



## ANNUAL REPORT 2018 - 19

# INNOVATION AND SUSTAINABILITY



ONE TEAM Driving Performance  
On the road, in the marketplace, and throughout the company.

# AWARDS AND RECOGNITIONS



# ANNUAL REPORT 2018-19

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# Message from the Chairman & MD

During 2018-19, the country saw growth momentum in the rural sector due to normal monsoon, favorable financing options and government budgetary support. This resulted in the Indian tractor industry witnessing a double-digit growth for the third consecutive year. However, the last quarter of the financial year was impacted due to key macro events including elections, liquidity crunch and high auto dealer inventory. During the year, our business was also impacted by significant increase in raw material costs such as natural rubber, synthetic rubber and carbon black. Despite these transitory headwinds, our sales for the year were Rs 1,912 cr, which is 11% higher than last year. I believe our innovation, technology leadership and award-winning products are as strong as they have ever been and are the core of the global strength of Goodyear brand.

The Farm tire industry delivered a robust growth, driven mainly by Original Equipment Manufacturers (OEMs) due to positive business sentiment and moderate monsoon. As a significant player in this category, the Company continued to work with its customers collaboratively and with agility, to sustain our business growth in line with industry demand. The business focused on delivering sales and marketing excellence together with innovation and operational excellence to win in the market. This helped the Company to sustain its leadership in this category.

Consumer Replacement business witnessed positive growth in Financial Year (FY) 2018-19 after a strong recovery post demonetization and policy changes. Positive long-term economic outlook and growing vehicle population are expected to drive future industry growth for the consumer replacement business.

I am pleased to share with you that your Company has continued multi-pronged actions in both businesses to deliver a robust bottom line, while intensifying efforts in the passenger vehicle market. Some of these initiatives are:

- Excellence in key account management in Farm OE business which not only resulted in maintaining market leadership position but also resulted in recognition by four key customers.
- Building brand salience and trade loyalty in Replacement business for both Farm and Consumer businesses. Improving overall brand salience with increased efforts in developing innovative marketing initiatives, with a strong focus in digital to maintain and enhance the value of the Goodyear brand.
- Revitalizing product portfolio in passenger vehicle business with the introduction of new and differentiated products in both passenger car and SUV segments. Similarly, new products were introduced to cater to infrastructure segment and higher HP segments in the Farm business.
- Driving channel expansion by increasing presence of Goodyear exclusive stores in Consumer business to improve our reach to the consumers; thereby making it convenient for them to buy Goodyear. Focus on channel expansion to build distribution footprint in the Farm Replacement channel with an addition of over 400 + new channel partners.

Our manufacturing teams also have consistently improved plant operational efficiencies. During the year, the Environment Pollution (Prevention & Control) Authority ("EPCA") imposed the shutdown of all manufacturing units around Delhi NCR due to pollution related issues. As a responsible corporate, the Company is fully committed to the community and compliant with applicable laws. Goodyear's Ballabgarh plant demonstrated operational excellence in handling various disruptions and further improved on efficiencies to give higher production with lower cost of manufacturing operations.

Our performance was recognized by our business partners and industry associations. The Company is proud to have received the following prestigious awards during the FY 2018-19:

- (i) Your Farm & Commercial business received awards from four major OEMs:
  - a. "Supplier Excellence Award" from Mahindra Group Company
  - b. "Best Supplier Award" from Tractors and Farm Equipment Limited (TAFE)
  - c. "Best Delivery 2018" award by Escorts to Goodyear India's Farm & Commercial business for the third time in the last four years.



- d. "Excellence Award" for its commendable performance during John Deere Supplier Conference in 2018, for the 4th time in a row.
- (ii) "SUV Tyre of the Year 2018" and "Company of the Year - Environment & Sustainability" at the Tyre & Rubber Industry Leadership Acknowledgement (TRILA) awards, 2018.
- (iii) "Prince Michael International Road Safety Award" under our CSR Initiative 'Safer Roads, Safer You'.

