-	-	755	-
Vertime B.V.	-	563 510	-	91 103	-	-	-	-	-	-	-	114 122	-
Timex Group Precision Engineering Limited	-	2 5	-	3	26*** 29***	-	1,300	92	-	1,383	-	1 1	-
TMX Limited NV (sales division)	-	-	-	-	-	-	-	-	675 579	-	-	-	293 117
Tiempo, S.A. de C.V.	-	-	-	-	-	-	-	-	101	-	-	-	99
Others	-	-	0#	-	-	-	-	-	90	-	-	17 18	83 7

# Amount is below rounding off threshold adopted by the company

## Amount includes payable for capital goods

\*Included in miscellaneous expenses

\*\*Included in intangible assets as GSI implementation cost

\*\*\* Includes service tax

@ Included in sales promotion expense

Timex Group B.V., a fellow subsidiary, has provided a standby letter of credit amounting to Rs. 3,880 lakhs (previous year Rs. 3,880 lakhs) to the bankers of the Company as a guarantee for use of cash credit and overdraft facilities (including working capital loans).

Period for redemption of 7.1% preference shares amounting to Rs. 1,570 lakhs (previous year Rs. 1,570 lakhs) is ten years from the date of allotment i.e. 27 March 2004, with an option to the Company of an earlier redemption after 27 March 2006. The shares were due for redemption on 26 March 2014. The redemption of such shares, pursuant to the provisions of Section 106 of the Companies Act, 1956 has been extended by the preference shareholders by five years i.e. till 26 March 2019 and the Company has completed all formalities related to the same. During the current year, the company has obtained relevant approvals from the regulatory authorities and the coupon rate applicable to these series of preference shares was revised to 13.88% effective 1 April 2016 till the date of maturity.

Period for redemption of 7.1% preference shares amounting to Rs. 2,290 lakhs (previous year Rs. 2,290 lakhs) is ten years from the date of allotment i.e. 21 March 2006, with an option to the Company of an earlier redemption after 21 March 2008. The shares were due for redemption on 20 March 2016. The Company sought extension for redemption of such shares, pursuant to the provisions of Section 106 of the Companies Act, 1956 by five years i.e. till 20 March 2021. The preference shareholders and RBI have agreed to this extension. The Company has received an approval from the equity shareholders by postal ballot resolution dated 5 April 2016 for extension of redemption date to 20 March 2021. During the current year, the company has obtained relevant approvals from the regulatory authorities and the coupon rate applicable to these series of preference shares was revised to 13.88% effective 1 April 2016 till the date of maturity.

Period for redemption of 5% preference shares amounting to Rs. 3,500 lakhs (previous year nil) is ten years from the date of allotment i.e. 16 February 2017, with an option to the Company of an earlier redemption after 15 February 2022.

**C. Transactions with key management personnel:**

(Rs. In lakhs)

	<b>31 March 2017</b>	<b>31 March 2016</b>
<b>Remuneration</b>		
Sharmila Sahai*	103	95

\* Excludes provision for gratuity and leave encashment as the same is determined for the Company as a whole and is not separately ascertainable for any individual.

**33. Details of imported and indigenous raw materials, components, spares and consumables consumed**

(Rs. In lakhs)

Particulars	<b>31 March 2017</b>		<b>31 March 2016</b>	
	Value (Rs. Lakhs)	% of total consumption	Value (Rs. Lakhs)	% of total consumption
<b>Raw materials and components</b>				
Imported	4,470	46	4,800	54
Indigenous	5,200	54	4,124	46
<b>Total</b>	<b>9,670</b>	<b>100</b>	<b>8,924</b>	<b>100</b>
<b>Stores and consumables</b>				
Imported	-	-	-	-
Indigenous	65	100	21	100
<b>Total</b>	<b>65</b>	<b>100</b>	<b>21</b>	<b>100</b>

**34. Value of imports on CIF basis**

(Rs. In lakhs)

Particulars	<b>31 March 2017</b>	<b>31 March 2016</b>
Raw material and components	3,425	3,648
Watches	721	1,016
Capital goods (ERP implementation cost)	-	162
	<b>4,146</b>	<b>4,826</b>

## 35. Expenditure in foreign currency

(Rs. In lakhs)

Particulars	31 March 2017	31 March 2016
Travelling	23	7
IT support expenses *	50	38
Service charges @	447	321
Sales promotion	56	10
Legal and professional	7	-
	<b>583</b>	<b>376</b>

\* included in miscellaneous expense

@ included in sales promotion expense

## 36. Earnings in foreign currency

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016
Exports on F.O.B basis	1,130	756
Service income	299	376
	<b>1,429</b>	<b>1,132</b>

## 37. Taxation

The Company has significant unabsorbed depreciation and carry forward losses. In view of the absence of virtual certainty supported by convincing evidence of realisation of carried forward tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent of deferred tax liabilities.

