

GOODYEAR INDIA LIMITED

ABRIDGED

ANNUAL REPORT 2011

GOODYEAR
One Revolution Ahead

FOSTERING THE SPIRIT OF INNOVATION





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Message from the M D

1

Dear Friends,

Year 2010 saw our commitment to excel and deliver strong growth! The momentum grew in H1 2011 backed by continued macro economic growth but H2 started slowing down threatened by a global economic slowdown.

Adverse pressures and headwinds like inflation, exchange rate, higher RM costs and interest rates showed signs of depleting revenues and earnings. This coupled with weak consumer sentiments and varying industry dynamics posed a further challenge to maintain a year-on-year growth, though farm market was less impacted as compared to the consumer business.

The nature of these multi-dimensional challenges required continuous improvement and innovative aids for focused and sustainable solutions. The thought process set off various cost out initiatives under the CIS umbrella at both manufacturing and business side to mitigate headwinds. Rapid improvement activities and kaizens led to enhanced productivity and efficiency gains in overall operations. One such key project was in SAG with cross functional stakeholders participation that helped in not just creating awareness about various cost heads but also in a bottom up budgeting exercise.

On the employee engagement front, HR department put together many Organizational Development Interventions in 2011. **Manthan** was one such intervention. It was initiated to develop key competencies in associates and help them enhance their Leadership traits.

Farm business worked with an expanded product portfolio last year. Our OE partners were very supportive throughout the year which enabled us to maintain our share of business. I would like to thank them for their continuous support which also was reflected through the various awards won by Goodyear in the Farm category.

Your company won many awards for product and service excellence and one such recognition was achieving the 'Superbrand' status. Also establishing business excellence on the manufacturing front, our Ballabgarh factory completed 50 years as a productive facility.

2012 will be challenging too given the ongoing economic slowdown and inflation. We will continue to focus on cost control, new product development, creating value through innovation, building a stronger brand and enhancing people capabilities. We remain committed to deliver strong business results and have adopted a theme of "Passion" which illustrates the fervour with which we need to operate in this business environment.

Finally, I would like to thank all our shareholders for their continued support in these difficult times and hope to continue with an even stronger bonding in future.

With my best wishes to you and your families,

Rajeev Anand
Vice Chairman & Managing Director

Board of Directors



MR. DANIEL LAWRENCE SMYTKA

Chairman

Daniel Lawrence Smytka is president of the company's Asia Pacific business. He was named to the position on November 14, 2011. Prior to this appointment, Mr Smytka was vice president and program manager for the Asia Pacific region from October, 2010. In this role, he was responsible for all aspects of the company's Dalian/Pulandian manufacturing transition and start-up including the overall integration across all functions.

Mr Smytka joined Goodyear in October 2008 as vice president of the Asia Pacific region's consumer tyre business. Mr Smytka has more than 25 years experience as a multi-functional senior executive with global leadership experiences in the areas of sales/marketing, product management, supply chain management, finance, and Six Sigma Quality.

Prior to joining Goodyear, Smytka was president of the North American Building Systems & Services division of Carrier Corp. from 2007 to 2008. He previously worked 17 years at General Electric Co., where he held positions including president of its Engineered Systems division, president and of the Asia Pacific Consumer and Industrial group and general manager of the refrigeration product line.

Mr Smytka earned a master's degree in corporate finance and operations research from the University of Memphis. He received bachelor's degrees with dual majors in business economics and psychology from Creighton University.



MR. RAJEEV ANAND

Vice Chairman and Managing Director

Mr. Rajeev Anand has been associated with the Company for over 30 years, in various executive capacities, including as Manufacturing Director – ASEAN & India and Director Manufacturing & Strategic Initiatives – India. Prior to his appointment as whole time Managing Director of the Company, Mr. Anand was holding the position of Chief Operations Officer.



MR. YASHWANT SINGH YADAV

Director – HR & Corporate Affairs

Mr. Yashwant Singh Yadav, aged 53 years, is a Bachelor in Law and an MBA with specialization in Human Resources. He has more than 30 years of professional and diverse experience in the entire gamut of Human Resources Management with large multi-national and Indian organizations including Ballarpur Industries, Goodyear India, Escorts Ltd. and General Motors India at leadership levels.



MR. R V GUPTA

Director

Mr. R V Gupta, a 1962 batch IAS officer, has served the Govt. of India at the levels of Special Secretary (Ministry of Finance), Secretary (Ministry of Food) and Addl. Secretary (Ministry of Chemicals & Fertilizers). Mr. Gupta has also acted as Principal Secretary to Govt. of MP. Mr. Gupta is former Dy. Governor of RBI and was closely involved in the economic reforms process. After retirement, Mr. Gupta acted as Chairman of the RBI Committee on Agriculture Credit. Mr. Gupta was also associated with Deutsche Bank as Chairman of local advisory board for India and also holds various other Board Level Positions in the industry.



MR. RAJIV LOCHAN JAIN

Director

Mr Rajiv Jain is a Chemical Engineer from IIT Kharagpur and an MBA from USA. Mr. Jain was a member on the Board of ICI India Limited for over 12 years and the Managing Director from April 2003 to May 2009. Mr. Jain successfully led the portfolio reshaping of ICI India from a diversified Company to a focused and fastest growing player in the Paints business. Mr. Jain was also the Chairman of both ICI's Research Company in India and the joint-venture company of ICI and Orica, Australia. Currently, he is the Executive Chairman of Performance Capital Partners LLP, advises global companies on their entry strategies for India and serves on the Board of Tara Jewels Limited.



