



GOODYEAR

One Revolution Ahead



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CONTENTS

Economic Challenges	iii-viii
Board of Directors	1
Directors' Report	2
Corporate Governance	8
Management Discussion & Analysis	15
Auditor's Report	17
Annexure	18
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Schedules	23
Balance Sheet Abstract and Company's General Business Profile	40



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 a confidence. With Goodyear's international quality and endearing value system, Goodyear is poised to move ahead.



Celebration of Safety Week

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Board of Directors

Pierre Eric Cohade
Chairman

Rajeev Anand
Vice Chairman & Managing Director

Hugo O Dedekind
Finance Director

R V Gupta
C Dasgupta
Rajiv Lochan Jain

Daniel Ackerman
Alternate Director to Pierre Eric Cohade

Company Secretary

Khalid Khan

Auditors

Price Waterhouse
Chartered Accountants

**Registered & Corporate Office
and Works**

Mathura Road
Ballabgarh (Dist. Faridabad)
Haryana - 121 004
Tel. No. 0129-6611000

DIRECTORS' REPORT

Your Directors present the audited results for the year ended December 31, 2008 as under :

	(Rs. in lacs)	
	<u>2008</u>	<u>2007</u>
Total Sales & other Income	101537	98944
Less: Excise Duty	<u>8270</u>	<u>8918</u>
Net Sales & other income	93267	90026
Less: Total Expenditure excluding Interest & Depreciation	<u>86670</u>	<u>81956</u>
Profit Before Interest, Depreciation & Tax	6597	8070
Less: i) Interest Expenses	247	448
ii) Depreciation	1119	1147
	<hr/>	<hr/>
Profit Before Tax	<u>5231</u>	<u>6475</u>
Less: Provision for Taxation:		
Current Tax	1663	1689
MAT Reversal/ (Credit)	-	627
Deferred Tax	196	(46)
Fringe Benefit Tax	<u>153</u>	<u>182</u>
Profit After Tax	3219	4023

During the year, the net sales and other income increased from Rs. 90026 lacs in the previous year to Rs. 93267 lacs. The export sales stood at Rs.7629 lacs.

The depreciation for the year is inclusive of the accelerated depreciation amounting to Rs. 74 lacs, in respect of a category of equipment due for replacement.

DIVIDEND

Your Board recommends a dividend @ Rs. 6 per equity share for the year 2008. The recommended dividend will absorb a sum of Rs. 1383.99 lacs and tax on dividend will be Rs. 235.21 lacs. Out of the surplus, an amount of Rs.400 lacs is transferred to General Reserve and balance of Rs.5710.12 lacs is carried to the Balance Sheet.

OPERATIONS

The year under review started with a robust growth sentiment. However, from the 3rd quarter of 2008 onwards, there was unprecedented increase in the prices of natural rubber, synthetic rubber and other raw materials, thereby eroding margins. This was followed by unprecedented global meltdown, which impacted the automotive industry across the world, including India. Combination of these factors impacted the performance of your Company. Despite the above adverse factors, your Company was able to achieve satisfactory results. In such a scenario, all endeavors were

made to concentrate on every area of cost reduction, without impacting the quality of products.

Supply of farm tyres to replacement and original equipment segments, wherein your Company holds a key position, continued to be the area of focus of your Company.

After the close of the financial year, a Farm Tyre Development Centre was set up at the Ballabgarh plant, which will help your Company to develop new products and reduce the testing time.

During the year under review, "Assurance" tyres were launched for passenger car segment. "Assurance" with ArmorGrip technology has superior grip on dry or wet roads and is well accepted in the market.

In order to achieve continuous improvement in productivity, cost and customer satisfaction, all round efforts were made to achieve possible savings/cost reduction, under the umbrella of the Continuous Improvement System (CIS).

FINANCE AND ACCOUNTS

During the year, additions to fixed assets amounted to Rs. 2163 lacs as against Rs. 1599 lacs in the previous year. The Capital expenditure incurred amounted to Rs. 2244 lacs. The interest cost during the year has further reduced from Rs. 448 lacs in the previous year to Rs.247 lacs.

As at the end of December 2008, an amount of Rs 0.69 lacs of matured deposits remained unclaimed.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Your Directors state that the annual accounts of the Company have been prepared in conformity, in all material respects, with the generally accepted accounting standards in India and supported by reasonable and prudent judgements and statements so as to give a true and fair view of the state of affairs of the Company and of the results of the operations of the Company. Significant accounting policies followed and other disclosures are appearing in Schedule 15 to the Notes to the Accounts and forming part of the annual accounts.

These financial statements of the Company have been audited by M/s Price Waterhouse, Chartered Accountants. A reference may be made to their report dated March 26, 2009 to the members together with Annexure thereto containing information per requirement under the Companies (Auditor's Report) Order, 2003 attached with these annual accounts.

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The internal control system of the Company is monitored by an independent internal audit team, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control. Internal Auditors, Audit Committee Members and Statutory 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.

The annual accounts have been prepared on a going concern basis.

FUTURE OUTLOOK

Despite the global slowdown, the Indian economy during the year 2008-09 is estimated to grow at around 7%, making it the second fastest growing economy, after China. The inflation, which was posing a major concern, is now well under control. The measures announced by the Central Government in the stimulus packages, to give relief to the industry impacted by slowdown and help revive the economy, are perceived to be in the right direction and are expected to boost demand. However, high volatility in the prices of key raw materials, weak demand of products and intense competition in the market place would pose a challenge to be met.

In such a scenario, continuous review of activities in different areas of operations under the umbrella of the Continuous Improvement System (CIS) has been an integral part of your Company's philosophy to maximize gains and reduce costs in order to meet the market realities.

Your Company continues its focus on production of farm tyres to maintain its leadership in the said segment. During the current year, your Company plans to launch new products under different segments.

DIRECTORS

In the Board Meeting held on February 20, 2009, Mr. Rajeev Anand was appointed as Additional Director as well as wholetime Managing Director, effective February 20, 2009. In the same Board Meeting, resignation of Mr Prabhakar Jain was accepted as director and wholetime Managing Director, effective the close of business hours on April 30, 2009. The Board records its appreciation for the valuable contribution made by Mr. Prabhakar Jain as Managing Director.

Mr R V Gupta is retiring by rotation at this Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr Hugo O Dedekind, Finance Director holds office till October 31, 2009 and is proposed to be re-appointed for a further period of three years.

Messrs Pierre Eric Cohade and Rajiv Lochan Jain, being additional Directors appointed on July 13, 2008 hold office upto the date of the ensuing Annual General Meeting of the Company and are proposed to be re-appointed.

The information relating to the above appointments is also appearing under the head 'Directors' in the Corporate Governance Report, appearing separately.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, retire at the conclusion of this Annual General Meeting and are eligible for reappointment.

Dr. Ashok K Agarwal, has been re-appointed as Cost Auditor for conducting the cost audit for the year ending December 31, 2009.

CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the good corporate governance practices. As per the applicable provisions of Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion & Analysis, a Report on Corporate Governance together with the Auditors' certificate on the compliance of conditions of Corporate Governance form part of the Annual Report.

HUMAN RESOURCE

The employer-employee relations throughout the year remained cordial. Measures for training, development, safety of the employees and environmental awareness received the top priority of the Management.

The Statement of Particulars of the employees of the Company, pursuant to Section 217 (2A) of the Companies Act, 1956 forming part of this report, is also attached.

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to the Company's esteemed Shareholders, Customers, Suppliers, Associates, Bankers and the State and Central Governments etc. for their valuable contribution and continued support. Your Directors also wish to place on record their deep appreciation to The Goodyear Tire & Rubber Company, Akron, Ohio, USA for their continued support and contribution in all the spheres of operations.

On behalf of the Board of Directors

New Delhi
March 26, 2009

Pierre Eric Cohade
Chairman

Annexure to Director's Report

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY

- a) Energy conservation measures taken:
- 1) Wartsila Generator efficiency improved in terms of gms/Kwh.
 - 2) Optimization of Power Distribution & maximum use of purchased power by revising Power distribution network.
 - 3) Compressed air consumption reduced by optimizing high pressure & low pressure air distribution network.
 - 4) Insulation of headers, pipes & dome cavities, to reduce heat losses.
 - 5) Replacement of inefficient pumps & blowers with energy efficient equipments.
 - 6) Installed auto blow down system & excess air monitoring system on boilers.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption.
- 1) Installation of pressure powered pump & utilization of flash steam to improve efficiency of boilers.
 - 2) Replacement of inefficient air conditioning equipment with energy efficient units.
 - 3) Installation of energy meters to effectively measure & analyse power consumption.
 - 4) Replacement of condensate recovery headers to enhance condensate recovery.
 - 5) Analyses of thermal losses in heating equipments & headers using thermography.
- c) Impact of measure (a) & (b) above for reduction of energy consumption & consequent on cost of production of goods:
The above measures helped towards reduction in energy consumption, quality improvement, reduction in utility cost & partially offset high inflation in Energy cost.
- d) Total energy consumption and energy consumption per unit of production:

	YEAR 2008	YEAR 2007
A. Power and Fuel Consumption		
1. ELECTRICITY (KWH)		
a) PURCHASED		
Units (000)	14278	10792
Total Amount (Rs.000)	62489	47160
Rate / Unit (Rs.)	4.38	4.37
b) OWN GENERATION		
Through Generator		
Units (000)	20033	23692
Units / Ltr. of fuel	3.67	3.65
Cost / Unit (Rs.)	8.26	5.92
2. STEAM		
a) HSD / LDO		
Quantity (K. Ltrs)	21	21
Total Amount (Rs.000)	634	559
Average Rate (Rs. / K.Ltr)	30519	26436
b) Residual Furnace Oil / Furnace Oil		
Quantity (Tonnes)	4109	5151
Total Cost (Rs.000)	120149	100210
Average Rate (Rs. / Tonnes)	29241	19454
c) Coal (For Process Steam)		
Quantity (Tonnes)	1543	0
Total Cost (Rs.000)	11495	0
Avg. Rate (Rs. / Tonnes)	7448	0
3. Nitrogen		
Quantity (cubic meters- 000)	1766	1750
Total Cost (Rs.000)	10731	11154
Average Rate (Rs. / Cubic Meter)	6.07	6.38
B. Consumption per tonne of production		
Electricity (KWH)	770	748
Fuel (K. Litres. excl. nitrogen gas) for steam	0.1846	0.1247
Nitrogen (m3)	25.50	30.50

The increase in cost under the heads "Electricity - Own Generation" and "Steam" is due to increase in the crude oil prices.

B. TECHNOLOGY ABSORPTION

e) Research & Development (R&D)

1. Specific areas in which R&D activities carried out by the Company:

The company, in close co-ordination with The Goodyear Tire & Rubber company, Akron, Ohio, USA and its technical centres based in Luxembourg, Akron & Japan, carried out R&D activities in specific areas.

R & D focussed on the Development of the new Product for both Export and Local Markets.

The project to facilitate the quicker release of New tires for Farm Category was conceived & Farm Tire Testing Facility was made functional at Ballabgarh.

Major emphasis was on improving the quality standards, enhanced customer satisfaction. This was primarily achieved through process improvements, control on systems, and reduction in waste, energy conservation. Use of tools such as Six Sigma and small group activities with the technological support resulted in controlling the variations in processes, maximizing the productivity and minimizing the cost of production.

Efforts continued in the direction of fine-tuning of the construction and the changes in compound formulations. These resulted in improvements in the product performance, reduced usage of high cost raw materials.

2. Benefits derived as a result of above R&D

The R&D activities helped the company to add new quality products to its range and achieve greater customer acceptance in the market. These activities also enabled the company to reduce process waste, lower the energy consumption, increase productivity & release new products in the Market to achieve higher "Customer Satisfaction".

3. Future Plan of Action

Introduction and promotion of New Quality Products to existing range of front and rear farm tires in order to meet market requirements and exceed customer needs.

4. Expenditure on R & D:

	(Rs. in lacs)
a. Capital	115.59
b. Recurring	15.18
c. Total	130.77
d. Total R & D expenditure (as a percentage of total turnover)	0.13

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts in brief made towards technology absorption, adaptation & innovation:

(a) New Product Introduction

R&D activities helped the company in the introduction of products designs, Farm tires with superior compounds to increase market acceptance. New sizes developed for US/Europe and Asia exports.

(b) Process Improvement

Continued efforts made in the areas of Quality Improvement, waste reduction, process capability in major equipments and cost optimization to specially improve the market acceptance of company's Bias Medium & Light Truck tires.

(c) System Improvement

Continual efforts made to implement and sustain Quality Management System and Environment Management System in the Plant to meet and enhance Customer present and emerging needs.

2. Benefits derived as a result of above efforts:

The technical innovations & adaptation made at Goodyear Technical Centres in USA & Europe alongwith company's inputs helped the company to introduce new products & improve the market acceptance of Goodyear Products.

3. Imported Technology:

- | | | |
|--|---|----------------|
| a) Technology Imported |) | |
| b) Year of Import |) | |
| c) Has technology been fully absorbed? |) | Not Applicable |
| d) If not full absorbed, areas where this has not taken place, reasons therefor and future plans of action |) | |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

During the year 2008, Goodyear products were exported to Bangladesh, Dubai, Australia, Ethiopia, Sri Lanka, Pakistan, Qatar, Germany, South Africa, Kenya, Guatemala, Jamaica, Egypt, Colombia, Tanzania, Turkey, Singapore, USA, Kuwait, Japan etc.

During the year 2008, the Company entered new export markets of Jamaica, Egypt, Kuwait & Japan.

