

GOODYEAR INDIA LIMITED ANNUAL REPORT 2002

One Revolution Ahead

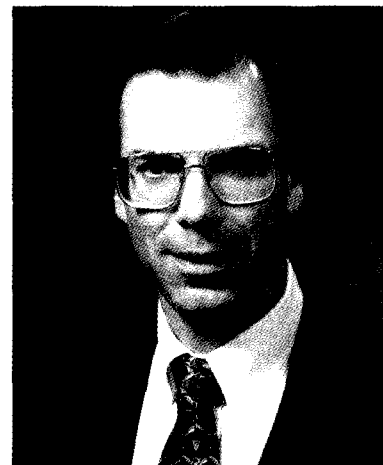




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"As the consumer and commercial vehicle markets in India become increasingly diverse and demanding, Goodyear will continue to lead the tire industry with innovative products and services that keep our brand one revolution ahead of the competition. Our continually refreshed portfolio of modern tires is the result of advanced technological breakthroughs. We are energizing and refocusing our efforts to deliver products that attract and retain loyal consumers and position Goodyear as the quality brand leader in the marketplace.



Our team of associates in India have turned challenges into successes during 2002. Their pride, determination and persistence have 'raised the bar' within our organization as we drive our business growth and performance in the years ahead."

Hugh D Pace

President - Asia Region
The Goodyear Tire & Rubber Company

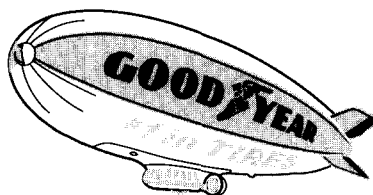


"There are already impressive signs for Indian economy to grow in the coming fiscal year. Although we face difficult challenges, we are confident that with our acknowledged strength in technology and futuristic goals, Goodyear India is well positioned to play its rightful role in the country. Our products are customised to meet ever increasing customer expectations and needs, and our Associates in India, having shown tremendous resilience, have brought out the best in increased turnover and growth for all to see."

Antonio M Capellini

Chairman & Managing Director
Goodyear India

One Revolution Ahead



With a track record of many successful firsts already under its tread prints, Goodyear turned its attention to concretising its fundamental advantage of being one revolution ahead.

Positive outlook for the future

The year under review, 2002, was not far different from its predecessor in respect of the general economic scenario. While several long-range and far-reaching measures were initiated, their immediate impact was almost negligible except in so far as to instill a positive confidence and hope for reversing the bleak economic trend. Despite the precarious political scenario internationally with the black clouds of war looming on the horizon, there is a positive growth projection of 6.1% with the services sector touching 7.1%.

The numerous liberalization programmes in the past have yielded a good result and inflation has been arrested at 3%, resisting even the patchy rainfall and war tension and nerves.

One of the most outstanding results has been the country's extraordinary forex reserves, standing at a laudable \$ 74 billion, with the current account surplus resting at 0.3% of GDP.

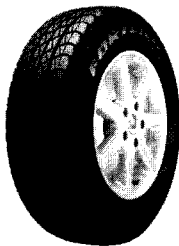
In addition, the reduction of Excise duty on passenger cars from 32% to 24% and on commercial vehicles to 24% is a highly welcomed outcome. This is expected to serve as a marvellous boost to the industry. The allocation of Rs. 40,000 crores on road plan spending will add to the resurgence in the economic scenario in

the coming years. The green signal, long awaited, for increased infrastructure spending will therefore affect the sales of commercial vehicles and impact positively on the economic scenario in the future.

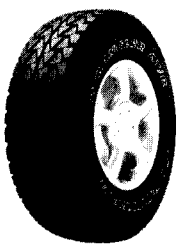
Spirited resilience in a bleak scenario

For Goodyear India Ltd., the year 2002 continued on its expected course with a typically characteristic flavour evident in the post 9/11 scenario. While challenges were thrown up continuously, the company responded with remarkable agility, using its own invaluable experience to translate market conditions and environment into opportunities.