MR. C. DASGUPTA

Director

Mr C Dasgupta served as India's ambassador to China and to the European Union, among other posts, during his career in the Indian Foreign Service. Mr Dasgupta is currently a member of the Prime Minister's Council on Climate Change, a Distinguished Fellow at TERI, and a member of the UN Committee on Economic, Social and Cultural Rights. He was awarded the Padma Bhushan by the President of India.



MR. JEAN PHILIPPE LECERF

Chief Financial Officer (CFO)

Mr. Jean Philippe Lecerf is the Chief Financial Officer (CFO) of the Company. He is a CPA with over 24 years of experience acquired across the globe in both emerging and mature markets. He has held Senior Finance positions in 8 countries located in Western Europe, Eastern Europe, Latin America and Asia.

HEAD – LEGAL & COMPANY SECRETARY

MR. PANKAJ GUPTA

STATUTORY AUDITORS

M/s PriceWaterhouse
Chartered Accountants, Gurgaon
Registration Number - FRN 301112E

COST AUDITORS

Dr Ashok K Agarwal

Directors' Report

Your Directors present the audited results for the year ended December 31, 2011 as under:

	(Rs. In Million)	
	2011	2010
Total Sales & other Income	16316	13944
Less: Excise Duty	1069	801
Net Sales & other income	15247	13143
Less: Total Expenditure excluding Interest & Depreciation	14036	11845
Profit before Interest, Depreciation, & Tax	1211	1298
Less: i) Interest Expenses	52	36
ii) Depreciation	197	153
Profit before Tax	962	1109
Less: Provision for Taxation:		
Current Tax	308	367
Deferred Tax	8	(6)
Profit after Tax	646	748

During the year, the net sales and other income increased from Rs. 13,143 million in the previous year to Rs. 15,247 million. The export sales stood at Rs 468 million.

The depreciation for the year is inclusive of the accelerated depreciation amounting to Rs 3.2 Million, in respect of a category of equipment due for replacement.

DIVIDEND

Your Board recommends a dividend @ Rs 7 per equity share for the year 2011. The recommended dividend will absorb a sum of Rs. 161 million and tax on dividend will be Rs. 26 million. Out of the surplus, an amount of Rs 80 million is transferred to General Reserve and balance carried to the Balance Sheet as at December 31, 2011 is Rs. 1892 million.

OPERATIONS

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 markets and sells include tubes & flaps.

Your Company feels proud to have been recognized as one of the best suppliers in the overall category by one of the leading tractor manufacturers in the world – John Deere. Your Company has also won accolades from several other key tractor manufacturers including Mahindra & Mahindra Swaraj and International Tractors Limited in the past.

Last but not least, your Company has been awarded the prestigious "Superbrand" status for 2010 - 2011. This recognition speaks of the business excellence of Goodyear as a brand, and is a reward reflecting on the high quality of products and services delivered by your Company.

FINANCE AND ACCOUNTS

During the year, additions to fixed assets amounted to Rs. 723 million as against Rs. 342 million in the previous year. The Capital expenditure incurred amounted to Rs. 337 million.

The interest cost during the year has increased from Rs. 36 Million in the previous year to Rs. 52 Million.

As of the end of December 2011, an amount of NIL matured deposits remained unclaimed.

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

FINANCIAL STATEMENTS (Full & Abridged)

In terms of amended Clause 32 of the Listing Agreement, your Company shall supply:

- Soft copies of full annual reports containing its Balance Sheet, Profit & Loss account and Directors' Report to all those shareholder(s) who have registered their email address(es) for the purpose;
- Abridged Annual Report - Hard copy of statement containing the salient features of all the documents, as prescribed in sub-clause (iv) of clause (b) of proviso to section 219 of the Companies Act, 1956 to those shareholder(s) who have not so registered their email address(es); and
- Hard copies of full annual reports to those shareholders, who request the same.

The Board of Directors has decided to circulate the abridged annual report containing salient features of the balance sheet and profit and loss account to the shareholders for the financial year 2011. Full version of the annual report will be available on Company's website www.goodyear.co.in and will also be made available to investors upon request.

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(a) 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, Gurgaon, (Registration Number: FRN301112E). A reference may be made to their report dated February 27, 2012 to the members together with Annexure thereto containing information per requirement under the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 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 management of your Company has taken note of an irregularity in the rebates / discounts given in excess and the same has also been observed in the Annexure to Auditors' Report.

Your Company has already taken action against the concerned employees and appropriate remedial measures to prevent such occurrence(s).

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

As per the Central Bank's (RBI) estimates, the growth in the Indian economy is expected to continue to moderate, with GDP growth forecasted at 7.3% for 2012-2013.

In this context, your Company will continue to focus on the review of activities in different areas of operations under the umbrella of the Continuous Improvement System (CIS). The CIS is an integral part of your Company's philosophy to maximize gains and reduce costs in order to address market realities.

As far as the industry is concerned, moderation in growth rates is expected in the consumer tyre segment. Your Company will continue to seek new OEM fitments and introduce award winning new products in its existing consumer tyre portfolio.

TRANSFER OF PROMOTER'S SHARES

The Goodyear Tire & Rubber Company, Akron, USA (GTRC) has transferred its 74% shareholding in the Company being 17,069,215 equity shares to one of its wholly owned subsidiaries – M/s Goodyear Orient Company (Private) Limited, Singapore (GOCPL) on November 29, 2011.

DIRECTORS

Mr Pierre Eric Cohade, Chairman and Director resigned effective the close of business hours on December 15, 2011. The Board records its appreciation for the valuable contribution made by Mr Cohade during his tenure as Director.

Mr Daniel Lawrence Smytka was appointed as Director and Chairman via Circular Resolutions dated December 15, 2011 and the same were adopted in the Board Meeting held on February 27, 2012.

