

Innovation for you



GOODYEAR
GOODYEAR INDIA LIMITED
ANNUAL REPORT 2005



GOODYEAR
One Revolution Ahead

2005

GOODYEAR INDIA LTD

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Antonio M Capellini

Chairman
& Managing Director
Goodyear India

Negotiating the Bends

It was an eventful year whose traumas cannot be easily forgotten even as we count the triumphs. The swells of the tsunami, the splinters of the earthquakes - the fateful furies were at their most ferocious. While these calamities broke the country and the people, the resilient economy bounced back and overall, a healthy economic trend prevailed. It is heartening to note that despite these challenges, supported also by the economic health of the environment, we had

another good year in our business.

We have moved further ahead to improve performance in all areas of our operations and our collective efforts, determination and commitment have begun to reflect on the improved profit level.

We will of course continue our forward thrust in technology, product innovation and product performance to achieve total customer satisfaction.

Strategy on the Road

In terms of strategy, we have stayed with the approach we have adopted in recent years and intensified our focus to

- Increase the revenue per tyre
- Focus on high margin products
- Control costs
- Implement a market-driven decision making process
- Provide a richer product mix and to deliver it to consumers faster.

Six Sigma continues to be an initiative that presents us with multiple opportunities to generate value from every link in the chain. This year we have more associates who have achieved higher levels of six

sigma training and we are confident that number of qualified six sigma professionals within the company will continue to grow in the years ahead. The full implementation of the SAP R3 Enterprise Resource Planning software provides high level of checks and controls which improves the efficiency.

Customer-driven Decisions

Through the year, the customer has been the focal point for our decision making. Keeping the customer at the forefront of the decision making process has contributed significantly in us reaching our business goals for the year. The customer insights were sought through

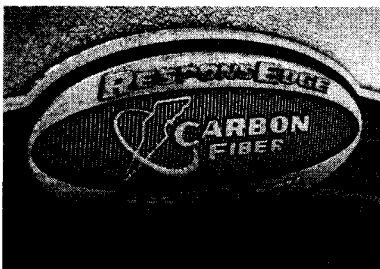


The customer centric approach - consumer contact programmes (top) and dealer visits (bottom)

the year by means of regular customer contact programs. Numerous meetings with the end consumer helped us understand their preferences. In addition, the dealer meets spearheaded by our



Eagle F1



New technologies such as "Response Edge and Carbon Fiber" at the global level

leadership team, gave us stronger insights within the trade.

Based on this feedback, today we offer technology relevant to what the consumer wants.

We establish leadership by launching customer centric high impact new products in the market. Our new offerings help to enhance the strength of our brand in the marketplace.

The customer centric approach adopted by Goodyear India is in line with the global thought process. Goodyear, across the globe, believes firmly in innovation. This innovation is driven by a focus on fulfilling present and future customer needs and facilitates use of technologies like 'Response



A demonstration of puncture repair procedure for tubeless radials

Edge' and 'Carbon Fiber'. Such innovations allow Goodyear India to draw upon the rich heritage of nearly 110 years. Its access to high-quality products is coupled with local market-driven strategies, which help us gain market share.

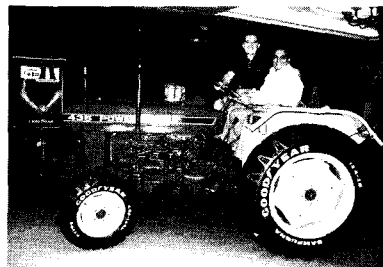
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Miles beyond Milestones

Goodyear's product leadership was also demonstrated on another important front this year by two successful launches for the Farm segment. These were the new front Farm tyre 'Purna' and the rear Farm tyre 'Sampurna.' These products address specific need gaps in the market and complement our existing product portfolio. These product launches were also supported by the regular marketing programs like the

The visiting Venezuelans during their expedition through India



'Sampurna', the newly launched rear farm tyre

dealer meets, tractor owner meets, and national level consumer promotions. With the overall growth in the agriculture sector, this will continue to be a significant element in our growth plans.

Firm Grip on Opportunities

While working to improve profitability and maximize benefits for stakeholders, the company is sensitive to foster respect and goodwill at large

for our brand. It practices its values not only across its businesses, but also across the community at large.

