

GOODYEAR INDIA LIMITED ANNUAL REPORT 2008



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Rajeev Anand
Vice Chairman
& Managing Director
Goodyear India Limited

Dear Shareholders,

The year 2008 has been a very challenging year for all, especially the automotive industry. The new economic realities have significant implications for your Company. As we address these and the challenges in evolving markets, we will rely on our proven strategic drivers and the strong value systems.

One of the key drivers of our success in the past, has been the culture of discipline and dedication of our associates in all the key process areas of marketing, sales, operations, finance and human resource management. Your Company's performance in these trying times has been supported by our inherent strengths of product leadership, global brand advantage and strong systems and processes. The ability for the Company to adapt to change has been amply demonstrated in the past few quarters. These inherent strengths have helped reap rich dividends in the past and will continue to be bedrock of our future success.

As a Company, we are committed to introducing technologically superior and safer products for the Indian consumer. The launch of the new range of products in the current year is yet another reflection of this commitment. Your Company will continue to be in the forefront of bringing new products to the customer.

I would like to take this opportunity to thank all our employees and valued shareholders for their resolute trust and belief in the Company and their support to our endeavours to continually enhance shareholder value.

Economic Challenges

To address the challenge, the company has already implemented a highly intensified cost-reduction programme

The year 2008 witnessed wild fluctuations in the Indian economy as never before. The year started with a robust growth rate in the first quarter, but went into gradual decline in the wake of a general global meltdown which impacted the automotive industry across the world, including India.

There was a slowdown in the industrial production, which was among the main drivers of the economy. The rupee fell below 50 to a dollar in November to an all-time low. Two key sectors, agriculture and industry, were unable to maintain the pace

due to the global economic slowdown. The unprecedented increase in the prices of natural rubber, synthetic rubber and other raw materials also were factors that eroded our margins.

A combination of these factors impacted the performance of your company. To address these challenges, the Company has already implemented a highly intensified cost-reduction programme, under the umbrella of the Continuous Improvement System (CIS) all efforts are made to reduce costs and maximize gains.





Mr. Pierre Cohade riding the test tractor after the inauguration

Farm Care Centre at Ballabgarh



Mr. Pierre Cohade along with Senior Management Team

A new chapter in the history of Goodyear Ballabgarh, and a symbolic beginning in Asia were created with the inauguration of the Farm Care Centre at Ballabgarh on 19th Jan 2009. The Farm Care Centre, the 2nd in the world after San Angelo US, was inaugurated by Mr. Pierre Cohade, President Asia Region. The objective was to create the

capability within Asia to test the farm tyres for durability and conduct stubble and Load Deflection Tests. The new Centre is expected to cut down the transportation time involved and also the cost of testing them at San Angelo. The Farm Centre holds great significance for Goodyear and instills pride in the Goodyear India team. This also showcases the faith and commitment of the Goodyear Corporate and The Asia

Leadership's Team in the India Operations.

New Boiler Facility

Mr. Cohade also inaugurated a new Boiler facility which would run on Pet Coke, a by product in the refining of crude oil. This project, envisaged at a time when the price of crude oil was rising, help to cut down the cost of the operating utilities at Ballabgarh by over 1 million US Dollar.



Mr. Cohade looking at the operation of the Pet Coke Boiler

Kaizen Competition

To improve working systems and procedures and strengthen lean activities on the shop floor, Goodyear India has launched a cost saving initiative through the Kaizen Competition at the Ballabgarh Plant. In the first phase of Kaizen promotion held on the shop floor at the Ballabgarh Plant, associates were encouraged to come out with innovating ideas. The major focus of the programme was knowledge sharing, encouragement through suitable recognition and setting up of best practices. The Programme met with tremendous response from the associates and three best entries were selected by the jury for reward and recognition.

Assurance launch

Assurance was launched in the month of March '08 and has received an excellent and overwhelming response from



discernible customers. Positioned in the marketplace as a tyre which offers superior grip and durability to handle even the toughest road conditions, the tyre's construction features a layer of high-strength Kevlar, and this provides the carcass with greater strength, especially over sharp-edged potholes or rocks.

The tread is designed to provide maximum grip in wet weather conditions, and has three-dimensional Waffle Blade system, preventing the tread blocks from deforming under cornering and hard braking, while a silica based tread compound has been developed especially for India's

monsoonal climate, which provides for shorter braking distances in wet conditions

The benefits of Assurance was suitably communicated to the customers and brand awareness created through suitable sales promotional efforts such as point of purchase materials, display at dealer points, backed with advertising campaign in various automotive journals and magazines and TV spots in various television channels. With the launch of this product, the brand preference for our product has been enhanced considerably.



The newly launched
Goodyear Retail Store in
Indore

Branded Retail Stores

Goodyear successfully launched some more stores in the year 2008. These new Goodyear showrooms are furnished to have an international ambience and are developed to provide a conducive shopping environment. Currently these stores are present in major cities and the company has plans to extend the stores to all corners of the country.

Customer Service

Goodyear believes in taking concrete steps towards building and strengthening relationships with our customers. Every effort is made to track down customer complaint, sort out the problem to its logical end and earn customer goodwill. In order to track customer complaints, recently, an on-line call registration and tracking system was established with a toll free number and a regional

customer care desk, where each and every call is registered through an on line software and complaint number provided to each customer for future tracking. All the engineers are trained to provide the daily feedback.

In order to enhance the Customer Sales Executives' skill and motivate them, a monthly training and performance evaluation system linked with incentive was started. To enhance their confidence and make them more presentable, they were provided with uniforms, ID cards and toolkits. Dealer interaction was also improved through 'Happy calling' hours through the call centre. Apart from giving an insight into the dealer satisfaction level and generating valuable feedback, all pending cases were attended to and actions were taken immediately.



Training for Customer Sales Executives



Environment, Health & Safety

Goodyear ensures strict adherence to safety norms in all areas of business at various locations. The safety concept is also promoted through celebration of the Safety Week. The Goodyear Ballabgarh Plant

has been recognised by The Goodyear Tire & Rubber Company, for achieving World Class Safety Performance by having a total incident rate less than 1.0. Goodyear also fosters ecological sensitivity and was awarded the 2007

Environmental Improvement Award for achieving zero waste-to-landfill and for reducing the use of solvents by 30%. Goodyear also plays a role in community development through organising Blood Donation Camps.



Blood Donation Camp

Looking ahead

Challenging times have always spurred Goodyear to look back to their past accomplishments and move ahead with a renewed confidence. With Goodyear's international quality and endearing value system, Goodyear is poised to move ahead.



Celebration of Safety Week

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