The need for strengthening its customer relationships and consolidating its technological standards, thus became a key objective and input during the year. With this objective a spate of programmes and projects were initiated. With a track record of many successful firsts already under its tread prints, the company turned its attention to concretizing its fundamental advantage of being one revolution ahead. Significant changes were effected internally to further streamline the company's initiatives in the face of increasingly aggressive competition and bleak market scenario.



Fortera - the new generation tyre



Wrangler AT/R - superior technology

In creating and accelerating the technological revolution, the company continued to deliver on its previous promises and commitments to launch exciting new products.

Rationalising the Marketing and Sales divisions

Despite the highly competitive market conditions with frequent onslaughts on various fronts, the intense price wars, and rising cost of raw materials, the company continued with redoubled synergy in further fortifying itself and enhancing its resilience. While launching new benchmark products, strengthening dealer network and redesigning the best distribution strategy remained at the core of its diverse activities, a number of additional strategies were implemented to improve the efficiency of its operations. Foremost among these was the move to rationalise and restructure its sales and marketing division into two separate arms. The successful implementation of this unique strategy had its immediate impact on both fronts, with the sales division focusing on raising the company's competitiveness to the highest levels in all aspects of its operations, the marketing division turned its attention to reinvigorating its drive and initiative to enhance the corporate image, and implementing a variety of customer oriented promotions. With both divisions focusing on a single goal to capture the customers' loyalty and brand preference for Goodyear, the company was resolutely

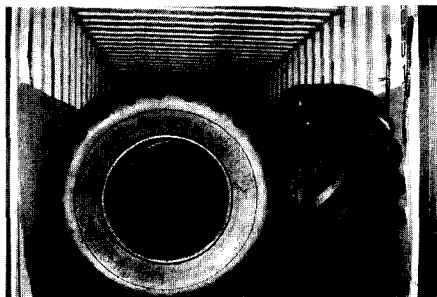
steered into an aggressive course of strategies, programmes and activities designed to bring in the best returns.

Revolutionary launches further elevate strong brand equity

In creating and accelerating the technological revolution, the company continued to deliver on its previous promises and commitments to launch exciting new products. Veritable revolutions in their own segments, the new breakthrough Wrangler AT/R and Fortera are virtual technological marvels far ahead of their time and indisputable hallmarks of the company's high-tech superiority. Both tyres will specially benefit the SUV owners in India. The Fortera is the only tyre to be specifically designed for the sport utility vehicles, which have in recent times witnessed a rising trend in demand. The spectacular strength of the Fortera is the inclusion of the innovative Trinium Tyre Technology, combining the expertise from the three global technical centres located in Japan, Europe and America. The unique juxtaposition of chemistry, design and engineering make the Fortera highly desirable and preferred in the SUV market. The company also finalized its plans to import several other benchmark tyres, like NCT 5, F1 Eagle Ventura; made for Ford, Esteem, Accent, Honda City and Opel, Qualis, Zen and Santro brands of vehicles. The purpose of the entire project was to ensure a wider range of tyres for the customers, including the new tyres for latest generation of vehicles. Each Goodyear tyre is backed by the unparalleled specifications of international Goodyear quality and is specially built for Indian roads and conditions.



The Goodyear range of tubeless tyres designed to fit all vehicles

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A consignment of RFT tyres ready for export to Australia



Mr. Arunabh Das Sharma, Marketing Director makes a presentation at the Bombay Dealer Meet

While each Dealer Meet enabled the company and its dealers to share valuable information on the intricate issues involved in sales and marketing, the benefit of establishing and enhancing the special bond between the two was also secured.

Another outcome of Goodyear's product development process was the Rear Farm Tyre (RFT) for exclusive export to South Pacific Tyres in Australia. The new product ranges in size from 23. 1-26 12 RP to 20. 8-24 10RP and is being well received in the market.