Mr R V Gupta is retiring by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment.

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

***STATUTORY AUDITORS**

M/s Price Waterhouse, Chartered Accountants (FRN: 301112E), the present Statutory Auditors of the Company, who retire at the conclusion of the ensuing Annual General Meeting of the Company have expressed their unwillingness to be considered for reappointment as statutory auditors of the Company.

The Company has also received a Special Notice under section 225(1) from a member proposing the appointment of M/s Price Waterhouse & Co., Chartered Accountants (FRN: 007567S) as statutory auditors of the Company. The Audit Committee and the Board of Directors also recommend for appointment of M/s Price Waterhouse & Co., Chartered Accountants (FRN: 007567S) as the statutory auditors in the ensuing annual general meeting.

M/s Price Waterhouse & Co., Chartered Accountants (FRN: 007567S) have expressed their willingness for appointment as statutory auditors and confirmed that their appointment, if made, will be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

[*As modified in terms of board of directors' circular resolution dated April 18, 2012]

COST AUDITORS

Dr. Ashok K Agarwal was appointed as Cost Auditor for conducting the cost audit for the year ending December 31, 2011. The due date of filing of Cost Audit Report for the year ended December 31, 2010 was June 29, 2011 and the actual date of filing the Cost Audit Report for the year ended December 31, 2010 was June 27, 2011.

CORPORATE GOVERNANCE

Your Company follows the corporate philosophy, 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. 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. Your Company has signed the Collective Bargaining Agreement (CBA) effective May 1, 2011 with Union.

The information as required to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with amended Companies (Particulars of Employees) Rules, 1975 (Notification No. G.S.R. 289 (E) dated 31.03.2011) have been set out in the annexure 'A' to this report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the abridged annual report has been sent to the shareholders excluding this annexure.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND FOREIGN OUTGO

The particulars related to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, are given in a separate Annexure 'B' attached hereto and forms part of this report.

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to the Company's esteemed Shareholders, Customers, Suppliers, Associates, Bankers, the State Government and the Central Government 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 its continued support and contribution in all the spheres of operations.

On behalf of the Board of Directors

New Delhi
February 27, 2012

Daniel Lawrence Smytka
Chairman

Annexure B to Directors' 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) Energy saving through efficient lights, pumps, blowers, chillers and motors
- 2) Energy saving through efficient screw compressor & cooling towers
- 3) Installation of energy efficient power less Eco ventilator
- 4) Introduction of Power Trading
- 5) Energy efficient LED Lighting in plant
- 6) Shut down of standby Genset
- 7) Improved reliability of Boiler operation resulting in stoppage of banking boiler to reduce Fuel consumption
- 8) Petcoke boiler efficiency improved by 1%
- 9) Condensate recovery improved by 2%

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- 1) Reduction of fuel by installation of flash steam recovery
- 2) Installation of energy efficient power saver in Power house
- 3) Standardization of Tyre Building Cylinders
- 4) Up gradation of power supply
- 5) Energy efficient blowers

c) Impact of the measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods:

The above measures helped towards reduction in energy consumption, quality improvement, and reduction in utility cost & partially offset high inflation in energy cost.

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:

	Year -2011	Year- 2010
A Power & Fuel Consumption		
1) ELECTRICITY (KWH)		
a) PURCHASED		
UNIT (000)	34930	23682
TOTAL AMT (Rs.'000)	164030	115875
Rs./UNIT	4.70	4.89
b) OWN GENERATION		
Through Generator		
Units (000)	2237	15499
Unit/Ltr of Fuel	4.54	3.94
COST/UNIT (Rs.)	20.14	7.69
2) STEAM		
a) HSD/LDO		
Quantity (K.Ltrs)	58	0
Total Amount (Rs.'000)	2225	0
Average Rate (Rs./K.Ltr)	38487	0
b) Residual Furnace Oil/ Furnace Oil		
Quantity (Tonnes)	386	131
Total cost (Rs.'000)	15427	3695
Average Rate (Rs./Tonne)	39949	28141
c) Petcoke (For Process Steam)		
Quantity (Tonnes)	8927	8170
Total Cost (Rs.'000)	82592	66650
Average Rate (Rs./Tonne)	9252	8158
3) Nitrogen		
Quantity (cubic meters-000)	1732	1756
Total Cost (Rs.'000)	12141	13253
Average Rate (Rs./cubic meter)	7.01	7.55
B) Consumption per Tonne of production		
Electricity (KWH)	762	764
**FUEL (K.LTRES.-EXCL.NITROGEN GAS)FOR STEAM	0.2168	0.1910
Nitrogen (m3)	27.80	26.00

** Fuel (K.Litres – Excluding Nitrogen Gas) for Steam – includes HSD, FO, RFO and Pet Coke

B. TECHNOLOGY ABSORPTION:

- e) Efforts made in technology absorption as per Form B of the Annexure

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 centers based in Luxembourg, Akron & Japan, carried out R&D activities in specific areas.

R & D focused on the Development of the new Product for both Export and Local Markets. Farm tyres with Radial Technology developed for Indian market and extended the radial farm tyre to major tyre sizes.

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

Efforts continued in the direction of optimization of construction and compound formulations. These resulted in enhancements in the product performance.

Added new testing equipment for farm tyre testing to speed up the new size development

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

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

3. Future Plan of Action

The Company continues to introduce and promote new high quality products to the existing range of front and rear farm tyres in order to help meet market demand and exceed customer needs.

4. Expenditure on R&D	(Rs. in Million)
a. Capital	0.346
b. Recurring	3.033
c. Total	3.379
d. Total R & D expenditure [As a percentage of total turnover]	0.022%

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 product designs, Farm tyres with superior construction to help increase market acceptance.