- g) Foreign Exchange (Rs. in lacs)

Total foreign exchange used and earned: (Rs. in lacs)

Year	Earned		Used			
	Export (FOB)	Others	Import (CIF)			
			Capital Goods	Stores & Spares	Raw Material	Others
2008	7629	46	662	43	7780	3583

ANNEXURE TO THE DIRECTORS' REPORT - 2008

Statement of Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956

Name of Employee : Age : Designation/Nature of duties : Remuneration received (Rs.): Qualification : Experience (Years) : Date of joining : Last Employment held : Last Designation

EMPLOYED THROUGHOUT THE YEAR : Anand Rajeev : 48 : Director Manufacturing & Strategic Initiatives* : 8097433 : Diploma Mech. Engg. : 27 : 01.01.1982 :: Bassi Vinay Kumar : 41 : Human Resources Director* : 3927519:MBA : 21 : 12.10.2007 : Pepsico India Holdings Pvt. Ltd : VP-HR :: Dedekind Hugo O : 58 : Finance Director** : 6867665 : Studied at Institute of Administration and Commerce in University of Natal : 33 : 01.11.2005 : South Pacific Tyres, Australia : Head of Finance & IT :: Gujral Jatinder S : 46 : VP - Farm & Commercial Business : 4996711 : B. Tech: 24 : 11.07.2007: Tata Motors India : Global Head - CV Parts & Aggregates :: Jain Shant Kumar : 57: GM-Sect. & Legal : 2698782 : B.com, LLB, FCS: 40 : 11.09.1980 : Dalmia Dairy Industries Ltd. : Deputy Secretary :: Krishnan Mahesh : 42 : VP - Consumer Business: 6730431 : B.Sc., PGDM (Mktg.) from IIM : 19 : 06.06.2002 : General Mills India Pvt. Ltd. : Director - Exports and B&FS :: Lall Tarun Kumar : 47 : Head - Treasury : 2878380 : B. Com., CA : 21 : 01.05.1987 :: Pillai KCS : 52 : GM - Tech & Business Dev. Commercial : 3222347 : BE : 28 : 15.05.1984 : Premier Tyres Ltd : Technical Service Engg. ::Punwani Deepak. : 33 : Pricing Manager (Asia Pacific Region): 3235992 : MBS, MMA, BBS: 8 :12.09.2005 : Cedar Consulting : Management Consultant

EMPLOYED FOR PART OF THE YEAR : :Bajpaiee Anshuman : 58 : Sr. Admn. Officer : 487992 : Inter : 36 : 27.01.1972 :: Balasubramanian Kalyanaraman : 44 : Manager - OE Sales (S) : 242557 : B.E : 21 : 18.04.1997 : Birla Tyres : Deputy Manager - Field Services :: Jain Prabhakar : 51 : Chairman & Managing Director : 19230828 : MBA : 30 : 01.02.2008 : ICI India Limited (Paints Division) : Managing Director :: K. A. Suresh Babu : 41 : Manager-HR (Sales & Admin.) : 255359 : B.A, Diploma in PM : 20 : 20.02.1997 : Max India Limited : Financial Analyst :: Malhotra Ramesh Kumar : 58 : Assistant Manager - Distribution :1109764 : B.A. : 35 : 03.09.1973 :: Mallick Mihir : 40 : Plant - Head - HR : 1337476 :PG diploma(PM&IR) : 16 : 15.05.2006 : New Holland Tractors India Pvt. Ltd. : Plant Manager :: Mittal Om Parkash : 58 : GM - Corporate Actg. : 2244924 : M.Com, ICWA (Inter) : 36 : 03.07.1972 :: Sondh Sarjit Singh : 58 : Manager-Supply Chain & Outsourcing : 2029720 : DIP (MECH. DRAFTSMAN) : 38 : 01.05.1973 : Escorts Ltd. : Drafts Man :: Viswanathan K : 43 : Manager-Sox & Int. Audit : 491387 : B.Com., ICWA(Inter) : 22 : 09.04.1987 : Air Force HQ, Ministry of Defence : Trainee

Notes:

- Remuneration as shown above includes salaries, bonus, Company's contribution to Provident Fund, Leave Travel, House Rent Allowance, Expenditure incurred on providing Housing, Medical and other facilities.
- Employees named above are/were whole time employees of the Company.
- Conditions of employment provide for termination of services by either party upon giving three month's notice and in the case of employees marked** upon giving one month's notice.
- None of the employees named above is a relative of any director.
- Designation of the employees indicates the nature of duties.

* Non- Board Member as on December 31, 2008.

CORPORATE GOVERNANCE

Goodyear India Limited is a subsidiary Company of The Goodyear Tire & Rubber Company, Akron, Ohio, USA. The Company's corporate philosophy is enshrined in a manual titled '**Business Conduct Manual for Global Operations**'. The core values, inter-alia, include conducting business in accordance with the highest applicable legal and ethical standards, the highest standards of product quality and services to the consumers with a view to create value that can be sustained continuously for the benefits of its customers, shareholders and the associates. The Company has implemented the requirements placed under Clause 49 of the listing agreement with the stock exchanges (hereinafter referred to as 'Clause 49'). The Report of the Company on Corporate Governance is as under:

1. Code of Conduct

In terms of the requirement of Clause 49, the Board of Directors of the Company, in line with the corporate philosophy laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is displayed at website www.goodyear.co.in. As required, a declaration duly signed by the Managing Director regarding compliance with the above code is attached as Annexure-A.

2. Board of Directors:

The composition of the Board of Directors of the Company as on December 31, 2008 is given below:

Name	Status i.e. Promoters, Executive, Non-executive, independent non-executive, nominee of Financial Institution	No. of Board meetings of the Company		Number of Membership in other Boards or other Committees as a member or Chairperson		Whether Attended the last AGM
		Held During the year	Attended During the year	Board	Committee	
Mr Prabhakar Jain*	Executive	4	4	1	1	Yes
Mr Hugo O Dedekind	Executive	4	4	1	1	Yes
Mr R V Gupta	Independent Non-Executive	4	4	5**	3 (1 as Chairman)	Yes
Mr C Dasgupta	Independent Non-Executive	4	4	None	None	No
Mr Pierre E Cohade***	Non-Independent Non-Executive	4	1	None in India	None India	No
Mr. Daniel Ackerman (Alternate Director to Mr. Pierre E Cohade)	Non-Independent Non-Executive	4	None	None in India	None in India	No
Mr. Rajiv Lochan Jain***	Independent Non-Executive	4	1	1**	1	No

* Mr Prabhakar Jain was appointed in place of Mr Antonio M Capellini, effective February 1, 2008. He has resigned as Director and Managing Director, effective the close of business hours on April 30, 2009. Mr Rajeev Anand has been appointed as wholtime Managing Director effective February 20, 2009.

** Excluding interest in Societies/Trust and Private Companies.

*** Mr Pierre E Cohade & Mr Rajiv Lochan Jain have been appointed as additional Directors, effective July 13, 2008.

During the year, there was no pecuniary relationship or business transaction by the Company with any non-executive Director, other than the sitting fee for attending the Board/ Committee meetings as well as the traveling/conveyance expenses incurred for attending Company's business/meetings.

During the year 2008, four Board Meetings were held on March 11, 2008, April 17, 2008, July 13, 2008 & October 24, 2008.

3. Audit Committee:

The constituted Audit Committee has the terms and roles as specified in Clause 49 of the Listing Agreement/ Section 292 A of the Companies Act, 1956. Audit Committee consists of 4 Directors namely Messrs R V Gupta, C Dasgupta, Rajiv Lochan Jain and Rajeev Anand (appointed in place of Mr Prabhakar Jain effective February 20, 2009) i.e. comprises of two-thirds independent directors. The members of the Committee have the required financial background. Mr R V Gupta, an independent non-executive Director who possesses accounting and financial related management expertise, is the Chairman of the Committee.

The Company Secretary acts as the Secretary of the Committee.

During the year 2008, five Audit Committee meetings were held on February 2, 2008, March 11, 2008, April 17, 2008, July 13, 2008 & October 24, 2008.

Attendance at Audit Committee Meetings:

Name of the Member	No. of Meetings attended
Mr R V Gupta	5
Mr C Dasgupta	5
Mr Rajiv Lochan Jain*	1
Mr Prabhakar Jain	5

* Appointed as a member of the Audit Committee, effective October 24, 2008.

4. Remuneration of Directors:

The remuneration policy for the wholtime Directors/Managing Director of the Company is based on the broad principles of payment of remuneration by the parent company to its executives, i.e. a portion of remuneration is paid on fixed basis and the remaining portion of the remuneration is based on the results. The remuneration paid during the year 2008 has due approval from the Board of Directors of the Company and the Shareholders of the Company.

No sitting fee is paid to executive directors. The details of Directors' remuneration are appearing in Note (h) of Schedule 15 of the annual accounts of the Company for the year ended December 31, 2008. The details are as under:

Names of the wholtime Directors		
Details	* Prabhakar Jain Managing Director	Hugo O Dedekind Finance Director
Service Contract Valid upto	**	October 31, 2009***
Salary	Rs. 86, 04,200	Rs. 9, 90,000
One time joining Bonus	Rs. 23, 46,600	—
Commission (Maximum 100% of Salary)	—	Rs. 9, 90,000
Performance Bonus	Rs. 51,62,520	—
Perquisites	Rs. 31, 17,508	Rs. 48, 87,665

* Appointed w.e.f. February 1, 2008 in place of Mr Antonio M Capellini.

** Resigned effective the close of Business hours on April 30, 2009. No severance fee is payable.

*** Terminable by giving one month's notice from either side. No severance fee is payable.

Benefits : The other benefits entitlement to the above Directors, inter-alia, include personal accident insurance, fees of club/s, medical expenses reimbursement, the Company's car and telephone at residence etc. and actual expenses incurred, if any, on travel and on packing, forwarding, loading or unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India and/or finally leaving the employment of the Company per terms of the agreement executed with the concerned Director.

Finance Director is also entitled to rent free accommodation, gas, electricity, water and furnishings, recreation/holiday trip in accordance with the rules of the Company, children education allowance, return holiday passage once in a year by economy class to children from the place of their study abroad to India and to the members of the family from the place of their stay abroad to India, if they are not residing in India and return passage for home country once in a year for self and family in accordance with the rules of the Company.

The above remuneration paid is within the limits specified in Schedule XIII of the Companies Act, 1956. The Company has not formed any Remuneration Committee pursuant to Clause 49 of the Listing Agreement as the formation of the same was not mandatory. Effective February 20, 2009, Mr Rajeev Anand has been appointed as wholtime Managing Director on the terms and the period specified in the draft agreement, the details whereof were circulated earlier and are appearing in the Notice of the Annual General Meeting to be held on June 19, 2009. The remuneration of Mr Anand has been approved by the Board of Directors of the Company and the Shareholders' approval has been sought vide item No. 9 of the Notice of the Annual General Meeting to be held on June 19, 2009.

There is no Stock Option Scheme of the Company for any Director (Executive / Non- Executive)

5. Shareholders' /Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee consists of Mr C Dasgupta, a non-executive Director as Chairman and Mr R V Gupta, Mr Rajiv Lochan Jain & Mr Hugo O Dedekind as Members to look into the matters concerning redressal of shareholders'/ Investors' complaints like transfer of shares, non-receipt of balance sheet / declared dividend etc.

During the year 2008, two Shareholders' /Investors' Grievance Committee meetings were held on May 16, 2008 & October 24, 2008.

Attendance at Shareholders' / Investors' Grievance Committee Meetings

Name of the Member	No. of Meetings attended
Mr R V Gupta	2
Mr C Dasgupta	1
Mr Rajiv Lochan Jain	1
Mr Hugo O Dedekind	2

Skyline Financial Services Pvt. Ltd., New Delhi, are our Share Transfer Agents. The Company has delegated the authority for share transfers to the employees of the Company to ensure that the share transfer formalities are attended regularly once in a fortnight and also to oversee the share transfer area of the Company. Mr Khalid Khan, Company Secretary is the Compliance Officer of the Company.

6 reminders/complaints received during the year 2008 have duly been replied.

6. Directors

In the Board meeting held on February 20, 2009, Mr Rajeev Anand was appointed as an Additional Director effective February 20, 2009. In the same Board Meeting, Mr Anand was appointed as Managing Director for a period of five years, effective February 20, 2009.

Mr Rajeev Anand, aged 48 years, has been associated with the Company for over 27 years, in various executive capacities, including as Manufacturing Director - ASEAN & India and Director Manufacturing & Strategic Initiatives - India. Pursuant to Article 125 of the Articles of Association of the Company, Mr Anand shall not be subject to retirement by rotation. An item for Mr Anand's appointment has been included in the notice for the ensuing Annual General Meeting. Mr Anand is a Director on the Board of Directors as well as a member of the Audit Committee of Goodyear South Asia Tyres Private Limited.

The present tenure of Mr Hugo O Dedekind, Finance Director is expiring on October 31, 2009. Subject to the approval of the shareholders of the Company, the Board of Directors of the Company in its Meeting held on March 26, 2009 extended the tenure of Mr Dedekind for a further period of three years. Mr Dedekind is a South African National and has over 30 years of worldwide experience at senior level positions, mainly with the subsidiaries of the parent Company, The Goodyear Tire & Rubber Company, Akron, Ohio, USA in the fields of finance, accounts / audit & information technology. Mr Dedekind had also held the position of Information Technology Director of Asia Region of the parent Company. Mr Dedekind is a Director on the Board of Directors as well as a member of the Audit Committee of Goodyear South Asia Tyres Private Limited.

Messrs Pierre Eric Cohade and Rajiv Lochan Jain, being additional Directors appointed on July 13, 2008 hold office upto the date of the ensuing Annual General Meeting of the Company. Items regarding their respective appointments have been included in the notice of the ensuing Annual General Meeting.

Mr Pierre Eric Cohade, aged 47 years, has around 24 years successful global experience at senior level positions. He is holding a degree in business management from the CERAM School of Business in Sophia - Antipolis, France and is an MBA from the Penn State University. Mr Cohade is President- Asia Pacific Region of The Goodyear Tire & Rubber Company.

Mr Rajiv Lochan Jain is Managing Director of ICI India Ltd. He is B Tech (Hons) in Chemical Engineering from IIT Kharagpur and MBA from the University of New Hampshire, Durham. Details of his other Directorships and Committee memberships are as under:

1. ICI India Limited	Managing Director Member-Shareholders' / Investors' Grievance Committee
2. ICI India Research & Technology Centre	Chairman
3. CIC Paints Pvt Ltd., Sri Lanka	Non-Executive Director
4. FICCI	Member-Executive Committee

Mr R V Gupta is retiring by rotation in the ensuing Annual General Meeting of the Company and his brief resume is given below:

Mr Gupta is a retired IAS (Indian Administrative Services) Officer and former Dy. Governor of RBI. After retirement, he acted as Chairman of the RBI Committee on Agriculture Credit.

