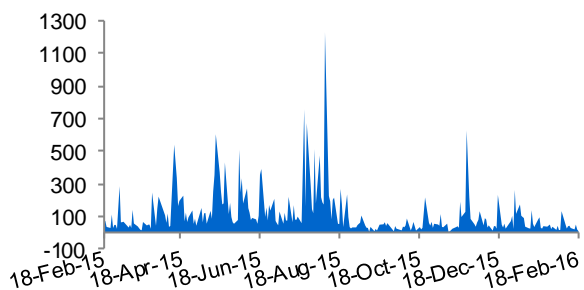


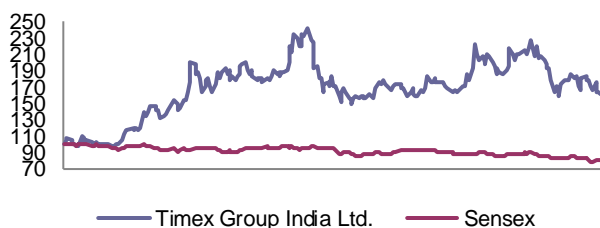
Equity Statistics

| | | |
|--------------------------|------------|-------------|
| Current Market Price | Rs. | 27.6 |
| 52 Week High/Low | Rs. | 42.75/15.10 |
| Market Capitalisation | Rs. Crores | 278.1 |
| Free Float | Rs. Crores | 68.5 |
| Dividend Yield | % | 0.0 |
| One Year Regression Beta | Times | 1.4 |

BSE Volumes Trend - Average = 114.31 Thousand

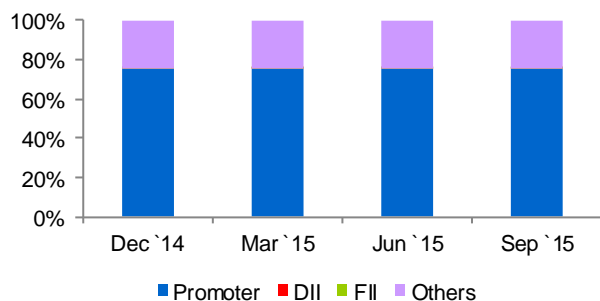


Relative Returns



| Returns | 1M | 3M | 6M | 1Y |
|----------------|-----|-----|-----|------|
| Absolute | -1% | -5% | -5% | 62% |
| Rel. to Sensex | 1% | 2% | 12% | 101% |

Shareholding Pattern



Source: CARE, BSE and ACE Equity

Business Summary

Timex Group India Limited (TGIL) was incorporated in 1988, as a subsidiary of Dutch holding company Timex Group Luxury Watches B.V. which continues to hold 75% of the company's equity. The Company is engaged in the business of manufacturing and trading of watches and rendering of related after sales service. Timex first came to India in 1992 through a joint venture with Titan Industries Ltd (a Tata Group company). The joint venture subsequently split up in 1998. Today, the company has 318 employees and 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 information and technology support services to group companies.

The Company has grown during the financial year 2014-2015 by 15% over the previous year and the losses have reduced by 66% over the previous year. This has been possible due to the initiatives taken in the previous years to reposition its brand, rationalizing the spends, improving the product portfolio, improvement in merchandising and retailing presence and improved employee productivity.

The Company also forayed into the wearable segment in Q1 of the current financial year with the launch of its smart watch and fitness band-Move x20 and Run x20 GPS to cater to the current age of fitness enthusiasts and tech-savvy audience.

The company is currently trading at -1.41 times FY15 EPS.

| Person | Role |
|-----------------------|--------|
| Colin Davis Arsenault | NED, C |
| Ryan Todd Roth | MD, VC |
| Sharmila Sahai (Ms.) | MD |
| Anil Malhotra | NED |
| Daya Dhaon | NED, I |
| Gagan Singh (Ms.) | NED, I |
| Pradeep Mukerjee | NED, I |
| Bijou Kurien | NED, I |

Source: AR and CARE Research

Note: MD: Managing Director, ED: Executive Director, NED: Non Executive Director, C: Chairman, I: Independent Director
VC: Vice Chairman

Background

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 under the provisions of the Companies Act, 1956. 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.

Business overview

- 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.
 - The company derives its revenue primarily from manufacturing and trading of watches. Total revenue consists of revenue from sale of products (approx. 96.16% of total revenue) and sale of services.

Strengths and growth drivers

- During the year, the company's sales & share on all leading e-commerce site have grown rapidly, which is also evident from the fact that now the company has exclusive stores on all leading e-commerce sites.
- The company believes that consistent innovation is the key and to be profitable, there has to be continuous improvement. The company's product portfolio is abundantly equipped to fulfill consumer expectations of different segments. The Timex Group has also set standards of high quality watch-making through excellent technology and innovative product development and has been a pioneer in several landmark technologies including the Indiglo®, the watch industry's first electroluminescent watch face.