As we enter the new year, we are witnessing headwinds due to market slowdown in both Farm and Consumer OE businesses. However, Replacement businesses in both Farm as well as Consumer are showing a positive growth trend to mitigate some of the OE business impact. With near normal monsoon predictions and a majority government in power, we are optimistic about initiatives government is likely to take to boost the urban and rural economy, which will be expected to result in stronger business sentiment and growth. The consumer tyre industry is witnessing a shift in demand for premium cars, thus fueling growth in luxury and SUV segments. This is expected to create opportunities for the business to grow volume and improve profitability.

Overall, we continue to be optimistic about the long-term industry outlook and our performance in FY 2019-20. We will continue to focus on growth and profits and build on the values of innovation and sustainability. Our plans are supported by investments in assets and capability in the years to come. The strength of the Goodyear brand, our strategy of winning in the most profitable segments of the market, our aligned distribution network and innovating to meet the needs of our most demanding customers will be amongst the most important drivers of our growth in the years ahead. At Goodyear, our associates are the source of our innovation and the backbone of our strategy. They embody the spirit of the Company by collaborating with consumers and customers to deliver the highest quality products, processes and programs. We are excited about the opportunities ahead and believe in our ability to make the most of them.

I would like to thank you, our valued shareholders, for your continued support, confidence and trust. I wish you and your families the very best for the year ahead.

Yours Sincerely,

Rajeev Anand  
Chairman & Managing Director  
Goodyear India Limited





# Board of Directors



## **RAJEEV ANAND** **Chairman & Managing Director**

Mr. Rajeev Anand is the Chairman & Managing Director of Goodyear India Limited. He has held numerous senior leadership roles in India and ASEAN over the past 37 years at Goodyear; most recently as the Chairman & Managing Director, Goodyear India Limited.

Mr. Anand focus in these roles has been on accelerating growth, developing operational excellence, building a high-performance culture and strong corporate governance. He has deep knowledge and experience in business strategy, manufacturing operations, program execution, long cycle investments and customer value creation.

Mr. Anand is instinctively good with people and is able to read their motivations and aspirations well. His humility and curiosity to learn about new areas of business and to understand people and their motivations have contributed to his growth as a leader. Under his leadership, Goodyear India has attained sustained level of performance and overall business growth.



## **RAJIV LOCHAN JAIN** **Director**

Rajiv Lochan Jain is B. Tech. (Hons.) in Chemical Engineering from IIT, Kharagpur and MBA from the Peter T. Paul College of Business and Economics at the University of New Hampshire, USA.

He was the Chief Executive of the Specialty Chemicals, Rubber Chemicals and Explosives businesses of ICI India Limited (now Akzo Nobel India Limited) before being appointed as the Chief Operating Officer.

He joined the Board in 1997 and served as Chief Executive Officer and Managing Director of ICI India Limited from 2003. He successfully led the portfolio reshaping of ICI India Ltd. from a diversified chemical Company to a focused and fastest growing player in the paints and coatings business. He was also the Chairman of both ICI's Research Company in India and the joint-venture company of ICI with Orica, Australia.

He advises global and local companies on their entry and growth strategies for India and serves as Independent Director on the Boards of Gujarat Alkalies and Chemicals Ltd., Goodyear India Limited and Fresenius Kabi Oncology Ltd. He has recently been appointed to the Board of Governors of GSFC University.



## **C DASGUPTA** **Director**

Mr. C Dasgupta is a retired Indian Foreign Service officer. During his long diplomatic career, he served as India's ambassador to China and to the European Union. He was a leading climate change negotiator both during and after his Foreign Service career. He has also served as a member of the UN Committee on Economic, Social and Cultural Rights. He is currently a member of the Prime Minister's Council on Climate Change.

Mr. Dasgupta is an Economics honors graduate of the Delhi University and an Emeritus Distinguished Fellow of The Energy and Resources Institute (TERI). He has written extensively on climate change and sustainable development, as well as issues of diplomatic history.

The President of India awarded the Padma Bhushan (the third highest civilian honors) to Mr. Dasgupta in 2008, for his contributions to the civil service.