Details of his other Directorships and Committee memberships are as under:

- | | |
|---|---|
| 1. Delhi Safe Deposit Limited, New Delhi | Director |
| 2. Ambit Holdings Pvt Ltd, Mumbai | Chairman |
| 3. Indian National Theatre Trust, New Delhi | Trustee |
| 4. Vira Charitable Society, Bijnor, UP | President |
| 5. DCM Engineering Ltd. | Director
Member - Committee of Directors |
| 6. Seshasayee Paper & Board Ltd. | Director
Chairman-Audit Committee |
| 7. India Value Fund Advisors Pvt Ltd | Director |
| 8. Mawana Sugars Limited | Director |
| 9. Honda Siel Power Products Ltd | Director
Member-Audit Committee |

7. General Body Meetings:

Location and time where the last three Annual General Meetings were held are as under:-

Meeting	Venue	Date	Time
47 th AGM	Magpie Tourism Complex Sector-16A, Faridabad, Haryana	May 16, 2008	3.30 P.M.
46 th AGM	-do-	June 15, 2007	3.30 P.M.
45 th AGM	-do-	June 2, 2006	4.00 P.M.

Special Resolution passed at the last three Annual General Meetings.

Date of AGM	Description of Special Resolution
May 16, 2008	Appointment and payment of remuneration to Mr Prabhakar Jain as Managing Director.
June 15, 2007	Re-appointment and payment of remuneration to Mr Hugo Dedekind as wholetime Finance Director.
June 2, 2006	Appointment and payment of remuneration to Mr Hugo Dedekind as wholetime Finance Director.

None of the resolutions was put through postal ballot at the aforesaid meetings.

8. Disclosures

- **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:**

The Company in its normal course of business, has had sale/purchase transactions with the parent Company, The Goodyear Tire & Rubber Company, Akron, Ohio, USA and/or its subsidiaries etc. abroad as well as with Goodyear South Asia Tyres Private Limited, Aurangabad, Maharashtra (India) on arms' length basis and the same were not considered to be in conflict with the interests of the Company. During the year, Messrs Prabhakar Jain (resigned effective the close of business hours on April 30, 2009) and Hugo O Dedekind, Directors of the Company were also directors on the Board of Goodyear South Asia Tyres Private Limited. Normal payment of sitting fees for attending the Board Meetings and Committee Meetings as well as the travelling / conveyance expenses etc. incurred for attending the Company's business / meetings by the Directors (wholetime and non-wholetime) are also not considered to be of any significant nature. The remuneration details are in clause 4 above.

The Company has not had any transaction of material nature with the Directors and/or their relatives during the year under review that would have conflict with the interest of the Company at large. The disclosure of transactions with the related parties per Accounting Standard 18 is appearing in Note (m) of Schedule 15 of the annual accounts with the Company for the year ended December 31, 2008.

- **Details of non-compliance, penalties, strictures by Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during last three years:-**

None

9. Means of Communication:

The quarterly/annual results of the Company are normally published in the Statesman and Veer Arjun.

Half yearly reports were not sent to the shareholders. The quarterly results & shareholding pattern are being displayed at website www.goodyear.co.in under the head 'Media Center'. In terms of Clause 51 of the Listing Agreement with the Stock Exchanges, certain documents/information relating to the Company are also accessible on the website www.sebiedifar.nic.in. The website is also accessible through hyperlink 'EDIFAR' from the SEBI's official website <http://www.sebi.gov.in>.

No presentations were made by the Company to the Analysts. A Management Discussion and Analysis Report which forms part of the Annual report is given by means of a separate annexure and is attached to the Directors' Report.

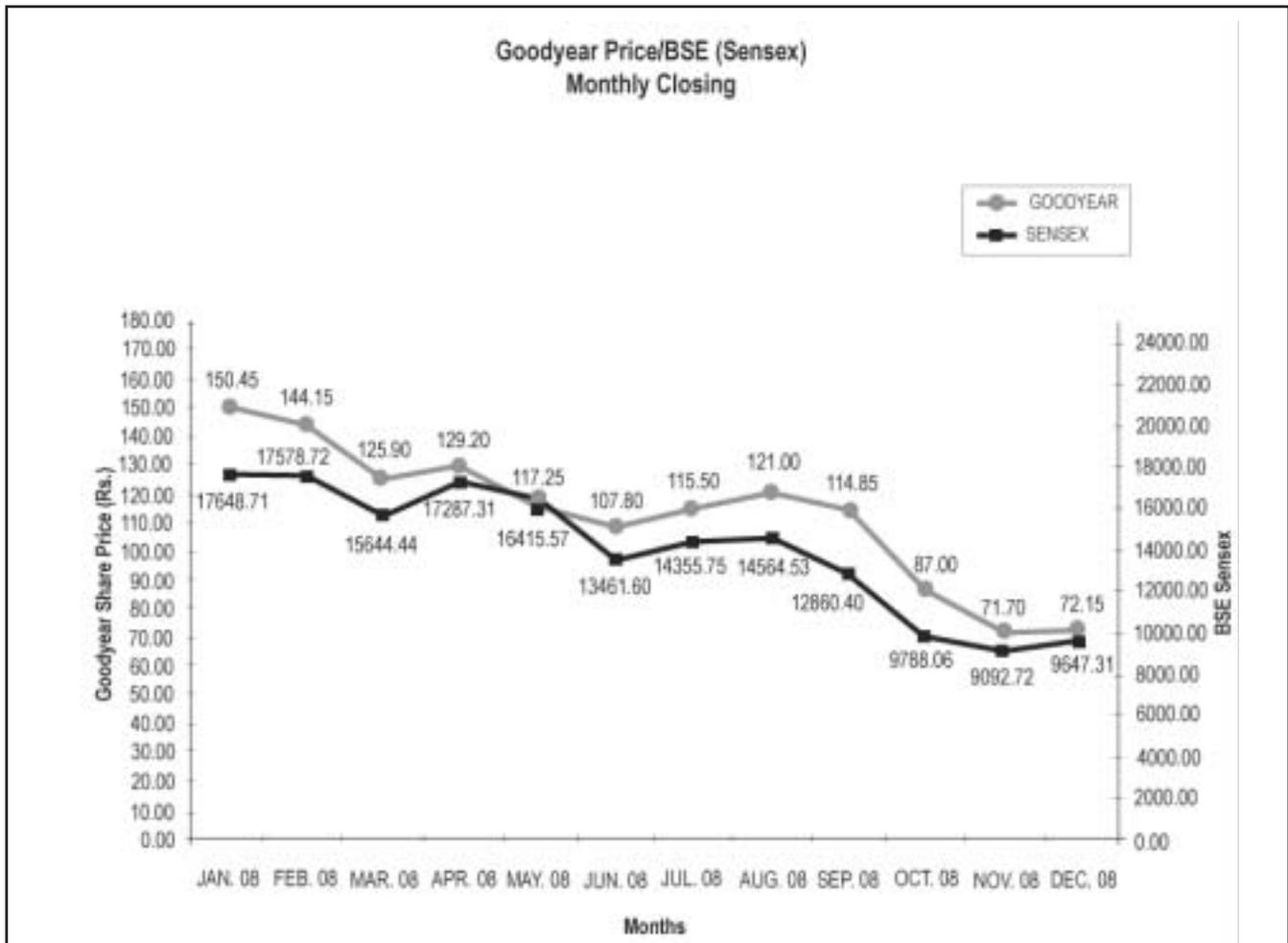
10. General Shareholders Information

Date, time and Venue of the Annual General meeting	:	Friday, June 19, 2009 at 3.30 P.M. Magpie Tourism Complex Sector 16A, Faridabad, Haryana.
Financial Year	:	January 01 to December 31
Book Closure	:	June 5, 2009- June 19, 2009 (Both days inclusive)
Dividend payment date	:	On or after June 20, 2009 but within the statutory time limit.
Listing on Stock Exchanges	:	The Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. Listing Fees up to 2008 - 2009 duly paid.
Stock Code	:	BSE - 500168
Registrar & Transfer Agents	:	Skyline Financial Services Pvt. Ltd., 246, 1 st Floor, Sant Nagar, East of Kailash, New Delhi - 110065

Market Price Data : High, Low on Bombay Stock Exchange (BSE) during each month in the last Financial Year-2008

MONTH	Price per equity share of the face value of Rs.10/- each		MONTH	Price per equity share of the face value of Rs.10/- each	
	HIGH	LOW		HIGH	LOW
JANUARY	213.50	139.00	JULY	122.00	99.40
FEBRUARY	159.50	140.00	AUGUST	139.00	116.05
MARCH	152.50	105.00	SEPTEMBER	126.95	97.00
APRIL	149.00	124.60	OCTOBER	115.00	78.00
MAY	145.00	115.55	NOVEMBER	90.80	62.00
JUNE	119.90	95.10	DECEMBER	77.80	66.20

Performance in comparison to BSE Sensex



Share Transfer System

Skyline Financial Services Pvt. Ltd. are the Share Transfer Agents of the Company for handling both physical share registry work and Demat share registry work. The shares received for transfers complete in all respect in physical form are registered and dispatched normally within three weeks. Demat confirmations are normally sent within 2 weeks and 30 days in the case of bulk request.

Distribution of Shareholding as on December 31, 2008:

No. of shares held	Folios		Shares held	
	Numbers	Percentage	Numbers	Percentage
Upto 500	21714	94.97	1837415	7.97
501 - 1000	713	3.12	536660	2.33
1001 - 5000	367	1.60	787655	3.41
5001 - 10000	34	0.15	242271	1.05
10001 and above	37	0.16	19662506	85.24
Total	22865	100.00	230,66,507	100.00

Shareholding Pattern as on December 31, 2008:

<u>Description of Investors</u>	<u>No. of shares held</u>	<u>% of shareholding</u>
1. Promoters	17069215	74.00
2. Financial Institutions, Insurance Companies, Banks and Mutual Funds etc.	785586	03.41
3. Foreign Institutional Investors	200	00.00
4. Private Corporate Bodies	1277675	05.54
5. NRIs / OCBs	72867	00.32
6. Indian Public	3860964	16.73
Total	<u>23066507</u>	<u>100.00</u>

Dematerialisation of shares and liquidity:

21.18 % of the Share Capital is held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) as on December 31, 2008.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

Plant location : Mathura Road, Ballabgarh, Dist. Faridabad - 121 004, Haryana.

Investors' correspondence may be addressed to : M/s. Skyline Financial Services Pvt. Ltd.,
(Unit: Goodyear India Limited)
246, 1st Floor, Sant Nagar, East of Kailash, New Delhi - 110 065
OR

The Share Registry Section
Goodyear India Limited, Mathura Road, Ballabgarh,
Dist. Faridabad - 121 004, Haryana.

Website : www.goodyear.co.in

E-mail ID : goodyearindia_investorcell@goodyear.com

Non Mandatory Requirements

The Company has not adopted the non mandatory requirements as mentioned in Annexure-I D of amended Clause 49 of the Listing Agreement.

CEO/CFO Certificate

In terms of the requirement of the Clause 49, the certificates from CEO/ CFO had been obtained.

On behalf of the Board of Directors

New Delhi
March 26, 2009

Rajeev Anand
Managing Director

Annexure-A

Corporate Governance Report
of Goodyear India Limited
Dated March 26, 2009

Declaration regarding affirmation of Code of Conduct

All the members of the Board and the senior management personnel have, for the year ended December 31, 2008, affirmed compliance with the code of conduct laid down by the Board of Directors in terms of clause 49 of the Listing Agreement with the stock Exchange.

Rajeev Anand
Managing Director

New Delhi
March 26, 2009

MANAGEMENT DISCUSSION & ANALYSIS

1. Industry Structure & Developments

The growth of the tyre industry depends on various factors including overall GDP growth, agricultural and industrial production, growth in vehicle demand and infrastructure development. Despite the global slowdown, Indian economy is estimated to sustain a growth rate of around 7%.

The year under review witnessed slowdown in the Indian economy, stiff competition, high volatility in the prices of key raw materials, cheaper import of tyres and low demand of products, which, taken in combination, adversely affected the tyre industry.

2. Opportunities & Threats

As a subsidiary of The Goodyear Tire and Rubber Company, Akron, Ohio, USA, your Company enjoys fullest support from its parent Company in all the areas of its operations. This support, along with a committed team of associates through out the Company and an established dealer network, which is continuously being enhanced along with the brand image, equip your Company to meet market realities ahead.

The Company's activities are increasingly focused on the farm tyre segment. The Farm Tyre Development Centre set up at the Ballabgarh Plant has become fully operational, which would help develop new products and reduce the testing time. The growth of farm tyre segment is linked to the agricultural sector which, in turn, is heavily dependent on the monsoon. Low demand of products and enhanced competition as a result of economic slowdown coupled with high volatility in the prices of raw materials and cheaper import of tyres are perceived to be the areas of concern for the Indian tyre industry.

3. Segment-wise/ Product-wise performance

The Company manufactures automotive bias tyres viz. Farm tyres and Medium Commercial Truck tyres at its Ballabgarh plant and also trades in 'Goodyear' branded tyres (including Radial passenger and Off-the-road Bias Tyres) manufactured by Goodyear South Asia Tyres Private Limited (GSATPL) Aurangabad, pursuant to an off-take agreement entered into with that company. The other products in which the Company deals in include tubes/flaps. The sales performance during the year is as under:-

	(Rs. in Lacs)
Tyres / Flaps	94,335
Tubes	5,845

4. Outlook

In order to meet the market challenges arising as a result of economic slowdown and its impact on the automobile sector, your Company has been following the philosophy of providing the highest quality products and services to its customers. It has been focusing on elimination of waste, deferment/ postponement of capital expenditure wherever possible, tight management of working capital and building people capability. All endeavors are made to maximize gains and reduce costs, under the umbrella of the Continuous Improvement System. The measures announced by the Central Government in the stimulus packages are expected to boost demand in the automobile sector. New products launches under various segments are planned in the year 2009.

5. Risks and concerns

The local taxes and duties levied by the Governmental authorities have a direct impact on the Company's operations and profitability as its products are largely intended for sale in the domestic market.

Approximately 22% sales turnover of the Company was attributable to the sale of products, procured from GSATPL, primarily to wholesale dealers in the replacement market, pursuant to the off-take agreement with the said company. This off-take agreement is on a non-exclusive basis and can be terminated by either party after giving four months' notice.