(b) Process Improvement

Continued efforts made in the areas of Quality Improvement, waste reduction and cost optimization to specially improve the market acceptance of company's product group.

(c) System Improvement

Continual efforts made to implement and sustain Quality Management System and Environmental Management System in the Plant to help meet and enhance Customers present and emerging needs.

2. Benefits derived as a result of above efforts:

The technical innovations and adaptation made at Goodyear Technical Centers in USA & Europe along with Company's inputs helped the Company to introduce new products and drive 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 there for)
 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:

The country of export during 2011 — Australia, Bangladesh, Chile, Colombia, Egypt, El Salvador, Guatemala, Japan, Kenya, Lebanon, Morocco, New Zealand, Pakistan, Peru, Qatar, Saudi Arabia, South Africa, Sri Lanka, Tanzania, United Arab Emirates etc.

- g) Foreign Exchange (Rs. in 'Million')

Total foreign exchange used and earned :

Year	Earned		Used			
	Export (FOB)	Others	Capital Goods	Import (CIF) Stores & Spares	Raw Material	Others
2011	468.19	26.55	78.45	2.11	1351.80	812.56

On behalf of the Board of Directors

New Delhi
February 27, 2012

Daniel Lawrence Smytka
Chairman

Corporate Governance

Goodyear India Limited is a subsidiary Company of 'The Goodyear Orient Company (Private) Limited, Singapore' ("GOCP") effective November 29, 2011 and was subsidiary of The Goodyear Tire & Rubber Company, Akron ("GTRC") until November 28, 2011 and thereafter, The Goodyear Tire & Rubber Company, Akron became Ultimate Holding Company. 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, ensuring 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 in the 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, in compliance with Clause 49 of the Listing Agreement, as on December 31, 2011 is given below:

Name	Status i.e. Promoters, Executive, Non-Executive, Independent Non-Executive, Non 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 Rajeev Anand	Executive	5	5	None	None	Yes
Mr Yashwant Singh Yadav	Executive	5	5	None	None	Yes
Mr RV Gupta	Independent Non-Executive	5	5	6	5 (including 1 as Chairman)	Yes
Mr C Dasgupta	Independent Non-Executive	5	4	None	None	Yes
Mr Rajiv Lochan Jain	Independent Non-Executive	5	5	1	2 (including 1 as Chairman)	Yes
Mr Pierre E Cohade (i)	Non-Independent Non-Executive	5	3	None in India	None in India	No
Mr Brad Lakhia (ii) (Alternate Director to Mr Pierre E Cohade)	Non-Independent Non-Executive	5	None	None in India	None in India	No
Mr Daniel Lawrence Smytka (iii)	Non-Independent Non-Executive	5 (None during his tenure)	None	None in India	None in India	NA

* Excluding interest in Societies/Trust/Private Companies/Limited Liability Partnerships.

** Includes Audit Committee and Shareholders'/Investors' Grievance Committee of Public Limited Companies only.

- (i) Mr Pierre E Cohade, Chairman & Non Executive Director, ceased effective the close of business hours on December 15, 2011.
(ii) Mr Brad Lakhia was alternate Director to Mr Pierre E Cohade for the period October 26, 2010 - February 20, 2011, February 23, 2011 – May 3, 2011, May 3, 2011 – July 31, 2011 and August 2, 2011 – December 5, 2011.
(iii) Mr Daniel Lawrence Smytka, Chairman & Non Executive Director appointed, effective December 16, 2011.

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 2011, five Board Meetings were held: January 13, 2011, February 21, 2011, May 3, 2011, August 1, 2011 and November 3, 2011.

3. Audit Committee:

The constituted Audit Committee has the terms and roles as specified in Clause 49 of the Listing Agreement, Section 292A of the Companies Act, 1956. As Per Listing Agreement at least two-thirds of the members of Audit Committee should be Independent Directors. The current Audit Committee of your Company consists of 4 Directors namely Messrs R V Gupta, C Dasgupta, Rajiv Lochan Jain, independent Directors and Mr Rajeev Anand, Managing Director. 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 2011, five Audit Committee meetings were held: January 13, 2011, February 21, 2011, May 3, 2011, August 1, 2011 and November 3, 2011.

Attendance at Audit Committee Meetings:

Name of the Member	No. of Meetings attended
Mr R V Gupta	5
Mr C Dasgupta	4
Mr Rajiv Lochan Jain	5
Mr Rajeev Anand	5

4. Remuneration of Directors:

The remuneration policy for the whole time Director/ Managing Director of the Company is based on the broad principles of remuneration by The Goodyear Tire & Rubber Company, Akron, 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 brief information is as under:

Names of the wholetime Directors

S.No.	Details	Rajeev Anand Managing Director		Yashwant Singh Yadav Wholetime Director	
	Service Contract Valid upto	February 19, 2014*		October 31, 2015*	
	<u>Period</u>	From January 1, 2011 to April 30, 2011	From May 1, 2011 to December 31, 2011	From January 1, 2011 to April 30, 2011	From May 1, 2011 to December 31, 2011
1.	Monthly Salary	Rs. 2,91,944/-	Rs. 4,25,000/-	Rs. 2,50,000/-	Rs. 3,00,000/-
2.	Monthly Special Allowance	Rs. 3,42,158/-	Rs. 3,60,500/-	Rs. 2,70,000/-	Rs. 2,70,000/-
3.	Performance Bonus (As determined and approved by the Board)	Restricted to Rs. 56,06,911/- in a year	Restricted to Rs. 65,55,150/- in a year	Restricted to Rs. 26,96,994/- in a year	Restricted to Rs. 33,75,000/- in a year
4.	Expenditure on gas, electricity, water and furnishings (on Actuals)	Subject to a ceiling of Rs. 2,50,000/- in a year.	Subject to a ceiling of Rs. 3,00,000/- in a year.	Subject to a ceiling of Rs. 1,50,000/- in a year.	Subject to a ceiling of Rs. 2,00,000/- in a year.