## **SUDHA RAVI**

### **Director**

Ms. Sudha Ravi is presently with the Ajay Piramal Group. Joining the Group in 2011, Ms. Ravi, as the CEO, set up the highly successful Non-Banking Finance Company (NBFC) - Piramal Finance Ltd. (PFL) for the Group. Since 2018, she is working with Piramal Capital & Housing Finance Ltd., the merged entity of PFL with Piramal Housing Finance Ltd. Ms. Ravi is additionally in-charge of India Venture Advisors P Ltd since October 2014, – a healthcare and life sciences focused private equity fund sponsored by the Piramal Group.

Prior to joining Piramal Group, Ms. Ravi was with State Bank of India for over 30 years, having joined the Bank as a direct recruit Probationary Officer in October 1978. In her extensive service in SBI, she has held various important portfolios and has had the opportunity of working in Metro, Urban and Rural areas across the length and breadth of the country. Working in varied functional areas at the Bank, including International, Corporate, Retail and Rural banking has given Ms. Ravi a wide-ranging perspective on the financial sector and business strategy. Ms. Ravi has held key positions including as General Manager, Enterprise Risk Management facilitating alignment of risk with strategy at the Bank-wide level, Chief Representative, Washington DC, USA., where Ms. Ravi has received recognition(s)/plaques presented by the Indian Associations in USA for outstanding contribution in the sphere of banking for the community in DC.

Ms. Ravi is a member of the CII National Committee on NBFCs and was earlier the Chairperson, National Council on NBFCs of ASSOCHAM (The Associated Chambers of Commerce and Industry of India).

Ms. Ravi has keen interest in Special Education with focus on education for autistic children



## **NICOLE AMANDA NUTTALL**

### **Director**

Ms. Nicole Amanda Nuttall is presently working as an Associate General Counsel of Goodyear Tire Management Company (Shanghai) Ltd. Ms. Nuttall has previously worked as the Director - Compliance and Ethics, Asia Pacific region and for Goodyear & Dunlop Tyres (Aust) Pty Ltd as legal counsel for a period of almost 6 years. Ms. Nuttall areas of expertise are Legal and Compliance. Ms. Nuttall has worked with organizations such as GM Holden Ltd, Home Wilkinson Lowry, The Royal Automobile Club of Queensland Limited, Lyons Solicitor and Ellison Moschella & Co. in the past in their legal department.

Ms. Nuttall holds a degree in Commerce from the University of Queensland and has also completed her Law degree and Diploma in Legal Practice from Queensland University of Technology. In July 2003, Ms. Nuttall was admitted as a Solicitor of the Supreme Court of Queensland.

Ms. Nicole Amanda Nuttall was appointed by the Board of Directors as an Additional Director of the Company effective June 23, 2018 and was appointed as a Director of the Company effective August 08, 2018.



## **MITESH MITTAL**

### **Finance Director**

Mr. Mitesh Mittal is a Bachelor of Commerce from SSRC, Delhi University, and Licensate Company Secretary from ICSI, qualified Chartered Accountant from ICAI, Certified Public Accountant and MBA from Rensselaer Polytechnic Institute, USA. In 20 years of his experience at MNC(s) in Asia and US, Mr. Mitesh has gained significant Finance expertise. This includes leading financial departments, financial planning/analysis, controllership, operations finance, audit and consulting.

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## **ANUP KARNWAL**

Legal Counsel and Company Secretary

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## **STATUTORY AUDITORS**

Deloitte Haskins & Sells LLP

Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018)

## **COST AUDITORS**

M/s Vijender Sharma & Co.

Cost Accountants (Firm Registration No. 000180)

## **SECRETARIAL AUDITORS**

M/s VKC & Associates,

Company Secretaries (UCN - P2017UP060600)



# BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 58<sup>th</sup> Annual Report of the Company along with the Company's audited financial statements for the Financial Year (FY) ended March 31, 2019.