Dealer Meets help strengthen relationships

Goodyear's commitment to the customer and emphasis on customer satisfaction has often found innovative and varied expression with the express purpose of extending its reach, influence and goodwill. A key element in this has been the number of dealer meets that are organized throughout the year to further strengthen its relationships with the dealers. Serving as the vital and valuable conduit between the company and the customer, the Goodyear dealers in turn return valuable feedback to the company in respect of customer perceptions and expectations. During the year, the company held a number of dealer interaction programmes under the unique theme of 'Ek aur ek gyarah'. At the programme, specific sessions were

devoted to communicating significant developments within the company including the findings of the JD Powers and Smart Study. The enthralling story of the tubeless tyre formed the highlight at each meet. Special attention was also given to the main aspects of sales generation, follow-ups, accurate forecasts and effective market responsiveness as well as growth projects and imports. The company's emphasis on competitiveness, availability and quality in product, pricing and distribution was reiterated with special importance being assigned to the need of build long lasting relationships between the company, the dealer and the end customer. While each dealer meet enabled the company and its dealers to share valuable information on the intricate issues involved in sales and marketing, the benefit of establishing and enhancing the special bond between the two was also secured.

Strengthening relationship with the company and the dealers - Goodyear Associates and Dealers at the Delhi Dealer Meet



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A pioneer approach to tyre retailing
- Goodyear Tyre Techs bring
worldclass service to the customer



A new Tyre Tech being inaugurated

**The
programme of
opening new
tyretechs in
additional markets
was continued
throughout the year
with a high degree of
success.**

The new trendy Tyre Techs with world class products and technology

One of the most vital aspects in the Goodyear marketing operation has been the company's pioneering approach in tyre retailing. Its long-standing programme of reaching its products to customers through world-class retail outlets, renamed 'Tyre Techs', has been given a continuous thrust in the last year as well. The programme of opening these retail outlets in additional markets was continued throughout the year with a high degree of success. Each 'Tyre Tech' becomes the front face of the company inspiring customers with goodwill, confidence and trust in brands that have proven themselves again and again.

Each of these outlets is a virtual extension of the company's own image, work ethos and standards in quality and operations. Fully involved in offering the full range of

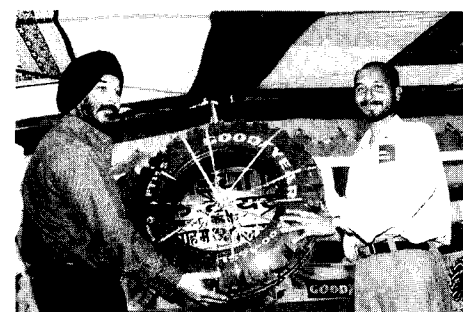
tyre services including purchase guidance and counseling, Goodyear Tyre Techs have been instrumental in bringing world class service within the easy reach and convenience of customers even in the small towns and metros.

Farm Tyre Centres to focus on the farm segment

On the rural front, Goodyear continued on its course of opening more and more Farm tyre centres that focus exclusively on the farm segment requirement of product and servicing. Catering solely to the needs of the tractor owners, these first of its kind centres are also devoted to offering a comprehensive range of services including sales and service to the customer. With the priority attached to the agricultural sector, these centres activate a vital and valuable link between the company and the farming community.

Targeting the farming community has, in fact, been a very high priority for the company and several meaningful strategies were implemented to reach the target customers with value-based offers. Among these, a key approach was the use of the 'Farm Vans' to effectively and efficiently penetrate the target market and contact farm customers in far-flung areas. Each farm van travels through the target market to provide products and services in addition to establishing and

A farm tyre dealer presents a tractor tyre to a customer during a Tractor Owners' Meet



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Operation Concentration continues with relentless zeal - Unique features of Power Torq explained through a cut section at the OC at Dahisar



People gather around Goodyear's Farm Tyre Van

Operation Concentration has been implemented throughout the length and breadth of the country in different customer segments.