The major components of deferred tax assets and liabilities are as follows:

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016
<b>Deferred tax liabilities</b>		
Difference between net book value and written down value as per Income tax Act, 1961	-	-
<b>Total deferred tax liability</b>	-	-
<b>Deferred tax assets</b>		
Gratuity	114	83
Compensated absences	76	59
Provision for doubtful debts and advances	198	238
Provision for warranty	33	30
Provision for sales returns and unearned margin	142	162
Provision for litigations	9	9
Carried forward depreciation	369	391
Carried forward loss	2,510	2,521
Difference between net book value and written down value as per Income tax Act, 1961	57	55
<b>Total deferred tax asset</b>	<b>3,507</b>	<b>3,548</b>
Deferred tax asset recognised (to the extent of deferred tax liability recognised above)	Nil	Nil
Net deferred tax asset/(liability)	Nil	Nil

## 38. Segment information

The Company's business segment comprises:

- Watches: Manufacturing and trading of watches;
- Others: Providing IT and finance related back office support to other group companies.

Segment revenue in the geographical segments considered for disclosure are as follows:

- Revenues within India (Domestic) includes sale of watches and spares to consumers located within India; and
- Revenues outside India (Overseas) includes sale of watches manufactured in India and service income earned from customers located outside India.

Segments have been identified in line with the Accounting Standard 17 on "Segment Reporting" notified by the Companies (Accounting Standards) Rules, 2006, taking into account the nature of products and services, the risks and returns, the organisation structure and the internal financial reporting system.

Secondary segment reporting is performed on the basis of the geographical segments.

### Primary segment reporting (by business segment):

(Rs. in lakhs)

	<b>Watches</b>	<b>Others</b>			<b>Total</b>	
	<b>2016-17</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Segment revenues</b>						
External sales (gross)	19,764	17,290	135	167	19,899	17,457
Excise duty	(37)	(189)	-	-	(37)	(189)
External sales (net)	19,727	17,101	135	167	19,862	17,268
Other business related income	119	66	-	-	119	66
<b>Total revenue</b>	<b>19,846</b>	<b>17,167</b>	<b>135</b>	<b>167</b>	<b>19,981</b>	<b>17,334</b>
<b>Results</b>						
Segment results	733	790	21	40	754	830
Add: Unallocated income					10	-
Less: Unallocated expenses					872	1,404
<b>Loss before interest and tax</b>					<b>(108)</b>	<b>(574)</b>
Interest expense					(277)	(357)
Interest income					4	4
<b>Loss before tax</b>					<b>(381)</b>	<b>(927)</b>
<b>Other information</b>						
<b>Assets</b>						
Segment assets	10,829	11,463	633	518	11,462	11,981
Unallocated corporate assets					869	942
<b>Total assets</b>					<b>12,331</b>	<b>12,923</b>
<b>Liabilities</b>						
Segment liabilities	8,614	11,434	4	10	8,618	11,444
Unallocated corporate liabilities					2,937	3,822
Share capital (including share premium amount and balance in Statement of Profit and Loss)					776	(2,343)
<b>Total liabilities</b>					<b>12,331</b>	<b>12,923</b>
<b>Others</b>						
Capital expenditure	14	57	-	-	14	57
Unallocated capital expenditure					46	305
<b>Total capital expenditure</b>					<b>60</b>	<b>362</b>
Depreciation	101	190	-	0#	101	190
Unallocated depreciation					108	88
<b>Total depreciation</b>					<b>209</b>	<b>278</b>

# Amount is below rounding off threshold adopted by the Company.

## Secondary segment reporting (by geographical location of customer):

(Rs. in lakhs)

	India		Outside India		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Segment revenue	18,552	16,166	1,429	1,168	19,981	17,334
Segment assets	11,001	12,143	1330	780	12,331	12,923
Capital expenditure	60	362	-	-	60	362

### Segment accounting policies

Besides the normal accounting policies followed as described in note 2, segment revenues, results, assets and liabilities include the respective amounts directly identified to each of the segments and amounts allocated on a reasonable basis. The description of segment assets and liabilities and the accounting policies in relation to segment accounting are as under:

#### a) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of fixed assets, capital work in progress, current assets and loans and advances. Segment liabilities include all operating liabilities in respect of a segment and consist principally of creditors and accrued liabilities. Segment liabilities do not include share capital, reserves, current tax and deferred tax liability. Primary segment assets do not include advance tax, deferred tax asset, cash and bank balance and fixed deposits.