* Terminable by giving 90 days notice from either side expiring at the end of calendar month.

Note: 1. No severance fee is payable to any Director.

2. Sitting fee was paid only to non-executive independent Directors.

Benefits: The entitlement to each of the wholetime Directors, inter-alia, include Personal Accident Insurance (premium not to exceed Rs 4,000 per annum during January 1, 2011 to April 30, 2011 and Rs 5,000 per annum during May 1, 2011 to December 31, 2011), club fee, Medical reimbursement 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), Medical Insurance (as per the rules applicable for other senior management staff of the Company), the Company's car and telephone at residence (personal long distance calls on telephone and use of car for private purpose shall be billed by the company), House Rent Allowance/Leased Accommodation (restricted to 60% of the salary except a restriction of Rs.

2,32,385/- per month of Mr Anand during January 1, 2011 to April 30, 2011).

Contribution to Provident Fund / Superannuation Fund (as per the applicable laws), 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 during January 1, 2011 to April 30, 2011 and Rs 1,50,000 in a year during May 1, 2011 to December 31, 2011), Gratuity of One half month's salary for each completed year of service in the Company and Encashment of leave as at the end of the tenure (as per the rules of the Company), Personal Driver Salary reimbursement (up to Rs 2,50,000 in a year).

The remuneration paid is within the limits specified in Schedule-XIII of the Companies Act, 1956 and has due approval from the Board of Directors and Shareholders of the Company.

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.

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

A reference to Note No. (h) of Schedule 15 of the annual accounts of the Company for the year ended December 31, 2011 can also be made for Directorship remuneration details.

5. Shareholders'/Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee consists of Mr C Dasgupta, an independent non-executive Director as Chairman and Mr R V Gupta, Mr Rajiv Lochan Jain & Mr Yashwant Singh Yadav 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 2011, two Shareholders' /Investors' Grievance Committee meetings were held: June 21, 2011 & November 3, 2011.

Attendance at Shareholders'/Investors' Grievance Committee Meetings

Name of the Member	No. of Meetings attended
Mr R V Gupta	2
Mr C Dasgupta	2
Mr Rajiv Lochan Jain	2
Mr Yashwant Singh Yadav	2

Skyline Financial Services Pvt. Ltd., New Delhi, is the Share Transfer Agent of the Company. The Company has delegated the authority for share transfers to the employee(s) of the Company to ensure that the share transfer formalities are attended regularly. Mr Pankaj Gupta, Company Secretary is the Compliance Officer of the Company. 9 reminders/complaints received during the year 2011 have duly been replied.

6. Directors

MR DANIEL LAWRENCE SMYTKA was appointed as Additional Director & Chairman of the Company vide Circular Resolution(s) dated December 15, 2011.

Mr. Daniel Lawrence Smytka has a Bachelor of Business Economics & Psychology from Creighton University and a Master's in Corporate Finance and Operations Research from the University of Memphis. He has more than 25 years experience as a multi-functional senior executive with global leadership experiences in the areas of sales/marketing,

product management, supply chain management, finance and Six Sigma Quality.

MR R V GUPTA is retiring by rotation in the ensuing Annual General Meeting of the Company and being eligible, offers himself for reappointment. His brief resume is given below:

Mr. R V Gupta, a 1962 batch IAS officer, has served the Govt. of India at the levels of Special Secretary (Ministry of Finance), Secretary (Ministry of Food) and Addl. Secretary (Ministry of Chemicals & Fertilizers). Mr Gupta has also acted as Principal Secretary to Govt. of MP. Mr Gupta is former Dy. Governor of RBI and was closely involved in the economic reforms process. After retirement, Mr. Gupta acted as Chairman of the RBI Committee on Agriculture Credit. Mr Gupta was also associated with Deutsche Bank as Chairman of local advisory board for India and also holds various other Board Level Positions in the industry.

7. General Body Meetings:

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

Meeting	Venue	Date	Time
50 th AGM	Magpie Tourism Complex Sector-16A, Faridabad, Haryana	June 21, 2011	3.30 P.M.
49 th AGM	-do-	June 4, 2010	3.30 P.M.
48 th AGM	-do-	June 19, 2009	3.30 P.M.

Special Resolution passed at the last three Annual General Meetings.

Date of AGM	Description of Special Resolution
June 21, 2011	<ol style="list-style-type: none"> 1) Appointment and payment of remuneration to Mr Yashwant Singh Yadav as wholetime Director of the Company. 2) Revision in remuneration of Mr Yashwant Singh Yadav as wholetime Director w.e.f. May 1, 2011. 3) Appointment and payment of remuneration to Mr. Jean Philippe Lecerf as wholetime Finance Director of the Company for the period July–October, 2010. 4) Revision in remuneration of Mr Rajeev Anand, Managing Director w.e.f. May 1, 2010. 5) Revision in remuneration of Mr Rajeev Anand, Managing Director w.e.f. May 1, 2011.

June 4, 2010	1) Revision in remuneration of Mr Rajeev Anand, Managing Director
June 19, 2009	1) Increase in sitting fees payable to Directors who are neither in wholtime employment of the Company nor a Managing Director. 2) Appointment and payment of remuneration to Mr Rajeev Anand as wholtime Managing Director of the Company. 3) Revision in remuneration payable to Mr Hugo Dedekind as wholtime Finance Director of the Company. 4) Re-appointment of Mr Hugo Dedekind as wholtime Finance Director of the Company.