As in the past, the Company has obtained insurance coverage for its assets. However, no cover for the foreign exchange risk was obtained by the Company for its foreign exchange exposures. Certain demands/disputes raised against the Company, pending final adjudication, are the other areas of concern. The Company has blocked certain funds in order to secure a few of these demands in terms of the Court order(s). High volatility in the prices of raw materials, including the petroleum - based inputs, is an area of concern. Cheap import of tyres too has been posing a challenge to the Industry.

6. Internal control systems and their adequacy

The Company has a proper and adequate system of internal control.

The Company has an Audit Committee headed by a non-executive independent director, inter-alia, to oversee the Company's financial reporting process, disclosure of financial information, performance of statutory and internal

auditors, functions, internal control systems, related party transactions, investigation relating to suspected fraud or failure of internal audit control, etc. as well as other areas requiring mandatory review per Clause 49 of the Listing Agreement with the stock exchange. The powers of the Audit Committee, inter-alia, include seeking information from any employee, obtaining outside legal or other professional advice and investigating any activity of the Company within the Committee's terms of reference. The Company's Internal Audit Department verifies the information concerning the efficiency and effectiveness of its operations, the reliability and accuracy of the financial statements as well as the compliance with the Company policies so as to maintain accountability of all its assets and the authenticity and correctness of the recorded transactions. The scope, coverage, control weakness and other relevant issues and updates are shared by Internal Audit at appropriate management levels for corrective action and the progress thereof is tracked.

7. Discussion on financial performance with respect to operational performance

The details of the financial performance of the Company are appearing in the Balance Sheet, Profit & Loss Account and Other Financial Statements, appearing separately. Highlights are provided below:

	(Rs. in Lacs)	
	<u>2008</u>	<u>2007</u>
Total Sales & other Income	101537	98944
Less: Excise Duty	<u>8270</u>	<u>8918</u>
Net Sales & other income	93267	90026
Profit Before Interest, Depreciation, & Tax	6597	8070

The financial performance of the Company has been further explained in the Directors' Report of the Company for the year 2008, appearing separately.

8. Human Resources

The employee relations have remained cordial throughout the year and industrial harmony was maintained. Measures for the safety of the employees, training and development continued to receive top priority. The total number of salaried and hourly paid associates, as at December 31, 2008, stood at 940.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's views about the Industry, expectations/predictions, objectives etc may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied in these statements. The Company's operations may, inter-alia, be affected by the supply and demand situations, input prices and availability, changes in Government regulations, tax laws and other factors such as industry relations and economic developments etc. Investors should bear the above in mind.

Auditors' Certificate on compliance with conditions of Corporate Governance under clause 49 of the listing agreement

To the Members of Goodyear India Limited

We have examined the compliance of conditions of Corporate Governance by Goodyear India Limited ('the company'), for the year ended on 31st December 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

H. Singh
 Membership No. F-86994
 Partner
 For and on behalf of
 Price Waterhouse
 Chartered Accountants

Place: New Delhi
 Date: March 26, 2009

AUDITORS' REPORT TO THE MEMBERS OF GOODYEAR INDIA LIMITED

1. We have audited the attached Balance Sheet of Goodyear India Limited, as at December 31, 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on December 31, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: New Delhi
Date: March 26, 2009

H. Singh
Partner
Membership Number F - 86994
For and on behalf of
Price Waterhouse
Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Goodyear India Limited on the financial statements for the year ended December 31, 2008]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of four years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (including stocks with third parties) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess, and other material statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales-tax and excise duty as at December 31, 2008 which have not been deposited on account of a dispute, are as follows [Also refer Note b (ii) on Schedule 15]:

Sr. No.	Name of the statute	Nature of dues	Period to which the amount relates	Amount (Rs. '000)	Forum where the dispute is pending
1.	Central and State Sales Tax Acts	Sales Tax	1979-80 1985-88 1991-2007	40,435	First level of Appellate Authority i.e. Assistant Commissioner/ Deputy Commissioner/ Joint Commissioner/ Commercial Taxes Appellate and Revisional Board
			1992-93 1998-99	3,532	Sales Tax Tribunal
			1978-79 1987-88	785	High Court
2.	The Central Excise Act, 1944	Excise Duty	1997-98 2000-01	3,054	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		Additional Excise Duty	2004-05	48,413	Commissioner of Central Excise

10. There are no accumulated losses as at December 31, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank. The Company has not issued any debentures and further there are no dues from any financial institutions at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not taken any term loans during the year.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by a public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the Company, noticed or reported during the year.

Place: New Delhi
Date: March 26, 2009

H. Singh
Partner
Membership Number F - 86994
For and on behalf of
Price Waterhouse
Chartered Accountants

BALANCE SHEET AS AT DECEMBER 31, 2008

	Schedule No. (Note reference)	As at December 31, 2008 (Rs. '000)	As at December 31, 2007 (Rs. '000)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	230,665	230,665
Reserves and Surplus	2	1,376,905	1,218,223
Deferred Tax Liability (Net)	15 (c)	110,081	90,489
		<u>1,717,651</u>	<u>1,539,377</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	2,641,423	2,457,046
Less : Depreciation		1,488,966	1,407,011
Net Block		1,152,457	1,050,035
Capital Work in Progress		125,061	107,271
		<u>1,277,518</u>	<u>1,157,306</u>
Current Assets, Loans and Advances			
Inventories	4	714,052	644,105
Sundry Debtors	5	1,018,982	1,288,960
Cash and Bank Balances	6	552,293	645,721
Loans and Advances	7	115,363	137,771
		<u>2,400,690</u>	<u>2,716,557</u>
Less: Current Liabilities and Provisions			
Liabilities	8	1,525,502	1,869,421
Provisions		435,055	465,065
Net Current Assets		<u>440,133</u>	<u>382,071</u>
		<u>1,717,651</u>	<u>1,539,377</u>
Significant Accounting Policies and Notes to Accounts			
	15		

This is the Balance Sheet referred to in our report of even date

The Schedules referred to above form an integral part of Balance Sheet

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Pierre E. Cohade
Chairman
Hugo O Dedekind
Finance Director
C Dasgupta
Director

Rajeev Anand
Managing Director
R V Gupta
Director
Rajiv Lochan Jain
Director
Khalid Khan
Company Secretary

Place: New Delhi
Date: March 26, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2008

	Schedule No./Note Reference	For the year ended December 31, 2008 (Rs. '000)	For the year ended December 31, 2007 (Rs. '000)
INCOME			
GROSS SALES	9	10,018,023	9,796,116
Less : Excise Duty		<u>827,038</u>	<u>891,796</u>
NET SALES		9,190,985	8,904,320
Other Income	10	<u>135,680</u>	<u>98,338</u>
		<u>9,326,665</u>	<u>9,002,658</u>
EXPENDITURE			
Raw Material Consumed	11	4,689,808	4,091,005
Work in Process and Finished Goods	12	2,382,256	2,536,394
Increase / (decrease) in Excise Duty on Finished Goods		(7,430)	4,708
Manufacturing, Selling and Administrative Expenses	13	<u>1,602,340</u>	<u>1,563,594</u>
		<u>8,666,974</u>	<u>8,195,701</u>
PROFIT BEFORE INTEREST AND DEPRECIATION		659,691	806,957
Interest Expenses	14	24,667	44,801
Depreciation (net)	15(n)	<u>111,883</u>	<u>114,689</u>
PROFIT BEFORE TAX		523,141	647,467
Provision for Taxation:			
- Current Tax		166,286	168,858
- MAT Reversal/ (Credit)		-	62,682
- Deferred Tax	15(c)	19,592	(4,564)
- Fringe Benefit Tax		<u>15,373</u>	<u>18,229</u>
PROFIT AFTER TAX		321,890	402,262
Profit brought forward from the previous year		<u>451,042</u>	<u>260,700</u>
PROFIT AVAILABLE FOR APPROPRIATION		772,932	662,962
APPROPRIATIONS			
Proposed Dividend		138,399	138,399
Tax on Dividend		23,521	23,521
General Reserve		40,000	50,000
Balance carried to Balance Sheet		<u>571,012</u>	<u>451,042</u>
		<u>772,932</u>	<u>662,962</u>
BASIC AND DILUTED EARNINGS PER SHARE (Rs.)	15(r)	13.95	17.44
Face Value of each equity share (Rs.)		10	10

Significant Accounting Policies and Notes to Accounts

This is the Profit & Loss Account referred to in our report of even date

The Schedules referred to above form an integral part of Profit & Loss Account

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Pierre E. Cohade
Chairman
Hugo O Dedekind
Finance Director
C Dasgupta
Director

Rajeev Anand
Managing Director
R V Gupta
Director
Rajiv Lochan Jain
Director
Khalid Khan
Company Secretary

Place: New Delhi
Date: March 26, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	523,141	647,467
Adjustments for non cash items		
Depreciation	111,883	114,689
(Profit)/Loss on sale of fixed assets (net)	481	(7,773)
Interest expenses	24,667	44,801
Interest income	(13,636)	(25,049)
Liabilities / provisions no longer required written back	(66,158)	(5,174)
Provision for obsolete stores & spares	-	2,172
Provision for doubtful debts	3,171	3,447
Provision for Gratuity	15,536	10,929
Provision for Leave Encashment	11,224	11,400
Unrealised foreign exchange (Gain)/ Loss	2,987	(35,851)
Operating profit before working capital changes	<u>613,296</u>	<u>761,058</u>
Adjustments for working capital:		
(Increase)/ Decrease in Sundry debtors	266,807	(320,024)
(Increase)/ Decrease in Loans and advances	7,525	(5,517)
(Increase)/ Decrease in Inventories	(69,947)	(32,910)
Increase/ (Decrease) in Sundry creditors and other payables	<u>(347,258)</u>	<u>318,131</u>
Cash generated from operations	<u>470,423</u>	<u>720,738</u>
Direct taxes paid	(148,965)	(165,000)
Direct taxes refund	379	-
Tax Deducted at Source	(3,400)	(5,866)
Fringe Benefit Tax	<u>(15,101)</u>	<u>(20,218)</u>
Net cash flow from operating activities	<u>303,336</u>	<u>529,654</u>
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(224,449)	(187,014)
Interest received	14,219	24,465
Sale proceeds of fixed assets	<u>242</u>	<u>15,379</u>
Net cash used in investing activities	<u>(209,988)</u>	<u>(147,170)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of External commercial borrowings	-	(528,528)
Interest paid	(24,667)	(65,801)
Dividends paid	<u>(159,122)</u>	<u>(133,832)</u>
Net cash used in financing activities	<u>(183,789)</u>	<u>(728,161)</u>
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	<u>(90,441)</u>	<u>(345,677)</u>
Cash and bank balance as at beginning of year	645,721	988,601
Unrealised foreign exchange gain/(loss)	<u>(2,987)</u>	<u>2,797</u>
Cash and bank balance as at end of the year	<u>552,293</u>	<u>645,721</u>

Notes:

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 on "Cash Flow Statement" notified by the Government of India under the Accounting Standard Rules, 2006.
- Cash and bank balance as at end of the year includes Rs.2,483 (Previous year Rs.2,483) against bank guarantees and Rs. 24,874 (Previous year Rs.23,652) deposits in favour of Hon'ble Court of Additional District Judge, New Delhi. Amount not available for use by the company Rs. 5,016 (Previous year Rs. 2,217).
- Figures in brackets indicate cash outflow.
- Previous year figures have been regrouped and recast, wherever necessary, to conform to the current year's classification.
- The schedules referred to in the Balance Sheet and Profit & Loss Account form an integral part of the Cash Flow Statement.

This is the Cash Flow referred to in our report of even date.

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Pierre E. Cohade
Chairman

Hugo O Dedekind
Finance Director

C Dasgupta
Director

Rajeev Anand
Managing Director

R V Gupta
Director

Rajiv Lochan Jain
Director

Khalid Khan
Company Secretary

Place: New Delhi

Date: March 26, 2009

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 1	As at December 31, 2008 (Rs.'000)	As at December 31, 2007 (Rs.'000)
CAPITAL		
Authorised 3,00,00,000 (3,00,00,000) Equity Shares of Rs.10 each	300,000	300,000
Issued, Subscribed and Fully Paid-up 2,30,66,507 (2,30,66,507) Equity Shares of Rs.10 each	<u>230,665</u>	<u>230,665</u>

Notes:

- 17,069,215 (17,069,215) shares are held by The Goodyear Tire & Rubber Company, Akron, Ohio, USA (the Holding Company) of which 1,203,926 shares are allotted as fully paid up pursuant to a contract without payment being received in cash.
- 12,159,379 (12,159,379) shares were allotted as fully paid up by way of bonus shares by capitalisation of General Reserve Rs.114,188 and Share Premium Account Rs.7,406.

SCHEDULE 2

RESERVES AND SURPLUS	As at January 01, 2008	Additions	Deductions	As at December 31, 2008
Share Premium	631,378	-	-	631,378
General Reserve	100,000	40,000	-	140,000
Revaluation Reserve*	35,803	-	1,288	34,515
Profit and Loss Account	451,042	119,970	-	571,012
	<u>1,218,223</u>	<u>159,970</u>	<u>1,288</u>	<u>1,376,905</u>

*Deduction includes Rs. NIL (Rs.83) on account of sale/adjustments of fixed assets.