## 1. FINANCIAL SUMMARY

A brief summary of the audited financials of the Company for the FY ended March 31, 2019 is given below. The figures of the current FY and previous FY have been prepared in accordance with the Indian Accounting Standards ('Ind AS').

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	191,191	170,597
Other Income	3,769	3,665
<b>Total Income</b>	<b>194,960</b>	<b>174,262</b>
Less: Expenditure:		
Cost of material consumed	81,790	69,986
Depreciation	4,103	3,615
Excise Duty	-	4,128
Other expenses	93,253	76,605
<b>Total Expenditure</b>	<b>179,146</b>	<b>154,334</b>
<b>Profit Before Tax</b>	<b>15,814</b>	<b>19,928</b>
Less: Income Tax Expense:		
Current Tax	5,802	6,740
Deferred Tax	(195)	192
<b>Profit before other comprehensive income</b>	<b>10,207</b>	<b>12,996</b>
Other comprehensive income for the year, net of tax	(99)	(15)
<b>Total comprehensive income for the year</b>	<b>10,108</b>	<b>12,981</b>

## 2. FINANCIAL HIGHLIGHTS

During the FY 2018-19, the total income was Rs. 194,960 lakhs as compared to Rs. 174,262 lakhs in the previous FY 2017-18.

During the FY 2018-19, the revenue from operations was Rs. 191,191 lakhs as compared to Rs. 170,597 lakhs in the previous FY 2017-18, registering an increase of 12.1%.

Profit before tax (PBT) during the FY 2018-19 was Rs.15,814 lakhs as compared to Rs. 19,928 lakhs in the previous FY 2017-18 showing a decrease of 20.6%.

The total comprehensive income of the Company for the FY 2018-19 stood at Rs.10,108 lakhs as compared to Rs.12,981 lakhs in the previous FY 2017-18, showing a decrease of 22.1%.

During the FY 2018-19, the capital expenditure incurred amounted to Rs.7,386 lakhs as compared to Rs. 5,269 lakhs in the previous FY 2017-18. The interest and other finance cost during the FY 2018-19 was Rs. 300 lakhs as compared to Rs. 289 lakhs in the previous FY 2017-18.

## 3. OPERATIONS

The Farm Tyre industry has grown in the last FY at 7% (source ATMA Annual Production Report) year on year aided by Government budgetary support, increase in Minimum Support Price (MSP) and favorable financing options.

Your business continued to focus on sustaining leadership with OEMs through excellence in Key Account Management to deliver enhanced Customer Service. In the replacement channel, the focus was on channel expansion and extraction. This was supported by innovation excellence through new product introduction in niche multi-modal applications and operational excellence to ensure delivery of the right tyre to the right place, at the right time for the right cost.

The Company manufactures automotive bias tyres viz. farm tyres and commercial truck tyres at its Ballabgarh plant and also trades in "Goodyear" branded passenger car tyres including radial passenger tyres (consumer) manufactured by Goodyear South Asia Tyres Private Limited ('GSATPL'), Aurangabad. Other products which the Company markets and sells include tubes and flaps.

Sales performance during the FY 2018-19 is as follows:

(Rs. in Lakhs)

Tyres	178,941
Flaps	50
Tubes	9,486

Consumer replacement business delivered a strong performance by growing faster than the industry in FY 2018-19. The positive long-term economic outlook and growing vehicle population is expected to drive industry growth for consumer replacement business in the future.

## 4. DIVIDEND

Your Company has a consistent track record of paying a dividend to its shareholders. The Directors have recommended for your approval a final dividend of Rs. 13/- per equity share for the FY 2018-19 as against final dividend of Rs. 13/- per equity share, in the previous FY 2017-18.

The final dividend, if approved at the ensuing Annual General Meeting ("AGM") of the Company, shall be paid to the eligible members within the stipulated time-period.

The final dividend, if approved at the ensuing AGM, will absorb a sum of Rs. 2,999 lakhs and tax on dividend will be Rs.616 lakhs.





## 5. TRANSFER TO GENERAL RESERVE

During the FY 2018-19, the Company has not transferred any amount towards General Reserve.