None of the resolution(s) was put through Postal Ballot during the year 2011.

8. Transfer of Promoter's shares

The Goodyear Tire & Rubber Company, Akron, USA (GTRC) has transferred its 74% shareholding in the Company being 17,069,215 equity shares to one of its wholly owned subsidiaries – M/s Goodyear Orient Company (Private) Limited, Singapore (GOCP) on November 29, 2011.

The above transfer was not considered to be in conflict with the interest of the Company.

9. Disclosures

- Disclosures on materially significant related party transactions 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 Goodyear Tire & Rubber Company, Akron, Ohio, USA and/or its subsidiaries etc. abroad; and
- Goodyear South Asia Tyres Private Limited (GSATPL), Aurangabad, Maharashtra (India) under Offtake Agreement on arms' length basis.

The above were not considered to be in conflict with the interest of the Company. Your Company is in the process of revising the terms of the Offtake Agreement with GSATPL & would execute the same in terms of applicable laws. In addition to the aforesaid transactions, your Company had a service agreement to avail the support from The Goodyear Tire & Rubber Company, Akron, USA, in all the areas of its operations, to receive services of Information Technology, Procurement, Production, Supply Chain, Sales & Marketing,

Finance and General & Administration. Your Company had a Trademark License Agreement with The Goodyear Tire & Rubber Company, Akron, USA, to use its trade name & trademarks and is paying a fee of 1% on domestic sales and 2% on export sales.

During the year 2011, Mr Rajeev Anand, the Director of your Company was also on the Board of GSATPL.

Normal payment of sitting fees for attending the Board Meetings and Committee Meetings as well as the traveling/conveyance expenses etc. incurred for attending the Company's business/meetings by the Directors are also not considered to be of any significant nature. The remuneration details of whole time directors 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, 2011.

The Business Conduct Manual of The Goodyear Tire & Rubber Company, Akron, Ohio, USA, applicable for Global Operations including your Company, a copy of which is circulated to associates of the Company, inter-alia provides that associates can anonymously report violations by calling on the toll free number mentioned therein. This is affirmed that no personnel have been denied access to the Audit Committee.

- 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

10. Means of Communication:

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

Half yearly reports were not sent to the shareholders. The quarterly results, shareholding pattern and other information as required under Clause 53 & 54 of the Listing Agreement are being displayed at website www.goodyear.co.in under the head 'Investor Relations'. In compliance of the provisions as contained under Clause 52 of the Listing Agreement, certain documents/information relating to the Company are also accessible on the website www.corpfiling.co.in.

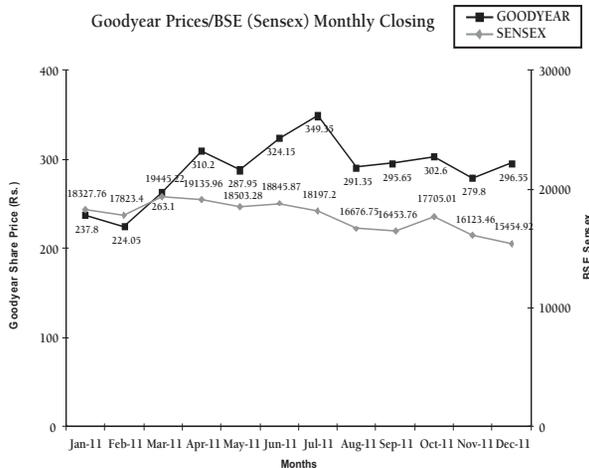
No presentations were made by the Company to the Analysts. A Management Discussion and Analysis Report which forms part of the Annual report is given by means of a separate annexure and is attached to the Directors' Report.

11. General Shareholders Information

Date, Time and Venue of the Annual General meeting	: Friday, May 25, 2012 at 3.30 P.M. Magpie Tourism Complex Sector 16A, Faridabad, Haryana.
Financial Year	: January 01 to December 31
Book Closure	: May 14, 2012 to May 25, 2012 (Both days inclusive)
Dividend payment date	: On or after May 26, 2012 but within the statutory time limit.
Listing on Stock Exchanges	: The Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Tower Dalal Street, Mumbai-400 001. Listing Fees up to 2011 – 2012 duly paid.
Stock Code	: BSE - 500168
Registrar & Transfer Agents	: Skyline Financial Services Pvt. Ltd., D-153/A, 1st Floor, Okhla Industrial Area Phase-1, New Delhi – 110 020

Market Price Data: High, Low on Bombay Stock Exchange (BSE) during each month in the last Financial Year-2011

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	284.00	235.00	July	375.85	311.00
February	243.60	203.00	August	370.00	279.50
March	282.00	216.00	September	323.90	285.00
April	340.00	267.05	October	324.90	285.00
May	317.40	277.20	November	325.80	269.25
June	336.75	284.45	December	308.95	276.05



Share Transfer System

Skyline Financial Services Pvt. Ltd. is 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 from the date of receipt. Demat confirmations are processed in a maximum period of 14 days.