Risk and concerns

- The accumulated losses of the Company as at 31 March 2015 are Rs. 6887 lakhs, which have resulted in complete erosion of the net worth of the Company. However, the Company expects growth in its operations in coming years and is taking measures to improve its operational efficiency. As per the business plans of the Company, the funding requirements of the company will be met through funds from operations, operational efficiency, bank borrowings which have been guaranteed by holding company. Besides, adverse exchange rate of dollar can seriously impact the margin of the Company in the short and medium term. However, the Company is working towards localization of imported parts/ goods.
- Other players in the industry are setting up their own manufacturing base. This may impact the economics of scale of watch industry vendors and may lead to increase in the cost of procurement. To combat this risk, the Company is integrating with global supply chain to develop alternate vendors.

Future strategy and expansion plans

- The company is introducing international range of products to bring consumers closer to the international trends. The Company will focus on local product development to meet market specific requirement. New product launches, improved quality and service levels shall be the core focus.
- On the Channel segmentation front, e-commerce was the focused channel to reach-out to larger consumer base across cities. The company's visibility and sales are increasing on each channel, especially online & retail. The Company has planned to expand further to untapped segments.
- The company has recently launched some of the international best sellers in India and now the company has planned to launch some latest exciting international collection for India consumers

Industry outlook

The size of the watch market in India has grown at a modest pace of 9-10% in the past few years. The watch market in India has evolved into a competitive market with a large number of brands (national & international) attempting to lure consumers with new innovative products in order to capture bigger market shares. The primary reasons leading to the growth in the:-

- **Change in the perception of Indian consumers about the wrist watches:** Earlier, the wrist watches were seen solely as a time keeping devise. But with the super innovations in the watch industry, 'watches' are witnessing a fundamental change. Large numbers of players in the watch industry are offering new and innovative multi tasking watches for different sections of the society and different age groups. Wrist watches are expected to soon evolve into a hi-tech interactive devise.
- **Influx of International Brands:** These international watch companies have acquainted the Indian consumers with new innovative technologies and creative designs of watches.

- **Improved purchasing power:** Significant surge in the incomes during the last decade has impacted the demand of the designer high end watches among the population of the country. A watch is increasingly being seen as to define the wearer's identity and personality.

| Peer comparison | | | |
|-------------------------------------|--------|----------|-----------|
| Income statement (Rs. crore) | Timex | Titan | KDDL Ltd. |
| Total income | 142.43 | 11973.79 | 128.01 |
| Net sales | 142.36 | 11903.21 | 126.84 |
| EBITDA | -7.84 | 1223.94 | 25.99 |
| Ordinary PAT | -10.98 | 823.07 | 6.51 |
| Adjusted PAT | -10.98 | 823.07 | 6.51 |
| Per share data (Rs.) | | | |
| Adjusted BVPS | -5.47 | 34.83 | 57.72 |
| Diluted EPS* | -1.09 | 9.27 | 7.17 |
| Growth (Y-o-Y) (%) | | | |
| Growth in Total income | 15.17 | 8.50 | 13.43 |
| Growth in Net sales | 15.20 | 9.05 | 13.65 |
| Growth in EBITDA | -73.34 | 4.73 | 21.26 |
| Growth in Adjusted PAT | -66.71 | 11.05 | 53.48 |
| Growth in EPS* | -66.71 | 11.05 | 52.80 |
| Profitability ratio (%) | | | |
| EBITDA margin | -5.51 | 10.28 | 20.49 |
| Adjusted PAT margin | -7.71 | 6.91 | 5.13 |
| Valuation ratios (Times) | | | |
| Price/EPS (P/E) | 0.00 | 42.28 | 43.47 |
| Price/Book value (P/BV) | -3.47 | 11.26 | 5.40 |
| Enterprise value (EV)/EBITDA | -32.68 | 28.34 | 12.73 |

Source: BSE, ACE Equity and CARE Research

Note:- Titan-Titan Company Limited, KDDL Ltd-Kamla Dials & Devices Limited

| Quarterly financials | Quarter ended Dec 31, 2015 | | | | |
|-------------------------------------|-----------------------------------|---------------|---------------|---------------|---------------|
| | Q3FY16 | Q2FY16 | Q1FY16 | Q4FY15 | Q3FY15 |
| Income statement (Rs. crore) | | | | | |
| Total income | 51.16 | 40.81 | 38.02 | 34.51 | 43.16 |
| Net sales | 50.92 | 40.76 | 38.00 | 31.77 | 43.14 |
| EBITDA | 1.83 | -2.07 | -3.49 | 1.12 | -0.20 |
| Ordinary PAT | 0.14 | -3.52 | -4.74 | -0.11 | -1.51 |
| Adjusted PAT | 0.14 | -3.52 | -4.74 | -0.11 | -1.51 |
| Growth (Q-o-Q) (%) | | | | | |
| Growth in net sales | 24.93 | 7.26 | 19.61 | -26.36 | 34.18 |
| Profitability ratio (%) | | | | | |
| EBITDA margin | 3.59 | -5.08 | -9.18 | 3.53 | -0.46 |
| Adjusted PAT margin | 0.27 | -8.64 | -12.47 | -0.35 | -3.50 |