Towards this end Goodyear



Goodyear India sponsored the first ever Hummer H-1 expedition to India

India this year had many firsts to its credit in terms of external recognition. The first ever Hummer H-1 expedition in India was sponsored by Goodyear India. The team began its journey in Chennai city, and then covered the entire length and

A test of endurance for Goodyear tyres





Hon'ble President of India, Dr. APJ Abdul Kalam presenting the National Energy award to Goodyear India

breadth of the country. Thereafter this team from Venezuela visited Katmandu and Bhutan. From there they returned to Chennai via Kolkata, the entire sojourn taking only about a couple of months. As one of the key sponsors, Goodyear reaped positive brand associations from this adventure and test of endurance. Over the distances and terrains covered by such expeditions, our products set performance norms over dry as well as wet surface and provided a comfort of ride, which was welcomed by the visiting Venezuelans. The media coverage of this event allowed showcasing of the best of Indian destinations and culture.

On December 14th 2005, Hon'ble President of India, Dr. A PJ Abdul Kalam presented the National Energy Conservation award to Goodyear India in a function held at Vigyan Bhawan on the occasion of Energy Conservation day. This award was recognition of the efforts towards energy conservation at the Ballabgarh plant in Faridabad. This was the first time that such an award was being received by a manufacturing unit within Goodyear India.

Revolutionizing the Retail

The market-focused strategy has strengthened the company's position in many ways. The key drivers identified for growth are: leveraging our distribution network, building brand strength, and product leadership.

Through the year, the company has emphasized on distribution as a key growth driver. Moving forward, the company is setting up new branded outlets to re-define tyre retailing. The ambience created within the Goodyear branded retail outlets is designed to enhance the overall consumer experience. To provide high standards of service to the customers, our channel partners regularly undergo training programs which help us in maintaining our standards in tyre retailing. Complementing the aggressive thrust on retail, which will command substantial portion of the company's total marketing spend, Goodyear brand strength in the country will be built by integrated marketing campaigns at ground level. By targeting all

kinds of customers, consumers and opinion makers through these marketing programs, the product superiority will be reinforced which will enhance the brand's equity in the market.

The new concept retail will specialize in value added services. These outlets will ensure that value perception of the consumer is addressed by exceeding their expectations.



Speedy Expansion of Volumes

Overall, an upbeat automotive industry has had a direct bearing on the company's prospects and results. The domestic automobile industry is growing at a healthy double-digit percentage. In addition, with the excise duty cut of 8% on small cars, the sales



volume in this segment is showing remarkable increase.

The OE business remained a strong element of our plans this year. With a presence on almost every new model launched in the country, significant growth has been achieved by Goodyear India this year in its business with the OEMs.

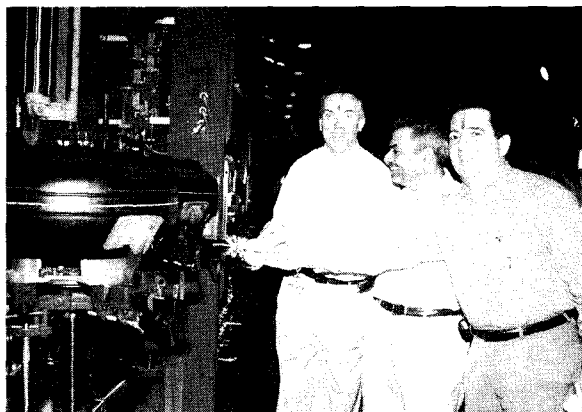
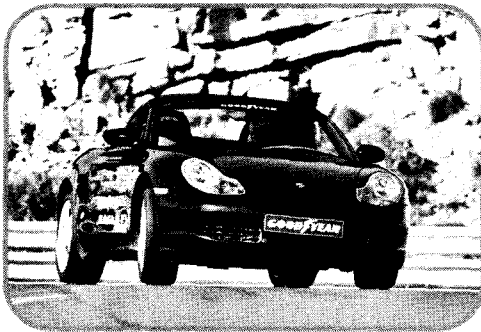
Goodyear India has the unique status of being the only tyre company approved by all car manufacturers. Goodyear's rising popularity in the fast growing 'C' segment and in the up-market SUV segment offers an opportunity to grow volumes profitably.

With world class testing facilities and other support infrastructure rapidly coming up, India is emerging as a global automotive manufacturing hub. In the light

of the above, the timing is appropriate to undertake a sizeable capacity expansion at the radial plant in Aurangabad.

Currently we are a different company than a few years ago and hence a considerably stronger competitor which is respected in the industry. We certainly recognize the challenge ahead and will embrace them as opportunities and keep our pace to success.

Antonio M Capellini
Chairman
& Managing Director
Goodyear India



Mr. Pierre Cohade,
President, Asia
Pacific, Goodyear &
Mr. Antonio M Capellini,
CMD-Goodyear India
during Aurangabad
plant visit