Distribution of Shareholding as on December 31, 2011

No. of Shares held	Folios		Shares held	
	Numbers	Percentage	Numbers	Percentage
up to 500	21583	94.39	1696137	7.36
501 – 1000	740	3.23	536731	2.33
1001 - 5000	443	1.94	929975	4.03
5001 - 10000	50	0.22	370577	1.60
10001 and above	49	0.22	19533087	84.68
TOTAL	22865	100.00	23066507	100.00

Shareholding Pattern as on December 31, 2011

Sl. No.	Description of Investors	No. of shares held	% of shareholding
1.	Promoters	17069215	74.00
2.	Financial Institutions, Insurance Companies, Bank and Mutual Fund etc.	1307951	5.67
3.	Foreign Institutional Investor	488201	2.12
4.	Private Corporate Bodies	524679	2.27
5.	NRIs/OCBs	151802	0.66
6.	Indian Public	3524659	15.28
	TOTAL	23066507	100.00

Dematerialization of shares and liquidity:

As on December 31, 2011, 96.16% of the Share Capital is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Green Initiatives

In order to implement the Green Initiatives of the Government, whereby Companies have now been allowed to send / service notice(s) / document(s) / Annual Report(s) etc to its share holders through electronic mode, your Company also sent letters to all its share holders requesting to provide email Id's.

12. Unclaimed Suspense Account

In compliance with the terms of Clause 5A of the Listing Agreement, your Company has opened an unclaimed suspense account with demat participant and transfer all the

unclaimed share certificates of the Shareholders in such account after giving three reminders to claim their shares. Accordingly, the Company through its Registrar and Share Transfer Agent i.e M/s Skyline Financial Services Private Limited has sent three reminders to all such Shareholders whose shares have been unclaimed/ undelivered on July 30, 2011, September 15, 2011 and October 18, 2011, respectively.

Thereafter, all those unclaimed shares on which no response was received from shareholder were transferred into one folio in the name of "Goodyear India Limited - Unclaimed Suspense Account" ("Unclaimed Suspense Account") with the Depository Participant - HDFC Bank Limited, Depository Services, Titanic building, 2nd floor, Narayan Properties, 26-A, Chandivali, Off Saki Vihar Road, Sakinaka, Andheri (E), Mumbai-400072 ("HDFC").

The details of equity shares held in an Unclaimed Suspense Account are as follows:

S. No.	Particulars	Details
1.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the financial year 2011.	In compliance with Clause 5A, your Company has opened an Unclaimed Suspense Account with HDFC on December 15, 2011 and after sending three reminders with the help of Registrar and Share Transfer Agent, your Company had transferred its Unclaimed Shares in the Unclaimed Suspense Account on December 29, 2011. Detail of which are as follows: <ul style="list-style-type: none"> Aggregate number of Shareholders - 2,713. Number of outstanding Shares – 68,767 shares
2.	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the financial year 2011.	NIL

3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the financial year 2011.	NIL
4.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the financial year 2011.	<ul style="list-style-type: none"> Aggregate number of shareholders - 2,713 Number of outstanding shares – 68,767 shares

Note: Voting rights on the above mentioned equity shares would remain frozen till the owner of such equity shares claims the shares.

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

Corporate Office : 1st Floor, ABW Elegance Tower, Plot No. 8, Commercial Centre, Jasola, New Delhi - 110025

Investors' correspondence may be addressed to : M/s Skyline Financial Services Pvt. Ltd. D-153/A, 1st Floor, Okhla Industrial Area Phase-1, New Delhi – 110 020

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
February 27, 2012

Rajeev Anand
Managing Director

Annexure-A
Corporate Governance Report
of Goodyear India Limited
Dated February 27, 2012

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, 2011, 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.

New Delhi
February 27, 2012

Rajeev Anand
Managing Director

Management Discussion & Analysis

1. Industry Structure & Developments

At macroeconomic level, the growth momentum of Indian economy has slowed with Central Bank (Reserve Bank of India) revising its GDP forecasts to 7.0% during its third quarter review of macroeconomic and monetary developments for 2011-2012. Inflationary pressures leading to high interest rates, global uncertainty and higher fuel prices, coupled with depreciating currency value have posed challenges in maintaining the growth rate momentum of the economy.

The tractor industry in India has witnessed a growth of 18.3% in 2011 (*Source: Crisil research*). This has resulted in an increased demand for tyres which your Company capitalized on, with strong sales growth of tractor tyres.

Passenger vehicles sales grew at 9% (*Source: Society of Indian Automobile Manufacturers*), which translated into slight moderation in consumer tyres demand from the Original Equipment Manufacturers' (OEM) customers. The Consumer Replacement Tyres also felt some softening of demand due to rising pressure on consumers wallets as a result of higher interest rates, fuel prices and food inflation.

2. Opportunities and Threats

The tractor industry is expected to continue to grow briskly, which augurs well for the future of your Company.

In the farm segment, growing levels of farm mechanization and subsequent growth in all agriculture related industries should provide your Company with attractive growth prospects. Currently the farm tyre industry predominantly sells bias products. Your Company is also completing its planned phase out of production of MCT Tyres and the resulting capacity continues to be redeployed to farm business. Further, your Company also plans to introduce Radial technology by targeting OE and Replacement Customers.

While your Company is poised to capitalize on these opportunities, the farm tyres segment remains very competitive. Rising raw material prices are expected to add to the challenges ahead. Your Company's large customer base and robust quality products, coupled with the introduction of innovative products, should help mitigate the challenges posed.

In the passenger radial segment, the increasing sophistication of the vehicles being launched in India provides your Company with a significant opportunity to maximize Goodyear global technology. New vehicle launches in 2011 by a majority of OEM's will help to further gain momentum in the consumer OE business.

Volatile raw material prices remain a concern. The Competitive environment remains fierce. Low cost imported products further add to the challenges. Your Company remains committed to bringing in the best technology, branding and product differentiation to compete vigorously and balance these threats.

Finally, macroeconomic indicators are always an area of caution as most passenger vehicles are financed. High inflation and continued increases in interest rates and fuel prices could have a negative impact on sales of passenger vehicles.