#### b) Segment revenue and expenses

Segment revenue and expenses are directly attributable to the segment and have been allocated to various segments on the basis of specific identification. However, segment revenue and expenses do not include interest and other income/expense in respect of non-segmental activities.

#### 39. Contingent liabilities and commitments

*(to the extent not provided for)*

### Contingent liabilities

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016
Claims against the Company not acknowledged as debt		
a) Sales tax	215	270
b) Excise duty	6	6
c) Customs duty	8	8
d) Income tax*	-	-
e) Others	128	96
Dividend on cumulative preference shares (Refer note 41)		
2012-2013	-	274
2013-2014	-	274
2014-2015	-	274
2015-2016	-	274
2016-2017	557	-
Corporate dividend tax on cumulative preference shares		
2012-2013	-	56
2013-2014	-	56
2014-2015	-	56
2015-2016	-	56
2016-2017	113	-

\* Represents additions made to the total taxable income of the Company by the tax authorities which have been disputed by the Company. No demand has been raised by the tax authorities as any additions to the income will be adjusted against the brought forward losses / unabsorbed depreciation.

**40.** The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31 March 2017 and 31 March 2016 has been made in the financial statements based on information received and available with the Company. Based on the information currently available with the Company, there are no dues payable to Micro and Small Suppliers as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

**41.** The dividend liability on 15,700,000 2.9% cumulative redeemable non-convertible preference shares of Rs. 10 each and 22,900,000 5.4% cumulative redeemable non-convertible preference shares of Rs. 10 each, payable until 31 March 2009, was waived off as per the consent of the holders of these preference shares vide their letter dated 15 March 2009. The coupon rate applicable to these series of preference shares was revised to 7.1% effective 1 April 2009 till the date of maturity. The holders of these preference shares have further waived the dividend for the years 2012-13, 2013-14, 2014-15 and 2015-16, subject to the condition that the coupon rate for these series shall be revised from 7.1% to 13.88%. During the current year, the Company has obtained relevant approvals from the regulatory authorities and the coupon rate applicable to these series of preference shares has been revised to 13.88% effective 1 April 2016 till the date of maturity.

**42. Unhedged foreign currency exposures**

Foreign currency exposures on account of trade receivables / trade payables/ other current liabilities not hedged by derivative instruments are as follows:

Particulars	31 March 2017		31 March 2016	
	(in original currency)	(Rs. in lakhs)	(in original currency)	(Rs. in lakhs)
Trade payables				
- USD	45	2,896	94	6,223
- EURO	0#	17	0#	18
- HKD	3	24	12	102
- CHF	2	114	2	122
- JPY	25	15	12	7
Trade receivables				
- USD	21	1,358	12	774
- HKD	-	-	1	6
Capital creditors				
- USD	2	159	2	162

# Amount is below rounding off threshold adopted by the Company.

**43.** As at 31 March 2017, the Company has foreign currency receivables amounting to Rs. 14 lakhs (previous year Rs. 39 lakhs) outstanding for a period exceeding nine months. As per Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables should be realized, except with prior approval of RBI, within a period of nine months. The Company is in the process to write-off these amounts to comply with RBI guidelines.

**44. Transfer Pricing**

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by such date as required under law. The management is of the

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opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

## 45. Disclosure regarding Specified Bank Notes (SBNs)

(Amount in INR)

Particulars	SBNs	Other Denomination Notes	Total
<b>Closing cash in hand as on 8 November 2016</b>	<b>414,500</b>	<b>11,365</b>	<b>425,865</b>
(+) Permitted receipts	-	152,845	152,845
(-) Permitted payments	-	50,852	50,852
(-) Amount deposited in Banks	414,500	11,364	425,864
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>101,994</b>	<b>101,994</b>

As per our report of even date attached

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022

**Rajiv Goyal**

*Partner*

Membership No.: 094549

Place : Gurgaon

Date : 25 May 2017

**Colin Davis Arsenault**

*Chairman*

DIN : 07156629

Place : Noida

Date : 25 May 2017

For and on behalf of the Board of Directors of

**Timex Group India Limited**

**Sharmila Sahai**

*Managing Director*

DIN : 00893750

Place : Noida

Date : 25 May 2017

**Amit Jain**

*Chief Financial Officer*

Date : 25 May 2017

**Dhiraj Kumar Maggo**

*Company Secretary*

Membership No.: F7609

Place : Noida

Date : 25 May 2017

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**TIMEX GROUP INDIA LIMITED**

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