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 3

FIXED ASSETS

(Rs.'000)

	Gross Block				Depreciation				Net Block	
	As at January 1, 2008	Additions during the year	Deductions/adjustments during the year	As at December 31, 2008	As at January 1, 2008	Charged during the year*	Deductions/adjustments during the year	As at December 31, 2008	As at December 31, 2008	As at December 31, 2007
Tangible Assets										
Freehold Land	17,309	–	–	17,309	–	–	–	–	17,309	17,309
Buildings	254,772	27,967	–	282,739	105,444	7,964	–	113,408	169,331	149,328
Plant & Machinery	2,099,097	170,174	30,855	2,238,416	1,226,628	102,470	30,161	1,298,937	939,479	872,469
Furniture & Fittings	14,325	1,339	315	15,349	7,609	1,021	286	8,344	7,005	6,716
Vehicles	6,550	3,303	764	9,089	2,545	710	764	2,491	6,598	4,005
Intangible Assets										
Software	64,993	13,533	5	78,521	64,785	1,006	5	65,786	12,735	208
TOTAL	2,457,046	216,316	31,939	2,641,423	1,407,011	113,171	31,216	1,488,966	1,152,457	1,050,035
Previous Year	2,428,468	159,922	131,344	2,457,046	1,414,676	115,990	123,655	1,407,011		
Capital Work in Progress including capital advances of Rs. 3,395 (Rs.16,803) and capital goods intransit of Rs. 29,371 (Rs.326)									125,061	107,271
									1,277,518	1,157,306

Notes:

- 1) Gross Book Value includes Rs. 159,152 (Rs162,681) on account of revaluation of certain fixed assets in 1984. Amount added to fixed assets on revaluation was credited to revaluation reserve.
- 2) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 25,265 (Rs.26,672).
- * 3) Refer note 'n' & 'o' on Schedule 15

SCHEDULES FORMING PART OF BALANCE SHEET

	As at December 31, 2008 (Rs.'000)	As at December 31, 2007 (Rs.'000)
SCHEDULE 4		
INVENTORIES		
Raw Materials*	200,705	232,977
Work in Process	9,162	12,196
Finished Goods **	399,992	293,116
Stores and spare parts ***	104,193	105,816
	714,052	644,105

* Net of Obsolescence provision of Rs. 1,559 (Rs. Nil) and including inventory intransit Rs. Nil (Rs. 60,508)

** Including inventory intransit Rs. 4,105 (Rs. 9,925)

*** Net of Obsolescence provision Rs. 40 (Rs. 2,212) and including inventory intransit of Rs. 565 (Rs. 424)

SCHEDULE 5

SUNDRY DEBTORS

Debts - Over six months

Unsecured - considered good [Considered Doubtful Rs. 29,949 (Rs. 40,413) and fully provided for]	3,406	-
Other debts, considered good		
Secured	111,728	152,982
Unsecured [Considered Doubtful Rs. 1 (Rs. 363) and fully provided for]	903,848	1,135,978
	1,018,982	1,288,960

SCHEDULE 6

CASH AND BANK BALANCES

Cash in hand	177	177
Cheques in hand	72,969	90,555
Cash in Transit	7,816	11,154
With Scheduled Banks on		
Current Accounts	398,942	345,467
Deposit Accounts *	67,373	196,151
Dividend Accounts	5,016	2,217
	552,293	645,721

* Includes Rs. 2,483 (Rs. 2,483) against bank guarantees and Rs. 24,874 (Rs. 23,652) deposits in favour of Hon'ble Court of Additional District Judge, New Delhi.

SCHEDULES FORMING PART OF BALANCE SHEET

	As at December 31, 2008 (Rs.'000)	As at December 31, 2007 (Rs.'000)
SCHEDULE 7		
LOANS AND ADVANCES		
Unsecured - Considered good Unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received [Considered Doubtful Rs.5,200 (Rs.5,200) and fully provided for]	98,858	102,949
Advance Tax / Income-tax refundable (net of provisions)	791	15,091
Balance with Customs and Excise	15,714	19,731
	115,363	137,771
SCHEDULE 8		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	264,555	108,708
Sundry creditors (Refer note 't' on schedule 15)		
- Due to Micro, Small and Medium Enterprises	-	-
- Due to other than Micro, Small and Medium Enterprises	1,020,274	1,409,018
Security deposits	172,691	228,844
Investor Education and Protection fund shall be credited by the following amounts namely :*		
- Unpaid dividend	5,016	2,218
- Unpaid matured deposits	69	236
- Unpaid interest warrants	-	157
Other liabilities	62,897	120,240
	1,525,502	1,869,421
Provisions		
Fringe Benefit Tax (Net of advance)	4,264	3,992
Gratuity	94,471	85,962
Leave Encashment	23,995	23,601
Interest on Provident Fund Contributions	3,432	3,010
Product Replacement Loss	17,651	18,374
Proposed Dividend	138,399	138,399
Tax on proposed dividend	23,521	23,521
Others (Refer note 'p' on schedule 15)	129,322	168,206
	435,055	465,065

* No amount is due as on December 31, 2008 for credit to Investors' Education and Protection Fund. Amount remaining due after adjustment of amounts to be claimed from the Company will be transferred on the respective due dates to the said Fund.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

SCHEDULE 9

SALES (GROSS)

	Unit	For the year ended December 31, 2008		For the year ended December 31, 2007	
		Quantity * (000)	Value (Rs.'000)	Quantity * (000)	Value (Rs.'000)
Automotive Tyres	(Nos)	2,132	9,433,475	2,126	9,160,661
Flaps	(Nos)	293			
Automotive Tubes	(Nos)	1,410	584,548	1,406	550,274
Transmission Belting	(Metres)	-	-	376	46,513
Industrial V Belts	(Nos)	-	-	253	26,644
Other rubber products #			-		12,024
			10,018,023		9,796,116

* Unit sales include inventory adjustments and debits raised for Company's own use.

SCHEDULE 10

OTHER INCOME

Profit on Sale of Fixed Assets (net)	-	7,773
Duty Drawback	4,411	-
Gain on Exchange Fluctuation (net)	6,524	24,463
Miscellaneous Income	43,144	34,496
Liabilities / Provision no longer required written back (also refer note 'q (i)' on Schedule 15)	66,158	5,174
Interest on:		
- deposits (Gross of tax deducted at source Rs 3,088 (Rs, 5,356))	13,451	24,591
- others	185	458
Mould usage charges	224	648
Commission received	1,583	735
	135,680	98,338

Notes:

Miscellaneous income includes:

- Scrap sale of Rs.20,510 (Rs.18,505)
- Refund of Kerala Value Added Tax on purchase of raw materials of Rs. 11,425 (Rs. Nil) for the period April 1,2007 to December 31, 2007.

SCHEDULE 11

RAW MATERIAL CONSUMED

	For the year ended December 31, 2008		For the year ended December 31, 2007	
	Quantity ('000 Kgs.)	Value (Rs.'000)	Quantity ('000 Kgs.)	Value (Rs.'000)
Rubber	23,671	2,779,829	24,454	2,302,717
Fabrics	2,950	587,858	3,370	644,382
Carbon black	12,452	662,239	12,403	513,834
Pigments and chemicals	6,630	511,883	6,974	492,257
Beadwire	1,537	93,644	1,690	73,497
Others {net of scrap sales of Rs.17,913 (Rs. 11,986)} #		54,355		64,318
		4,689,808		4,091,005

It is not practicable to furnish quantitative information in respect of such items due to different size, unit of measurement, each being less than 10% of total value.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

SCHEDULE 12

WORK IN PROCESS AND FINISHED GOODS

	For the year ended December 31, 2008 (Rs.'000)		For the year ended December 31, 2007 (Rs.'000)	
Opening stock				
- Work in Process	12,196		9,256	
- Finished Goods	<u>293,116</u>	305,312	<u>250,179</u>	259,435
Add:				
Purchases of Finished Goods		2,486,098		2,582,271
		<u>2,791,410</u>		<u>2,841,706</u>
Less:				
Closing Stock				
- Work in Process	9,162		12,196	
- Finished Goods	<u>399,992</u>	409,154	<u>293,116</u>	305,312
		<u>2,382,256</u>		<u>2,536,394</u>

VALUE AND QUANTITATIVE BREAK-UP OF FINISHED GOODS

		Opening Stock		Purchases		Closing Stock	
		Quantity (000)	Value (Rs.'000)	Quantity (000)	Value (Rs.'000)	Quantity (000)	Value (Rs.'000)
Automotive Tyres	(Nos)	75 (70)	258,069 (219,329)	1033 (988)	2,458,996 (2,498,702)	109 (75)	344,587 (258,069)
Flaps	(Nos)	30 (15)	4,664 (2,440)	52 (94)	10,723 (16,865)	32 (30)	6,916 (4,664)
Automotive Tubes	(Nos)	107 (74)	30,383 (19,206)	55 (20)	16,379 (9,444)	121 (107)	48,489 (30,383)
Transmission Belting	(Metres)	- (19)	- (1,557)	- (357)	- (31,716)	- (-)	- (-)
Industrial V Belts	(Nos)	- (79)	- (7,634)	- (174)	- (14,248)	- (-)	- (-)
Other Rubber Products			- (13)		- (11,296)		- (-)
			<u>293,116</u> (250,179)		<u>2,486,098</u> (2,582,271)		<u>399,992</u> (293,116)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
SCHEDULE 13		
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES *		
Salaries, wages and bonus	352,879	313,857
Contribution to provident and pension fund	30,533	24,659
Workmen and staff welfare expenses	44,656	41,406
Retirement gratuities	15,536	10,929
Leave encashment	11,224	11,400
Consumption of stores and supplies	10,738	11,141
Power and fuel	360,683	284,237
Travelling	53,106	58,548
Repairs and maintenance		
-Buildings **	1,154	2,444
-Machinery **	36,841	38,637
-Others	1,006	998
Obsolescence for stores and spares	-	2,172
Rent	22,339	28,081
Insurance	4,945	5,948
Provision for bad debts	3,171	3,447
Telecommunication	13,012	13,941
Rates and taxes	29,952	31,348
Legal and professional	11,170	12,141
Carrying and forwarding agent expenses	20,231	22,099
Freight, transport and delivery	207,200	210,363
Provision for Replacement loss	-	3,632
Advertising	115,283	173,983
Trade mark fee	59,160	56,243
Sales promotion	12,940	18,756
Commission	7,014	6,577
Bank Charges	7,300	7,316
Conversion charges	75,760	83,071
Loss on sale / deletion of fixed assets (etc.)	481	-
Bad debts written off	13,997	7,521
Less : Provision for doubtful debts	(13,997)	(7,521)
Miscellaneous	94,026	86,220
	<u>1,602,340</u>	<u>1,563,594</u>

* Includes expenditure on research and development Rs. 1,518 (Rs. 1,516)

** Includes consumption of spares Rs. 25,612 (Rs. 27,125)

SCHEDULE 14

INTEREST EXPENSES

Term loans	-	21,121
Others	24,667	23,680
	<u>24,667</u>	<u>44,801</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 15

NOTES TO ACCOUNTS

(a) SIGNIFICANT ACCOUNTING POLICIES

i) Accounting Convention

These financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956, the relevant provisions of the Companies Act, 1956 and are based on the historical cost convention as modified to include the revaluation of certain fixed assets.

ii) Fixed Assets

Gross fixed assets are stated at cost of acquisition/construction and assets taken on finance lease on or after January 1, 2002 are stated at lower of the fair value/present value of the minimum lease payments at the inception of the lease. The figures of land, buildings and factory plant and machinery, which have been revalued during the year 1984, are on the basis of valuation report of an approved valuer.

iii) Depreciation/ Amortisation

- a) The Company follows straight line method of depreciation in respect of all its fixed assets including assets taken on finance lease, as per Schedule XIV to the Companies Act, 1956, except those revalued.
- b) As per technical evaluation, Plant and Machinery is treated as Continuous Process Plant as defined in Schedule XIV to the Companies Act, 1956 and the depreciation has been provided accordingly.
- c) Accelerated Depreciation has been provided in respect of certain category of equipment as per technical assessment by the management and machinery spares of irregular nature (included in Plant and Machinery) are depreciated over the remaining useful life of the assets to which they relate. These depreciation rates are higher than rates prescribed in Schedule XIV to the Companies Act, 1956.
- d) The depreciation on assets revalued as at December 31, 1984, is provided on the basis of the residual life as per the technical estimation by the valuer.
- e) Intangible Assets: Softwares are amortised over a period of 6 years based on the estimated economic useful life of the asset.
- f) The depreciation on the assets capitalised during the year is charged from beginning of the month following the date of capitalisation.

iv) Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes cost of purchase, conversion costs and appropriate production overheads incurred in bringing the inventories to their present location and condition and is net of Cenvat. Finished goods are inclusive of Excise duty.

The basis of determining cost for various categories of inventories is as follows:

Raw Materials	Weighted average
Stores and Spare parts	Weighted average
Work in Progress and } Finished Goods }	Materials and appropriate share of labour and overheads.

Inventories have been disclosed net of provision for obsolescence, if any. Provision for inventory obsolescence is determined based on management's estimate.

v) Research and Development Expenditure

The revenue expenditure on research and development is expensed under the respective heads in the year in which it is incurred.

vi) Revenue Recognition

Sale of goods is recognised at the point of despatch of finished goods to customers. Sales exclude sales tax and is net of rebates & discounts and sales returns.

vii) Employee Benefits

The Company has Defined Contribution plans for post employment benefits' namely Provident Fund, Employee State Insurance Scheme, Employee Pension Scheme and Superannuation Fund. The contributions to Superannuation and Provident Funds are administered by trusts, which are recognised by the Income Tax authorities. The Company's contributions in all the above plans are charged to revenue every year.

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

The Company has Defined Benefit plans namely leave encashment/ compensated absence, Gratuity for employees and shortfall in interest on Provident fund balance, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gains and losses arising out of actuarial evaluations are recognised immediately in the Profit and Loss Account as income or expense.

viii) Taxation

Provision for income tax and Fringe benefit tax is computed in accordance with the provisions of Income-tax Act, 1961. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax is recognised at the rate substantially enacted at the balance sheet date.

ix) Foreign Currency Translations

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of the transactions. Exchange gain / loss on translation of assets and liabilities are recognised in the Profit and Loss Account.

x) Lease rental

Lease rentals in respect of cancellable annual operating lease entered on and after January 1, 2002 are charged to the Profit and Loss Account on a straight-line basis over the lease term.

xi) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

xii) Impairment of Assets

At each Balance Sheet date the Company assesses whether there is any indication that assets may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds its recoverable amount, an impairment loss is recognized in the accounts to the extent the carrying amount exceeds the recoverable amount.

xiii) Provisions and Contingencies

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

Product replacement loss is determined on the basis of past experience and best estimates of management.

Contingencies are disclosed unless the likelihood of an outflow of resources is remote and there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

	<u>As at December 31, 2008 (Rs.'000)</u>	<u>As at December 31, 2007 (Rs.'000)</u>
(b) Contingent liabilities*		
i) Bills discounted	30,341	45,896
ii) Claims against the Company not acknowledged as debts		
Employees' State Insurance	-	30,341
Rent cases	43,875	43,875
Sales Tax	16,605	7,872
Additional Excise Duty	48,413	48,413
Others	28,083	22,050

*(excluding interest and penalty, if any)

- iii) During the year 2003, a demand of Rs. 66,222 besides interest, was raised by the Haryana Urban Development Authority towards external development charges (EDC) which has been challenged by the Company. As the Company had, in earlier years, already paid EDC, then demanded by the concerned authorities, the management is of the view

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

that no additional demand against the Company is legally tenable.