## 6. AWARDS AND RECOGNITIONS

The Company is proud to have received the following prestigious awards during the FY 2018-19:

- (i) "Prince Michael International Road Safety Award" on 11<sup>th</sup> December 2018, under the category "Safer Road User", for its continuous innovative work under its CSR Initiative 'Safer Roads, Safer You', which is in conjunction with Institute of Road Traffic Education.
- (ii) "CSR Health Impact Award" in the 'WASH INITIATIVE' category for its CSR activity 'Healthy India Program' at New Delhi, India on August 24, 2018.
- (iii) "SUV Tyre of the Year 2018" for Wrangler AT/SA at the TYRE & RUBBER INDUSTRY LEADERSHIP ACKNOWLEDGEMENT (TRI LA) AWARDS, 2018.
- (iv) "Company of the Year - Environment & Sustainability" at the TYRE & RUBBER INDUSTRY LEADERSHIP ACKNOWLEDGEMENT (TRI LA) AWARDS, 2018. This award was given for efforts made to reduce energy consumption, water consumption & carbon emissions. Goodyear was recognized for its exceptional commitment to 'Zero Waste to Landfill' and 'solvent reduction' as part of its sustainability initiative.
- (v) Escorts Tractors honored Goodyear India's Farm & Commercial business with "Best Delivery 2018" award for the third time in the last four years.
- (vi) "Supplier Excellence Award" from Mahindra Group Company.
- (vii) "Best Supplier Award" from Tractors and Farm Equipment Limited (TAFE).
- (viii) The Farm & Commercial business won an "Excellence Award" for its commendable performance during John Deere Supplier Conference in 2018, for the 4<sup>th</sup> time in a row.

## 7. FINANCIAL STATEMENTS (Full & Abridged)

In compliance with Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR), 2015], the Company shall circulate:

- (i) Soft copies of the full Annual Report containing Balance Sheet, Statement of Profit & Loss and the Board's Report to all those shareholder(s) who have registered their email address(es) with the Company or its Depositories;
- (ii) Hard copy of the statement containing the salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 ("the Act") or rules made thereunder to those shareholder(s) who have not so registered; and
- (iii) Hard copies of the full Annual Report to those shareholders, who request for the same.

The Board of Directors has decided to circulate the abridged Annual Report containing salient features of the Balance Sheet and Statement of Profit and Loss to the shareholders for the FY 2018-19.

A full version of the Annual Report including the complete Balance Sheet, Statement of Profit & Loss, other statements and notes thereto prepared as per the requirements set out in Schedule III to the Companies Act, 2013 and Indian Accounting Standards (Ind AS) is available on the Company's website at [www.goodyear.co.in](http://www.goodyear.co.in) (Investor Relations section) and will also be shared with shareholder(s) upon request.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 of the Companies Act, 2013 (the Act), the Directors make the following statements that:

- (i) in the preparation of the annual accounts for the FY 2018-19, the applicable accounting standards have been followed and that there are no material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit and loss of the Company for that period;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts for the FY 2018-19 have been prepared on a going concern basis;
- (v) the directors have laid down adequate internal financial controls and the same were followed by the Company effectively. The internal control system including internal financial controls of the Company is monitored by an independent Internal Audit Team, which encompasses examination / periodic reviews to ascertain the adequacy of internal controls and compliance to the Company's policies. Weaknesses noted along with agreed upon action plans are shared with the Audit Committee, which ensures the orderly and efficient conduct of business and effectiveness of the system of internal control. Internal Auditors, Audit Committee members and the Auditors have full and free access to all the information and records considered necessary to carry out the assigned responsibilities. The issues raised from time to time are suitably acted upon and followed up at different levels of management;
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.



## 9. FUTURE OUTLOOK

After three successive years of robust double-digit growth in the tractor industry, we are seeing short-term headwinds in consumer demand. Historical trend confirms volatility of demand during previous election years of 2009 & 2014. Other key macro factors which influence the demand include liquidity and progress of monsoon.