Source: BSE, Capitaline and CARE Research

Auditor Qualification

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 the Central Government vide its letter dated 26 July 2012. The Company had requested the Central Government to re-consider the same and an application had been 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. The Central Government vide its letter dated 18 November 2014, has rejected the application filed for waiver of excess remuneration paid. The Company is in the process of taking necessary steps for recovery of this amount from the erstwhile

Managing Director.

Financial analysis

- In FY15, Timex Group reported net sales of Rs.142.43 crores at the growth rate of 15.20% from FY14.
- Raw materials form the largest portion of cost for the company. In FY15, raw materials cost as a percentage of net sales was at around 53.06%.
- The company reported EBITDA margins and adjusted PAT margins of -5.51% and -7.71%, respectively in FY15.
- The total debt as on March 31, 2015 was at Rs. 27.69 crores compared to negative net worth of Rs. 55.26 crores.
- The company has not paid any dividend in FY15.

| Annual financial statistics | FY11 | FY12 | FY13 | FY14 | FY15 |
|---|--------|--------|----------|---------|--------|
| Income statement (Rs. crore) | | | | | |
| Total income | | | | | |
| Net sales | 173.91 | 183.91 | 121.68 | 123.67 | 142.43 |
| EBITDA | 173.16 | 183.51 | 121.44 | 123.58 | 142.36 |
| Depreciation and amortization | 19.41 | 9.23 | -38.66 | -29.41 | -7.84 |
| EBIT | 1.69 | 1.97 | 2.23 | 2.34 | 2.24 |
| Interest | 17.72 | 7.26 | -40.89 | -31.75 | -10.08 |
| PBT | 0.14 | 1.21 | 1.07 | 1.23 | 2.61 |
| Ordinary PAT | 17.58 | 6.05 | -41.96 | -32.98 | -10.98 |
| Adjusted PAT | 14.01 | 4.53 | -41.96 | -32.98 | -10.98 |
| Balance sheet (Rs. crore) | | | | | |
| Adjusted net worth | 29.99 | 31.33 | -10.63 | -43.61 | -55.26 |
| Total debt | 0.00 | 8.65 | 10.27 | 17.10 | 27.69 |
| Cash and bank | 12.67 | 3.26 | 5.61 | 5.23 | 4.46 |
| Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net fixed assets (incl. CWIP) | 13.49 | 14.36 | 14.94 | 13.41 | 11.33 |
| Net current assets (excl. cash, cash equivalents) | 41.10 | 50.38 | 7.59 | -24.25 | -30.48 |
| Per share data (Rs.) | | | | | |
| Adjusted BVPS | 2.97 | 3.10 | -1.05 | -4.32 | -5.47 |
| Diluted EPS* | 1.12 | 0.18 | -4.15 | -3.27 | -1.09 |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Growth (Y-o-Y) (%) | | | | | |
| Growth in total income | 24.01 | 5.75 | -33.84 | 1.64 | 15.17 |
| Growth in net sales | 27.71 | 5.98 | -33.82 | 1.76 | 15.20 |
| Growth in EBITDA | 128.82 | -52.45 | -518.85 | -23.93 | -73.34 |
| Growth in adjusted PAT | 203.03 | -67.67 | -1026.27 | -21.40 | -66.71 |
| Growth in EPS | 499.11 | -84.12 | -2444.13 | -21.40 | -66.71 |
| Key financial ratio | | | | | |
| EBITDA margin (%) | 11.21 | 5.03 | -31.83 | -23.80 | -5.51 |
| Adjusted PAT margin (%) | 8.09 | 2.47 | -34.55 | -26.69 | -7.71 |
| RoCE (%) | 26.98 | 9.54 | -67.13 | -114.77 | -59.53 |
| RoE (%) | 56.99 | 14.77 | -405.41 | 0.00 | 0.00 |
| Gross debt - equity (times) | 0.00 | 0.12 | 0.34 | -6.81 | -1.96 |
| Net debt - equity (times) | -0.42 | 0.17 | -0.44 | -0.27 | -0.42 |
| Interest coverage (times) | 126.57 | 6.00 | -38.21 | -25.81 | -3.21 |
| Current ratio (times) | 1.72 | 1.56 | 1.13 | 0.84 | 0.80 |
| Inventory days | 68.59 | 73.61 | 115.54 | 88.83 | 62.60 |
| Receivable days | 143.37 | 171.33 | 243.86 | 195.12 | 173.47 |

Source: BSE, Capitaline and CARE Research