- iv) In respect of certain assessment years under Income Tax laws there are appeals pending before the Hon'ble Supreme Court / Hon'ble High Court / Income tax Appellate Tribunal etc., against which the Management does not consider any contingent liability at this stage.

- c) Major components of Deferred Tax arising on account of temporary timing differences are:

	December 31, 2007 (Rs.'000)	For the Year	December 31, 2008 (Rs.'000)
Deferred tax liability			
Depreciation	177,894	589	178,483
Deferred tax assets			
a) Contingent Provisions	34,536	(18,348)	16,188
b) Provision for Employee Benefits	37,241	3,026	40,267
c) Provision for doubtful debts/advances	15,628	(3,681)	11,947
Total Assets	<u>87,405</u>	<u>(19,003)</u>	<u>68,402</u>
Deferred Tax Liability (Net)	90,489	19,592	110,081
Previous Year	95,053	(4,564)	90,489

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
(d) CIF value of imports		
Raw Materials	777,993	629,480
Components and Spare parts	4,321	3,447
Capital Goods	66,225	15,190
(e) Expenditure in foreign currency		
Import of finished goods	176,275	223,414
Commission on exports	7,014	6,577
Travel	2,646	3,850
Interest	-	21,121
Trademark usage charges	59,160	56,243
Others	10,750	5,144
(f) Amount remitted during the year in foreign currency on account of dividend		
(i) Number of non-resident shareholders	1	1
(ii) Number of shares held by non-resident shareholder on which dividend was due	1,70,69,215	1,70,69,215
(iii) Amount remitted	102,415	85,346
(iv) Year to which dividend related	2007	2006
(g) Earnings in foreign exchange		
FOB value of goods exported	762,929	602,073
Commission received	1,583	735
Recovery for deputation of employees	2,984	2,100

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
(h) Managerial Remuneration		
Managerial remuneration		
- Remuneration to whole time directors [Including perquisites Rs. 4,988 (Rs.6,355)]	14,582	8,365
- Commission/Bonus	8,499	2,010
- Contribution to Funds	2,495	-
- Gratuity and Leave Encashment	522	-
- Directors' fees	240	250
	<u>26,338</u>	<u>10,625</u>
Computation of net profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956 :		
Profit before taxation	523,141	647,467
Add :		
Managerial remuneration	26,338	10,625
Depreciation	111,883	114,689
Profit / (Loss) on account of sale of assets (net)	(481)	7,773
Provision for doubtful debts	3,171	3,447
Deduct :		
Depreciation computed u/s 350 of the Companies Act, 1956	111,883	114,689
Profit/(Loss) on account of sale of assets (net)	(481)	7,773
Bad debts written off	13,997	7,521
Net profit for the year u/s 349 of the Companies Act, 1956	<u>538,653</u>	<u>654,018</u>
Managerial remuneration including Commission – 10%	53,865	65,402
Restricted to	26,338	10,625
(i) Auditors' remuneration		
<u>Statutory auditors</u>		
As auditors	3,050	2,500
In other capacity		
Tax accounts	600	400
Various certificates/reports	2,630	2,203
Out of pocket expenses	261	388
<u>Cost auditors</u>		
As Cost auditors	120	100
Out of pocket expenses	25	25

(j) Quantitative information in respect of each class of goods manufactured during the year

		(Quantity '000)	
		<u>Installed Capacity*</u>	<u>Actual Production</u>
Automotive tyres	(Nos.)	1,258 (1,264)	1,133 (1,143)

Note : 1. The installed capacity is as certified by the Management and relied upon by the auditors' being a technical matter.
2. Production does not include conversion by outside sources:

Tubes (Nos.)	1,369 (1,419)
Flaps (Nos.)	243 (348)

* Delicensed.

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(k) Consumption of raw materials, stores, spare parts and components:

	For the year ended December 31, 2008				For the year ended December 31, 2007			
	Raw Materials (Rs.'000)	%	Stores, spare parts and Components (Rs.'000)	%	Raw Materials (Rs.'000)	%	Stores, spare parts and Components (Rs.'000)	%
Imported	804,202	17.1	3,542	9.7	708,680	17.3	2,940	7.7
Indigenous	3,885,606	82.9	32,808	90.3	3,382,325	82.7	35,326	92.3
	<u>4,689,808</u>		<u>36,350</u>		<u>4,091,005</u>		<u>38,266</u>	

(l) As the Company's business activity falls within a single primary business segment viz. 'Automotive tyres, tubes, flaps and related rubber products', the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.

(m) Disclosures under Accounting Standard 18:

i) List of related parties with whom the Company had transactions during the year.

Holding company:

The Goodyear Tire & Rubber Co., Akron, Ohio, USA.

Fellow subsidiaries:

- i) Goodyear do Brasil Produtos de Borracha Ltd.
- ii) Goodyear Dunlop Tyres Italia SPA PT
- iii) PT Goodyear Indonesia Tbk
- iv) Goodyear South Africa (Pty.) Limited
- v) Goodyear Philippines Inc.
- vi) Goodyear Lastikleri TAS
- vii) Goodyear Dunlop Tires Germany GmbH
- viii) Goodyear Marketing & Sales SDN Bhd
- ix) Goodyear South Asia Tyres Private Limited
- x) Goodyear Dalian Tire Company Limited
- xi) Goodyear Taiwan Limited
- xii) Goodyear (Thailand) Public Co. Ltd.
- xiii) Goodyear Middle East, FZE
- xiv) Goodyear Australia Pty. Limited
- xv) Goodyear De Colombia S.A
- xvi) TC Debica SA
- xvii) South Pacific Tyres, Australia
- xviii) Goodyear Nippon Giant (Japan NGT)
- xix) Goodyear Earthmover Pty Ltd, Australia
- xx) Goodyear Luxemburg Tires, SA
- xxi) Goodyear Guatemala
- xxii) Goodyear Great Britain Ltd
- xxiii) Goodyear Singapore Pvt. Ltd
- xxiv) Goodyear Jamaica Ltd
- xxv) Goodyear Dunlop Tires France
- xxvi) Lux Mold
- xxvii) Goodyear Productos de Ingenieria, S.de R.LI de C.V.
- xxviii) Goodyear Wingfoot K. K.
- xxix) South Pacific Tyres N.Z. Limited
- xxx) Goodyear Malaysia Berhad
- xxxi) Goodyear International Corporation

Key management personnel:

- i) Mr. Prabhakar Jain (Effective February 1, 2008)
- ii) Mr. Hugo O Dedekind

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

ii) Transactions with related parties on an arms' length basis

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
Holding company:		
Dividend paid	102,415	85,346
Purchase of Finished Goods	-	5,090
Purchase of raw materials, spare parts	376,017	390,062
Sale of finished goods	102,702	4,618
Purchase of capital items	35,388	-
Interest on loan	-	21,121
Repayment of loan	-	528,528
Trademark fee	59,160	56,243
Expense reimbursed to holding company	3,763	393
Fellow subsidiaries:		
Purchase of raw material, finished goods & spare parts etc.		
Goodyear South Asia Tyres Private Limited *	2,208,150	2,157,822
Goodyear Dalian Tire Company Limited	6,139	36,991
Goodyear Taiwan Limited	15,473	43,896
Goodyear Australia Pty. Limited	-	27,655
Goodyear (Thailand) Public Co. Ltd.	14,228	11,680
PT Goodyear Indonesia Tbk	24,982	14,851
Goodyear South Africa (Pty.) Limited	42,160	34,879
Goodyear Philippines Inc.	6,267	9,814
Goodyear Marketing & Sales SDN Bhd	25,722	24,748
Goodyear Earthmovers Pty Ltd	34,938	-
Others	14,121	14,271
*-Transaction to the extent determinable pursuant to an Offtake Agreement - Net of Recovery for Replacement Loss Rs. 19,612 (Rs. 23,317)		
Sale of finished goods		
Goodyear Dunlop Tires Italia SPA	68,080	21,860
Goodyear Lastikleri TAS	26,199	26,235
South Pacific Tyres, Australia	7,477	34,768
Goodyear Dunlop Tires Germany GmbH	35,078	27,204
Goodyear Great Britain Ltd.	38,081	28,521
Goodyear Middle East Fze	30,788	15,194
Goodyear South Africa (Pty) Ltd.	33,763	12,214
Others	24,745	21,967
Purchase of Capital Items		
Goodyear Lastikleri T.A.S.	-	1,889
Lux Mold	-	631
Goodyear South Africa (Pty) Ltd.	38	326
Goodyear Australia Pty. Limited	15,148	-
Others	4	291
Sale of Capital Items		
Goodyear South Asia Tyres Private Limited	-	10,290
Others	-	1,037
Recovery for deputation of employees		
Goodyear South Asia Tyres Private Limited	1,467	1,178
Goodyear Singapore Pvt. Ltd.	510	23
Goodyear Marketing & Sales SDN Bhd	1,459	1,271
P T Goodyear Indonesia	1,015	806
Commission paid		
Goodyear Middle East, FZE	4,838	4,554
Others	-	470
Commission received on supplies		
Goodyear Productos de Ingenieria	-	75

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
Goodyear Australia Pty. Limited	-	660
Goodyear Earthmovers Pty Ltd	1,583	-
Mould usage charges received		
Goodyear South Asia Tyres Private Limited	224	648
Sale of Raw Material, spares parts etc. and other charges		
Goodyear South Asia Tyres Private Limited	23,803	18,018
Goodyear Marketing & Sales Sdn Bhd	3,134	-
Others	2,096	376
Expenses recovered from related parties		
Goodyear Dalian Tire Company Limited	194	-
Goodyear Australia Pty.Limited	-	101
PT. Goodyear Indonesia	-	82
Japan NGT	79	64
Goodyear Philippines Inc.	88	31
Goodyear Singapore Pvt. Ltd.	125	47
South Pacific Tyres, Australia	101	-
Goodyear (Thailand) Public Co. Limited	122	24
Reimbursement of expenses to related parties		
Goodyear (Thailand) Public Co. Limited	393	33
PT Goodyear Indonesia Tbk	-	100
Goodyear Philippines Inc.	122	109
Goodyear Great Britain Limited	1,242	-
South Pacific Tyres, Australia	1,411	-
Goodyear Singapore Pvt. Ltd.	-	147
Others	48	20

Key management personnel:

Remuneration paid to key management personnel is disclosed in schedule 15 (h).

iii) Balances outstanding at the year end

	As at December 31, 2008 (Rs.'000)	As at December 31, 2007 (Rs.'000)
<u>Holding company:</u>		
Trade Payables	52,364	70,491
Trade Receivable	39,363	-
<u>Fellow subsidiaries:</u>		
Trade Payable		
Goodyear South Asia Tyres Private Limited	172,895	345,922
Others	14,389	32,643
Trade Receivable		
Goodyear Great Britain Ltd.	-	12,198
Goodyear Middle East FZE	11,831	15,038
Goodyear Dunlop Tires Italia SPA	8,838	7,059
Goodyear Dunlop Tires Germany GmbH	15,353	4,589
South Pacific Tyres, Australia	-	6,151
Goodyear SA (Pty) Ltd	18,952	10,259
Goodyear South Asia Tyres Private Limited	9,072	4,490
Others	14,427	9,242
Other Receivable		
Goodyear Dalian Tire Company Limited	190	-
Goodyear Marketing & Sales SDN Bhd	252	223
Goodyear Singapore Pvt. Ltd.	638	-
Goodyear South Asia Tyres Private Limited	491	274
Goodyear Australia Pty. Limited	-	101
P T Goodyear Indonesia	89	221
Others	206	26

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

- (n) The depreciation charge for the current year represents gross Rs. 113,171 (Rs.115,990) less transfer from revaluation reserve Rs.1,288 (Rs. 1,301). Such transfer represents the amount equivalent to the additional charge necessitated on account of revaluation of certain fixed assets referred to in (a) (ii) above, being the difference between the depreciation charged and the depreciation calculated in accordance with the rates followed by the Company on such items not revalued.
- (o) i) Depreciation charge for the year includes an amount of Rs.7,427 (Rs. 10,194) provided for on an accelerated basis in respect of a category of equipment due for replacement as per technical assessment by the management.
ii) Depreciation for the year is net of Rs. 5,550 (Rs. Nil) on account of adjustment made for earlier years.
- (p) In accordance with Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets", the movement of provisions is detailed below:

Description	(Rs '000)			
	Balance as on January 1, 2008	Additions during the year	Utilized/Reversed during the year	Balance as on December 31, 2008
(i) Product Replacement Loss (a)	18,374	-	723	17,651
Others (b)				
(i) Price differential pending settlement	47,392	-	-	47,392
(ii) Custom/Excise/ Additional Excise Duty	37,029	1,758	-	38,787
(iii) Sales tax/ Entry tax	83,785	4,932	60,674*	28,043
(iv) Others **	-	15,100	-	15,100
Total (b)	168,206	21,790	60,674	129,322
Total (a)+(b)	186,580	21,790	61,397	146,973
Previous Year	(147,761)	(42,979)	(4,160)	(186,580)

* Refer Note 'q' below

** Details not disclosed as expected to prejudice the interest of the Company.

The above provision represents the estimated outflow in respect of the above items. However, considering the nature of items, the uncertainty and timing relating to these outflows cannot be estimated.