As per IMD (Indian Metrological Department), India is expected to get normal monsoon this year at 96% of long-term average, however, they have cautioned a poor start which may lead to a shift of sowing season by about a month.

The mid to long-term outlook of the industry looks bullish with a growth of 6-7% (source: ICRA) based on the following factors:

1. Robust GDP growth of 6.5-7% in the next five years, with agriculture contribution at ~17%;
2. Strong focus of the Government to enhance rural income through enhanced MSPs (Minimum Support Price) as reflected in the current budget; and
3. Lower tractor penetration driving and increasing trend towards mechanization.

(Source: Crisil & ICRA)

The passenger tyre industry is likely to register modest growth in the FY 2019-20. Strengthening our product portfolio, driving distribution expansion and brand building will be the key priorities in FY 2019-20.

## 10. BOARD AND KEY MANAGERIAL PERSONNEL (KMP)

The Company recognizes the importance of having a diverse Board in view of the current volatile business environment and the requirements of the Act and the SEBI (LODR), 2015. The Company aims for an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management.

### a) Appointment/Reappointment of Directors and KMP

In terms of applicable provisions of the Act, the SEBI (LODR), 2015 and on the recommendation of Nomination and Remuneration Committee, the following Directors and KMP were appointed/ re-appointed during the FY 2018-19:

S. No	Name of the Director/KMP	Position	Type / Date of Meeting	Appointment
1.	Ms. Nicole (Nikki) Amanda Nuttall* (DIN: 08164858)	Director	AGM/ August 8, 2018	August 8, 2018
2.	Mr. Rajeev Anand (DIN: 02519876)	Chairman & Managing Director	Postal Ballot/ March 26, 2019	February 20, 2019

\* Ms. Nicole (Nikki) Amanda Nuttall was appointed as Additional Director effective June 23, 2018 in the Board meeting held on May 25, 2018

Ms. Sudha Ravi has been re-appointed as an Independent Non-Executive Director in the Board meeting held on May 29, 2019 effective from June 07, 2019.

Mr. Anup Karnwal has been appointed as Company Secretary (KMP) in the Board meeting held on April 22, 2019.

In compliance with Regulation 17(1A) of the SEBI (LODR), 2015, continuation of directorship of Mr. Chandrashekhar Dasgupta (DIN: 00381799) as a Non- Executive Independent Director of the Company who has attained the age of 78 years, has been approved by the Members of the Company by way of Special resolution through Postal Ballot.

Mr. Mitesh Mittal, Whole time Director, is retiring by rotation at the ensuing AGM of the Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed as or holding office of Directors as stipulated in Section 164 of the Act.

### b) Cessation of Directors & KMP

During the FY 2018-19, following cessations of Director & KMP took place:

S. No	Name of the Director/KMP	Position	Type / Date of Meeting
1.	Mr. Oliver Carsten Gloe (DIN: 07250426)	Additional Director	May 25, 2018
2.	Mr. Pankaj Gupta	Company Secretary (KMP)	March 31, 2019

### c) Declaration of Independence by Independent Directors

As per Section 149(7) of the Act, the Company has received a declaration of independence from all the Independent Directors as of March 31, 2019.

The Board has undertaken due assessment of the declaration of independence submitted by the Independent Directors and satisfied that the Independent Directors fulfil the conditions specified in the Act and rules made thereunder and SEBI (LODR), 2015, and are independent of the management.

### d) Separate Meeting of Independent Directors

In accordance with the provisions of Schedule IV to the Act and Regulation 25(3) of the SEBI (LODR), 2015, separate meetings of the Independent Directors of the Company were held on April 19, 2018; and May 25, 2018 to discuss relevant items including the agenda items as prescribed under the applicable laws. The meetings were attended by all the Independent Directors of the Company.

### e) Annual Performance Evaluation

In compliance with the provisions of the Act and the SEBI (LODR), 2015, a formal annual performance evaluation of the Board, its Committees and individual directors, including the Independent Directors was carried out during the FY 2018-19.