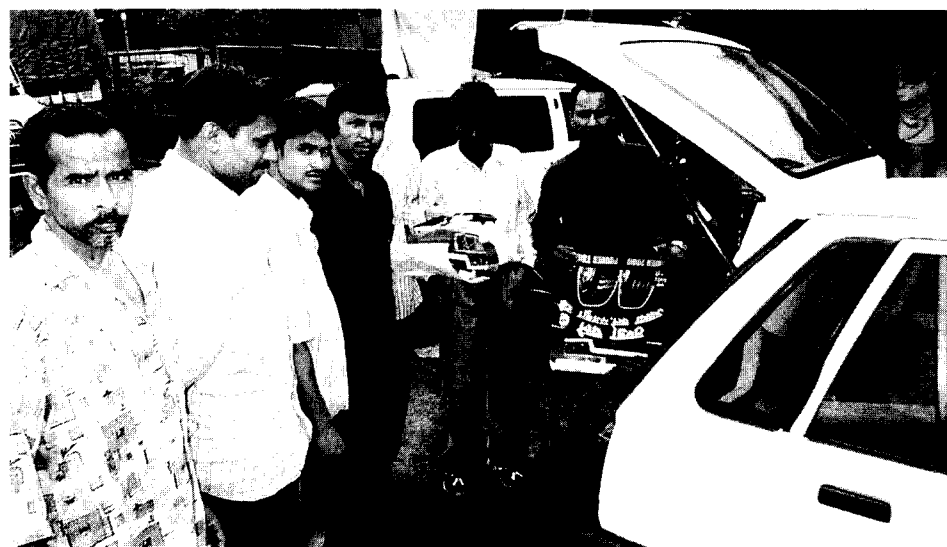
reinforcing relationships with the new and existing customers. Equipped with key systems and tools, the vans also distribute meaningful literature all along the route to enable customers to fully understand the benefits and advantages available to them.

Operation Concentration continues to generate goodwill

On the customer front, Goodyear's priceless programme of Operation Concentration was continued with relentless zeal. Developed exclusively by Goodyear to increase interaction with customers, generate a higher level of goodwill and appreciation, and secure customer loyalty, Operation Concentration

was implemented throughout the length and breadth of the country in different customer segments. The programme enabled senior company executives to interact with a variety of customers and strengthen existing relationships even as new customers were won over to the company brands. At each venue active involvement and support from the local and regional dealers helped to make the session meaningful and effective with a large number of customers attending the programme. The focus on specific applications also helped in promoting the Goodyear brands among the key segments of customers like Truck, LCV, passenger cars and farm. The highlight of each meet was the special emphasis on features and benefits of the tyres along with relevant communication on Goodyear's history, its pioneering firsts and achievements in successfully launching revolutionary products and its future plans and course of action.

Customers are being introduced to Power Max tyre at Kashmira



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TQC, a way of life at Goodyear - FOC Members watching attentively a TQC presentation on the shop floor at Aurangabad (left). Another recognition to the members of a TQC project from the manufacturing Director (right)

The unique culture and mindset in the company focuses on and begins and ends with an adherence to total quality commitment

Unique culture emanating from Total Quality Commitment

At Goodyear quality is not just a management practice to be implemented according to given guidelines. The unique culture and mindset in the company focuses on and begins and ends with an adherence to total quality commitment that is reflected not just in systems and procedures but also in operations and

Truck owners and drivers targetted during a Customer Contact Programme in Narnaul



processes. In the year gone by, a number of departments within the organisation initiated specific projects with the objective of enhancing efficiency, productivity and ensure tangible savings in operational costs during manufacturing and selling of tyres.

Consumer contact - a new thrust

A significant priority for the company has been its emphasis on implementation of special campaigns to reach the specific targets in major markets. The profitable drive to reach car mechanics and garage owners of the transport industry helped the company to establish and enhance its



Goodyear participates in a Maruti Free Service Campaign in Mumbai



The Goodyear tubeless Stall put up at the venue of a Lions Club International Meeting, Mangalore

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A Farm Tyre Service Campaign conducted in Haryana



LTT Stand Campaign in Mumbai

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relationship with large number of purchase influencers in the market. At each customer contact programme, the company's role as a pioneer and a leader in tyre technology and its decisive edge in radial tyres worldwide was brought home. It was particularly stressed to maintain its market position and perception among customers.

Equally effective have been the numerous campaigns conducted in the LTT segment throughout the country. The focus on taxi application also enabled the company to target innumerable taxi stands in major



MCT & LT Owners' Meet at Bhivadi

metros and conduct meaningful campaigns in which the exclusive Goodyear hitech approach to tyre construction were explained and features and benefits highlighted.



Taxi Stand Campaign in Ranchi



A Mechanics Meet at Raipur