- (q) i) In the year 2007 Hon'ble Punjab & Haryana High Court at Chandigarh, on a reference from the Hon'ble Supreme Court of India, had held the Haryana Local Area Development Tax (HLADT) as unconstitutional. Based on the legal opinion obtained by the Company and management's assessment, provision for liability for HLADT for the periods prior to 2008 aggregating to Rs. 53,952 has been written back during the year 2008. The amount paid and expensed in earlier years for HLADT is Rs.193,800.
ii) During the year, State Govt. of Haryana introduced "Haryana tax on Entry of Goods into local Area Act, 2008" by repealing the Haryana Local Area Development Tax Act, 2000. Pursuant to the order passed by the Hon'ble High Court of Punjab and Haryana in the matter and based on a legal opinion obtained by the Company, no provision for entry tax has been considered necessary.
- (r) **Earnings per Share calculations:**

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
Profit for the year (Rs.'000)	321,890	402,262
No. of equity shares of Rs. 10/- each	23,066,507	23,066,507
Basic and diluted earnings per share (Rs.)	13.95	17.44

- (s) The management is of the opinion that its international transactions with associated enterprises have been undertaken at arms' length basis at duly negotiated prices on usual commercial terms. The company has submitted the Transfer Pricing (TP) report upto the financial year ended March 31, 2008 and there is no material liability on assessments completed by the Income Tax Authorities.
- (t) Disclosures under the Micro, Small & Medium Enterprise Development Act, 2006 (as amended in Schedule VI to the Companies Act, 1956 vide notification dated November 16, 2007) based on the information available with the company: *
- i) Delayed payments due as at the end of accounting year on account of Principal - Rs. Nil and Interest due thereon - Rs. Nil

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

- ii) Total interest paid on all delayed payments during the year under the provisions of the Act - Rs. Nil
- iii) Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act - Rs. Nil
- iv) Interest accrued but not due- Rs. Nil
- v) Total Interest Due but not paid - Rs. Nil

* This being first year of disclosure relating to MSME, previous year figures are not available.

- (u) In accordance with AS-15 (revised) "Employee Benefits" notified by the Company's Accounting Standard Rules, 2006 the Company has calculated the various benefits provided to employees as under:

A. Defined Contribution Plans

a) Superannuation Fund

During the year the Company has recognized the following amounts in the Profit and Loss account: -

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
Employer's Contribution to Superannuation Fund *	10,963	7,222
Employer's Contribution to Provident Fund *	13,329	11,600

b) State Plans

- i) Employer's contribution to Employee State Insurance.
- ii) Employer's contribution to Employee's Pension Scheme 1995. *

During the year, the company has recognised the following amounts in the Profit and Loss account: -

	For the year ended December 31, 2008 (Rs.'000)	For the year ended December 31, 2007 (Rs.'000)
Employer's contribution to Employees State Insurance	840	612
Employer's contribution to Employees Pension Scheme 1995. *	6,241	5,837

* Included in 'contribution to provident and other funds' under manufacturing, selling and administrative expenses (Refer schedule 13)

B. Defined Benefit Plans

- a) Gratuity
- b) Leave Encashment / Compensated Absence
- c) Employers Contribution to Provident Fund (shortfall in interest on Provident Fund balance.)

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on the following assumptions:

	Leave Encashment/ Compensated Absence		Gratuity		Interest on Provident Fund Balance	
	For the year ended		For the year ended		For the year ended	
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
Discount Rate (per annum)	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%
Rate of increase in compensation level	5.00%	5.00%	5.00%	5.00%	N.A	N.A
Expected rate of return on planed assets	N.A	N.A	N.A	N.A	8.00%	8.00%

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Amount of obligation as at the year end is determined as under:

(Rs '000)

	Leave Encashment/ Compensated Absence		Gratuity		Interest on Provident Fund Balance	
	For the year ended		For the year ended		For the year ended	
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
Present value obligation as at December 31, 2007	23,601	23,642	85,962	83,411	3010	-
Interest cost	1,314	1,354	6,396	6,245	-	-
Current service cost	5,404	7,019	6,465	5,083	422	3,010
Benefits Paid	(10,830)	(11,441)	(7,027)	(8,378)	-	-
Actuarial (gain) / loss on Obligations	4,506	3,027	2,675	(399)	-	-
Present value obligation as at December 31, 2008	23,995	23,601	94,471	85,962	3,432	3,010

Amount of the obligation recognised in the Balance Sheet

(Rs '000)

	Leave Encashment/ Compensated Absence		Gratuity		Interest on Provident Fund Balance	
	For the year ended		For the year ended		For the year ended	
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
Present value obligation at the end of the Period	23,995	23,601	94,471	85,962	3,432	3,010
Fair Value of Plan Assets at end of the period	-	-	-	-	-	-
Liability recognised in the Balance Sheet	23,995	23,601	94,471	85,962	3,432	3,010

Expenses recognised in Profit and Loss Account

(Rs '000)

	Leave Encashment/ Compensated Absence		Gratuity		Interest on Provident Fund Balance	
	For the year ended		For the year ended		For the year ended	
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
Current service cost	5,404	7,019	6,465	5,083	422	3,010
Interest cost	1,314	1,354	6,396	6,245	-	-
Net Actuarial (gain) / loss recognised during the year	4,506	3,027	2,675	(399)	-	-
Total expense recognised in Profit and Loss Account	11,224	11,400	15,536	10,929	422	3,010

- (v) Previous year figures have been regrouped and recast, wherever necessary, to make them comparable to those of the current year. Figures in brackets, wherever given are in respect of previous year unless stated otherwise.
- (w) All the figures are in rupee thousand unless stated otherwise.

Pierre E. Cohade
Chairman

R V Gupta
Director

Rajeev Anand
Managing Director

C Dasgupta
Director

Hugo O Dedekind
Finance Director

Rajiv Lochan Jain
Director

Khalid Khan
Company Secretary

Place: New Delhi
Date: March 26, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956)**

I. REGISTRATION DETAILS		
Registration No.		8,578
State Code		05
Balance Sheet Date		31st December, 2008
II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)		
Public Issue		NIL
Rights Issue		NIL
Private Placement		NIL
Bonus Issue		NIL
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)		
Total Liabilities		1,717,651
Total Assets		1,717,651
SOURCES OF FUNDS		
Paid-up capital		230,665
Reserves and surplus		1,376,905
Unsecured loans		-
APPLICATION OF FUNDS		
Net fixed assets		1,277,518
Investments		-
Net current assets		440,133
Misc. expenditure		-
Accumulated losses		-
IV. PERFORMANCE OF THE COMPANY (Amount in Rs. thousands)		
Turnover including other incomes		9,326,665
Total expenditure		8,803,524
Profit before tax		523,141
Profit after tax		321,890
Earning Per Share (Rs.)		13.95
Dividend rate (%)		60%
V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY		
PRODUCT DESCRIPTION		ITEM CODE NO.
Automotive Tyres		4011
Flaps		4012
Tubes		4013

Pierre E. Cohade
Chairman

Hugo O Dedekind
Finance Director

C Dasgupta
Director

Rajeev Anand
Managing Director

R V Gupta
Director

Rajiv Lochan Jain
Director

Khalid Khan
Company Secretary

Place: New Delhi
Date: March 26, 2009



GOODYEAR
Excellence[®]
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TECHNOLOGY



GOODYEAR INDIA LIMITED

Registered & Corporate Office: Mathura Road, Ballabgarh, Dist. Faridabad, Haryana - 121 004 Phone: 91-129-6611000

GOODYEAR INDIA LIMITED

Regd. Office: Mathura Road, Ballabgarh, (Dist. Faridabad), 121 004 Haryana.

NOTICE

NOTICE is hereby given that the Forty-Eighth **ANNUAL GENERAL MEETING** of the Shareholders of **GOODYEAR INDIA LIMITED** will be held on Friday, the 19th day of June, 2009 at 3.30 P.M. at Magpie Tourism Complex, Sector 16 A, Faridabad 121 004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at December 31, 2008 and the Profit & Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a director in place of Mr R V Gupta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration. Messrs Price Waterhouse, Chartered Accountants, New Delhi, the existing Auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:

5. As a Special resolution:

“RESOLVED THAT in supersession of all previous authorisations, consent of the Company be and is hereby accorded to pay to each Director of the Company who is neither in the wholtime employment of the Company nor a Managing Director, a sitting fee of Rs. 20,000/- or such higher amount as may be permissible and/or decided by the Board of Directors of the Company, subject to the limits laid under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 as existing or as may be amended from time to time, for each Meeting of the Board or Committee thereof attended by him on or after March 26, 2009.”

6. As an ordinary resolution:

“RESOLVED THAT Mr Pierre Eric Cohade be and is hereby appointed a Director of the Company.”

7. As an ordinary resolution:

“RESOLVED THAT Mr Rajiv Lochan Jain be and is hereby appointed a Director of the Company.”

8. As an ordinary resolution:

“RESOLVED THAT Mr Rajeev Anand be and is hereby appointed a Director of the Company whose period of office shall not be subject to retirement by rotation.”

9. As a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 269, 309, 310 and other applicable provisions, if any, and subject to the limits laid down in Sections 198 and 309 read with Schedule XIII to the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Mr Rajeev Anand as wholtime Managing Director of the Company for a period of five years with effect from February 20, 2009 at a salary, pay for performance bonus and perquisites, as specified in detail, in the agreement to be entered into between the Company and Mr Rajeev Anand (a draft whereof was placed before the meeting) and that the Board of Directors of the Company be and is hereby authorised to revise, amend, alter or otherwise vary the terms and conditions of the above appointment from time to time as may be mutually agreed with Mr Anand but within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956 as existing or as may be amended and/or re-enactment thereof or any other relevant laws/rules.

RESOLVED FURTHER THAT in the event of the Company not earning profit or inadequacy of profits in any financial year, Mr Anand would be entitled to receive the minimum remuneration as specified in the draft agreement referred to above by making such compliances as provided in Schedule XIII to the

Companies Act 1956 as existing or as amended from time to time and/or re-enactment thereof or any other relevant laws/rules.

10. As a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the revision in the remuneration payable to Mr Hugo O Dedekind as wholetime Finance Director of the Company with effect from November 1, 2008, as specified in detail, in the supplemental agreement to be entered into between the Company and Mr Dedekind (a draft whereof was placed before the meeting) subject to the condition that the Board of Directors of the Company is authorised to revise, amend, alter or otherwise vary the terms and conditions of his appointment from time to time as it deems fit, but at no time the remuneration payable to Mr Dedekind shall exceed the maximum limit prescribed in Section I of Part II of Schedule XIII to the Companies Act, 1956 as existing or as may be amended and in the event of the Company not earning profit or inadequacy of profit in any financial year, Mr Dedekind would be entitled to receive the remuneration to the maximum extent prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 as existing or as may be amended.”

11. As a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 269, 309, 310 and other applicable provisions, if any, and subject to the limits laid down in Sections 198 and 309 read with Schedule XIII to the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Mr Hugo O Dedekind as wholetime Finance Director of the Company for a further period of three years with effect from November 1, 2009 at a salary, commission & perquisites, as specified in detail, in the agreement to be entered into between the Company and Mr Dedekind (a draft whereof was placed before the meeting) subject to the condition that the Board of Directors is authorised to revise, amend, alter or otherwise vary the terms and conditions of his appointment from time to time as it deems fit, but at no time the remuneration payable to Mr Dedekind shall exceed the maximum limit prescribed in Section I of Part II of Schedule XIII to the Companies Act, 1956 as existing or as may be amended and in the event of the Company not earning profit or inadequacy of profit in any financial year, Mr Dedekind would be entitled to receive the remuneration to the maximum extent prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 as existing or as may be amended.”

By Order of the Board

Date: March 26, 2009
Place: New Delhi

Khalid Khan
Company Secretary

NOTES:

- 1. A member entitled to attend and vote is entitled to appoint a proxy to attend, and, on a poll to vote instead of himself/herself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.**
2. Register of Members and Share Transfer Books of the Company will remain closed from June 5, 2009 to June 19, 2009, both days inclusive.
3. Dividend on the shares, if declared by the Company at the meeting, will be paid on or after June 20, 2009 but within the statutory time limit, subject to the provisions of Section 206A of the Companies Act, 1956, to the members whose names appear on the Company's Register of Members as on June 4, 2009 or to their mandatees. In respect of shares held in dematerialised form, the dividend will be paid on the basis of details of beneficial ownership to be received from the Depositories for this purpose.
- 4. The Members are encouraged to claim payment of dividend through Electronic Clearing Service (ECS). In response to the request made by the Company last year, some of the members had furnished the required details for claiming payment of dividend through ECS. Members holding**

shares in dematerialised form should approach the Depository Participant with whom they are maintaining account for change in address, bank mandate, nomination, if any. Other members who have not furnished the details and/ or whose details have since changed, are requested to forward the following details immediately under the signature of the named shareholder :

Folio No.	No. of shares.....
Bank Account No.....	Nature of Bank Account.....
.....
Bank name and address (along with pin code)	Nine digit code no. of the Bank & Branch as appearing in the cheque book (also attach a photocopy of a cheque or a blank cancelled cheque).
.....

5. Pursuant to the directions of the Securities and Exchange Board of India (SEBI), trading in the shares of your Company is in compulsory de-materialised form. Members who have not yet got their shares de-materialised, are requested to opt for the same in their own interest and send their share certificates through Depository Participant (s) with whom they have opened the de-materialisation account to the Share Transfer Agent or the Company's Registered Office at Mathura Road, Ballabgarh, Haryana - 121004
6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is given below :

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956;

Item No. 5

In terms of the approval granted by the shareholders of the Company in its Meeting held on May 11, 2005, each Director of the Company who is neither in the wholetime employment of the Company nor a Managing Director is paid a sitting fee of Rs. 10,000/- for attending each Meeting of the Board or a Committee thereof. The Board of Directors of the Company in its Meeting held on February 20, 2009 approved the payment of enhanced sitting fee of Rs. 20,000/- for attending each Meeting of the Board or a Committee thereof effective March 26, 2009. The approval of Shareholders is being sought to pay the enhanced fee, as above, or such higher amount as may be permissible and/or decided by the Board of Directors from time to time, subject to the limits laid under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 as existing or as may be amended from time to time, for attending each Meeting of the Board or Committee thereof.

Messrs R V Gupta, C Dasgupta and Rajiv Lochan Jain, non-wholetime Directors may deem to be concerned or interested in the above resolution.

Your Board of Directors recommends for passing of the above resolution.

Item No. 6 & 7

Messrs Pierre Eric Cohade and Rajiv Lochan Jain were appointed by the Board as Additional Directors effective July 13, 2008 who hold office upto the date of this Annual General Meeting. The Company has received notices from a member signifying his intention to propose the respective appointments of Mr Pierre Eric Cohade and Mr Rajiv Lochan Jain.

None of the Directors of the Company except Messrs Pierre Eric Cohade and Rajiv Lochan Jain are concerned or interested in the above resolutions.

Your Board of Directors recommends for passing of the resolutions as set out at Item No. 6 & 7 of the accompanying Notice to the Members.

Item No. 8 & 9

The Board of Directors of the Company in its meeting held on February 20, 2009 appointed Mr Rajeev Anand as an Additional Director, effective February 20, 2009. As already informed to the members vide circular dated February 20, 2009, Mr Rajeev Anand was also unanimously appointed by the Board as wholetime Managing Director of the Company for a period of 5 years, effective February 20, 2009.

Mr Anand, aged about 48 years, has been associated with the Company for over 27 years, in various executive capacities, including as Manufacturing Director - ASEAN & India and Director Manufacturing & Strategic Initiatives - India. Your Board considered him most suitable for the position of wholetime Managing Director of the Company.

A notice has been received by the Company from a member signifying his intention to propose the appointment of Mr Anand as the Director of the Company.

Pursuant to Article 125 of the Articles of Association of the Company, Mr Rajeev Anand shall not be subject to retirement by rotation. Hence the resolution vide item 8 of the Notice.

Keeping in view the remuneration policy of the parent company applicable for similar level of executives, Indian Industries trend, qualification, experience etc., the remuneration agreed with Mr Rajeev Anand is as under:

SALARY: Rs. 1,72,138/- per month.

PERQUISITES:

Category A

(i) Housing Facility: Accommodation to be provided by the Company, and if the Company's accommodation is not provided, the appointee shall be entitled to the House Rent Allowance subject to the ceiling of 60% of the salary.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of Rs. 60,000/- in a year.

(ii) Club Fee: Fee of one club.

(iii) Personal Accident Insurance: Premium not to exceed Rs.4,000/-per annum.

(iv) Medical Reimbursement: Expenses actually incurred for self and family subject to a ceiling of four months' salary for each completed year of service or twelve months' salary over a period of three completed years of service.

(v) Recreation/holiday trip once in a year for self and family in accordance with the rules of the Company, subject to a ceiling of Rs. 90, 000/- in a year.

(vi) Special Allowance: Rs. 2,47,617/- per month.

In addition to the above perquisites, Mr Rajeev Anand, wholtime Managing Director shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration in case of inadequacy or absence of profit :

Category B

i) Contribution to Provident Fund and Superannuation Fund: Contribution to Provident Fund and Superannuation Fund to the extent these either singly or put together are not taxable under the Income tax Act. Provided that any contribution made as per the Company's rules applicable for other Senior Management Staff of the Company which is in excess of the exemption limit prescribed under the Income Tax Act would be included for computation of tax.

ii) Gratuity: One half month's salary for each completed year of service in the Company, as per the rules of the Company.

iii) Encashment of Leave: Encashment of leave at the end of the tenure, as per the rules of the Company.

Category C

Car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

Pay for Performance Bonus: Payable annually as determined by the Board based on the net profits of the Company in the relevant calendar year subject to the overall ceilings laid down under Sections 198 and 309 of the Companies Act, 1956 but not exceeding Rs. 39,02,664/- in a year.

The above remuneration as approved unanimously by the Board of Directors has been incorporated in the draft Agreement referred to in resolution No. 9 and the same would be available for inspection by the members at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M. As stated in the resolution, the Board of Directors of the Company is also authorised to revise or vary the terms as may be mutually agreed with Mr Anand but within the limits prescribed in Schedule XIII to the Companies Act, 1956 as existing or as may be amended and/or re-enactment thereof or any other relevant laws/rules. The draft agreement referred above also provides that in the event of the company not earning profit or inadequacy of profit in any financial year, Mr Anand would be entitled to receive the minimum remuneration as specified above.

The General Information as required pursuant to Notification No.G.S.R.36(E) dated January 16, 2002 is contained in the statement annexed hereto.

None of the Directors of the Company except Mr Rajeev Anand, wholetime Managing Director to the extent of his appointment & remuneration may deem to be interested or concerned in the said resolution.

Your Board of Directors recommends for passing of the above resolutions.

Item No. 10 & 11

As already informed to the members vide circular dated March 26, 2009, in line with the amendment in Provident Fund Law, extending the applicability of the Provident Fund Scheme on international workers, the Board of Directors of the Company in its Meeting held on March 26, 2009 has approved the payment of employer's as well as employee's contributions towards Provident Fund @ 12% respectively, effective November 1, 2008 on the salary of Mr Hugo O Dedekind, wholetime Finance Director. Accordingly, the remuneration of Mr Dedekind has increased to the extent of the above statutory contributions @ 12% each. The change in the terms and conditions of Mr Dedekind has been embodied in the draft supplemental agreement to be entered into with Mr Dedekind. Approval of shareholders is sought for the above revision in remuneration vide item No. 10 of the notice.

As the Members are aware, Mr Hugo O Dedekind was appointed as wholetime Finance Director of the Company for a period of three years, effective November 1, 2006. The Board of Directors of the Company in its meeting held on March 26, 2009 extended the tenure of Mr Hugo O Dedekind as a wholetime Finance Director of the Company and re-appointed him for a further period of three years, effective November 1, 2009. The Board, keeping in view the remuneration policy of the parent company applicable to similar level of executives, Indian industries trend, qualification, experience and perquisites valuation rules etc. decided to pay the same remuneration to Mr Dedekind as was paid to him prior to November 1, 2009.

The details of remuneration of Mr Hugo O Dedekind, as approved by the Board of Directors are appended below:

SALARY: Rs.82,500/- (Rupees Eighty two thousand five hundred), per month.

PERQUISITES:

Category A

(i) Housing Facility: Furnished accommodation to be provided by the Company, and if the Company's accommodation is not provided, the appointee shall be entitled to the House Rent Allowance subject to the ceiling of 60% of the salary.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962.

ii) Club Fees: Fees of clubs subject to a maximum of two clubs.

iii) Personal Accident Insurance : Premium not to exceed Rs.4000/-per annum.

iv) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of four months' salary in one year tenure and twelve month's salary over a period of three years.

In addition, Mr Dedekind shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration in case of inadequacy or absence of profit.

Category B

a) Contribution to Provident Fund: Contribution to Provident Fund as per the applicable laws. Contribution made by the Company towards employee's contribution would be included in the permissible limit of perquisites.

b) Leave Travel Concession: Return Passage for home country for self and family incurred in accordance with the rules of the Company.

Category C

Car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

Actual expenses incurred on travel and on packing, forwarding, loading or unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India in case these have not been claimed from the previous employer. Such expenses would also be allowed on finally leaving the employment of the Company, if Mr Dedekind is not joining any other branch of the Company or related Company.

Commission : 100% of the annual salary based on the net profits of the Company in the relevant year subject to the overall ceilings laid down under Sections 198 and 309 of the Companies Act, 1956.

The above terms have been incorporated in the agreement to be entered into with Mr Hugo O Dedekind as referred to in resolution vide item No. 11 of the notice with the authority to the Board of Directors to revise, amend, alter or modify the remuneration from time to time, as it deems fit, but at no time, the remuneration payable to Mr Hugo O Dedekind shall exceed the maximum limit stipulated in Schedule XIII to the Companies Act, 1956, as existing or as may be amended.

In the event of the Company not earning profit or inadequacy of profit during a year, the remuneration payable to Mr Dedekind shall stand reduced to the limit specified in clause(B) of section II of part II of schedule XIII to the Companies Act 1956, as existing or as may be amended from time to time.

For the said re-appointment and payment of remuneration to Mr Hugo O Dedekind, no approval of the Central Government is required. The shareholders' approval, as required, is being sought vide item No. 11 of the Notice for the above re-appointment and payment of remuneration, including the minimum remuneration specified in clause(B) of section II of part II of schedule XIII to the Companies Act 1956, in the event of the Company not earning profit or inadequacy of profit in any financial year.

The above remuneration as approved unanimously by the Board of Directors is within the limits laid down in section 198 and 309 read with Schedule XIII to the Companies Act, 1956.

The General Information as required pursuant to Notification No.G.S.R.36(E) dated January 16, 2002 is contained in the statement annexed hereto.

The draft supplemental agreement referred to in resolution No. 10 and the draft agreement referred to in the resolution No. 11 would be available for inspection by the members at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.

None of the Directors of the Company except Mr Hugo O Dedekind, wholtime Finance Director to the extent of revision in remuneration vide item No. 10 and the re-appointment & payment of remuneration etc. vide item No. 11, may deem to be interested or concerned in the said resolutions.

The explanatory statement, to the extent applicable, is and should be treated as an abstract under Section 302 of the Companies Act, 1956 of the agreement to be entered into by the Company with Mr Dedwkind for his re-appointment & payment of remuneration.

Your Board of Directors recommends for passing of the above resolutions.

Annexure referred to in the Explanatory Statement

Statement containing the information as required per Notification No.GSR 36(E) dated January 16, 2002 amending Schedule XIII to the Companies Act, 1956, in respect of Messrs Rajeev Anand and Hugo O Dedekind;

I GENERAL INFORMATION:

- (1) Nature of Industry:
Tyre Industry.
- (2) Date or expected date of commencement of commercial production:
It is an established Company and the commercial production at its Ballabgarh plant commenced in 1961.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:
Not applicable

- (4) Financial Performance: (Rs. lacs)

	2004	2005	2006	2007	2008
Turnover	70313	73980	91750	97961	100180
Less: Excise Duty	<u>7971</u>	<u>6884</u>	<u>8787</u>	<u>8918</u>	<u>8270</u>
Net Turnover	<u>62342</u>	<u>67096</u>	<u>82963</u>	<u>89043</u>	<u>91910</u>
Net Profit (Loss) before Interest, Depreciation Voluntary retirement Absorption & Tax	2814	3635	7643	8070	6597
Net Profit /(Loss) as per Profit and loss account	518	880	4512	4023	3219
Amount of dividend paid	NIL	NIL	1153	1383.99	1383.99
Rate of dividend declared	NIL	NIL	50%	60%	60%

The effective capital of the Company based on the last audited accounts of the Company for the year ended December 31, 2008 is over 100 crores.

The Company has not made any default in the repayments of its dues (including public deposits) or interest payments thereon. The Company has not issued any debentures.

(5) Export performance and net foreign exchange collaborations:

As at December 31, 2008, the export sales stood at Rs. 7629 lacs. Company does not have any foreign exchange collaboration.

(6) Foreign investments or collaborators, if any:

The Goodyear Tire & Rubber Company, Akron, Ohio, USA is holding 74% equity share capital in the Company.

II INFORMATION ABOUT THE APPOINTEES

A) Mr Rajeev Anand

Vide Item No. 9 of the notice of this Annual General Meeting of the Company, the approval of members is being sought for appointment and payment of remuneration to Mr Rajeev Anand, Managing Director effective February 20, 2009. Mr Anand, aged about 48 years, has been associated with the Company for over 27 years, in various executive capacities, including as Manufacturing Director - ASEAN & India and Director Manufacturing & Strategic Initiatives - India. Mr Anand is also a Director of Goodyear South Asia Tyres Private Limited besides being a member of the Audit Committee of the said Company. Mr Anand is not holding any share in the Company.

B) Mr Hugo O Dedekind

Vide Item No. 11 of the notice of this Annual General Meeting of the Company, the approval of members is being sought for re-appointment and payment of remuneration to Mr Hugo O Dedekind, wholtime Finance Director, effective November 1, 2009. Mr Dedekind is a South African National and has over 30 years of worldwide experience at senior level positions, mainly with the subsidiaries of the parent Company, The Goodyear Tire & Rubber Company, Akron, Ohio, USA in the fields of finance, accounts / audit & information technology. Mr Dedekind had also held the position of Information Technology Director of Asia Region of the parent Company. He is a member of the Shareholders'/ Investors' Grievance Committee of the Company. Mr Dedekind is also a Director on the Board of Goodyear South Asia Tyres Private Limited (GSATPL), Aurangabad as well as a Member of the Audit Committee of the said Company. Mr Dedekind is not holding any share in the Company.

III Other information:

1) Reasons of loss or inadequate profits:

Not applicable as the Company is having profits and, for the year 2008, it has reported a Net Profit of Rs. 3219 lacs.

2) Steps taken or proposed to be taken for improvement:

Supply of farm tyres to replacement and original equipment segment, wherein your Company holds a key position, continued to be the area of focus of your Company.

The Farm Tyre Development Centre was set up at the Ballabgarh plant, will help the Company to develop new products and reduce the testing time.

Continuous review of activities in different areas of operations under the umbrella of the Continuous Improvement System (CIS) has been an integral part of Company's philosophy to maximise gains and reduce costs in order to meet the market realities.

3) Expected increase in productivity and profits in measurable terms:

The performance of the tyre industry is linked to the automobile and the transport sectors. The growth of these sectors is dependent on the performance of the economy. Due to economic slowdown, the current estimated economic growth is around 7%. The inflation, which was posing a major concern, is now well under control. Considering the measures taken by your Company and further plans and strategies drawn, the Company is expected to perform better.

By Order of the Board

Place: New Delhi
Date: March 26, 2009

Khalid Khan
Company Secretary

GOODYEAR INDIA LIMITED

Regd. Office : Mathura Road, Ballabgarh, (Dist. Faridabad), 121004 Haryana

PROXY FORM

DP Id :

Client Id :

I/We.....
of.....being a Member of GOODYEAR INDIA LIMITED
hereby appoint.....of.....
or failing him.....of.....
or failing him.....of.....
as my/our proxy to vote for me/us and on my/our behalf at the Forty Eighth Annual General Meeting of the Company to be held on Friday, the 19th day of June, 2009 and at any adjournment thereof.
As witness my/our hand(s) this.....Day of.....2009

Account Number.....

Signature.....

Affix
15 paise
Revenue
Stamp

- Note : 1. Those holding shares in electronic form are requested to fill in DP Id and Client Id also.
2. The proxy form duly completed, signed & stamped must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

ATTENDANCE SLIP

I hereby record my presence at the FORTY EIGHTH ANNUAL GENERAL MEETING of the Shareholders of Goodyear India Limited held at Magpie Tourism Complex, Sector 16-A Faridabad on Friday, the 19th day of June, 2009 at 3.30 P.M.

DP Id :

Client Id :

Account No.

No. of Shares

Full Name(s) of

Account Holder(s).....

Full name of

Attending member/proxy.....

Signature of Member/Proxy

- Note : Please fill in block letters and sign at the Reception.
Please fill up DP Id and Client Id also if shares are held in electronic form
Please bring your copy of the Annual Report.

GOODYEAR