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 markets and sells include tubes & flaps. The sales performance during the year is as follows:

(Rs. in Million)

Tyres	15325
Flaps	9
Tubes	869

Your Company feels proud to have been recognized as one of the best suppliers in the overall category by one of the leading tractor manufacturers in the world – John Deere. Your Company has also won accolades from several other key tractor manufacturers including Mahindra & Mahindra Swaraj and International Tractors Limited in the past.

Last but not least, your Company has been awarded the prestigious "Superbrand" status for 2010 - 2011. This recognition speaks of the business excellence of Goodyear as a brand, and is a reward reflecting on the high quality of products and services delivered by your Company.

4. Outlook

As per the Central Bank's (RBI) estimates, the growth in the Indian economy is expected to continue to moderate, with GDP growth forecasted at 7.3% for 2012-2013.

In this context, your Company will continue to focus on the review of activities in different areas of operations under the umbrella of the Continuous Improvement System (CIS). The CIS is an integral part of your Company's philosophy to maximize gains and reduce costs in order to address market realities.

As far as the industry is concerned, moderation in growth rates is expected in the consumer tyre segment. Your Company will continue to seek new OEM fitments and introduce award winning new products in its existing consumer tyre portfolio.

5. Risks and Concerns

As highlighted earlier, raw materials price volatility, higher inflation levels and increasing interest rates are areas of risk. As your Company's products are largely intended for sale domestically, the rises in imported tyres are a continuing competitive factor.

Approximately 22 % of the net sales of your Company was attributable to the sale of products procured from Goodyear South Asia Tyres Private Limited (GSATPL), 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 with a four months notice. However, your Company is in the process of revising the terms of the Offtake Agreement with GSATPL & would execute the same in terms of applicable laws.

The prevailing uncertainty in some of the legal disputes/demands etc. raised against the Company, arbitrary disallowances in certain tax proceedings and untenable disputes raised are the additional areas of concern perceived by your Company.

As in the past, your Company has obtained insurance coverage for its assets. However, no coverage for the foreign exchange risk was obtained for its foreign exchange exposures.

6. Internal control systems and their adequacy

Your Company has a proper and adequate system of internal control. Your Company has an Audit Committee headed by a non-executive independent director, inter-alia, to oversee your Company's financial reporting process, disclosure of financial information, reviewing the performance of statutory and internal auditors with management, adequacy of internal audit function and internal control systems, related party transactions, investigations relating to suspected fraud or failure of internal audit control, systems etc. as well as other areas requiring mandatory review per clause 49 of the Listing Agreement. 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 term of reference. Your 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 your 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 your Company are reflected in the Balance Sheet, Profit & Loss Account and other Financial Statements, appearing separately. Highlights are provided below:

(Rs. in Million)

	2011	2010
Total Sales & other income	16,316	13,944
Less: Excise Duty	1,069	801
Net Sales & other income	15,247	13,143
Profit Before Interest, Depreciation & Tax	1,211	1,298

The financial performance of your Company has been further explained in the Directors' Report of your Company for the year 2011, 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, 2011, stood at 944. Your Company has signed the Collective Bargaining Agreement (CBA) effective May 1, 2011 with Union.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing your 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. Your Company's operations may, inter-alia, be affected by the supply and demand situations, input prices and availability, changes in Government regulations, tax laws, government or court decisions and other factors such as industry relations and economic developments etc. Investors should bear the above in mind.

On behalf of the Board of Directors

New Delhi
February 27, 2012

Daniel Lawrence Smytka
Chairman

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of

GOODYEAR INDIA LIMITED

we have examined the compliance of conditions of Corporate Governance by Goodyear India Limited, for the year ended December 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange in India. The compliance of condition 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 statement 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 the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

H. Singh
Partner

Place: New Delhi
Date: February 27, 2012

Membership Number : F-86994

AUDITORS' REPORT TO THE MEMBERS OF GOODYEAR INDIA LIMITED ON THE ABRIDGED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2011

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1. We have examined the accompanying Abridged Balance Sheet of Goodyear India Limited (the "Company"), as at December 31, 2011, the related Abridged Profit and Loss Account and Cash Flow Statement (Abridged Financial Statements) for the year ended on that date annexed thereto, which we have signed under reference to this report. These Abridged Financial Statements are the responsibility of the Company's Management. Our responsibility is to report on these Abridged Financial Statements based on our examination in accordance with the 'Guidance Note on Audit of Abridged Financial Statements' issued by the Institute of Chartered Accountants of India, pursuant to our terms of agreement dated November 23, 2011 and amendment thereto dated February 21, 2012.
 - have been prepared, in all material respects, in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956; and
 - are based on the statutory financial statements of the Company as at and for the year ended December 31, 2011 prepared in accordance with Schedule VI to the Companies Act, 1956 (the "Act") which we have audited and the audit report dated February 27, 2012 issued thereon under Section 227 of Act is attached herewith.
2. Based on our examination, and to the best of our information and explanations given to us, we report that the accompanying abridged financial statements:
 - For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

H. Singh
Partner

Place: New Delhi
Date: February 27, 2012

Membership Number : F- 86994

AUDITORS' REPORT TO THE MEMBERS OF GOODYEAR INDIA LIMITED

1. We have audited the attached Balance Sheet of Goodyear India Limited (the "Company"), as at December 31, 2011, 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.
 - (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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2011 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, 2011;
 - (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.
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 (together the "Order"), 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 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;

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

H. Singh
Partner

Place: New Delhi
Date: February 27, 2012

Membership Number F- 86994

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, 2011

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 three years which, in our opinion, is reasonable having regard to the size of the Company and the 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, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
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, *except* dues in respect of sales tax, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at December 31, 2011, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of Payment
Sales Tax/ Value Added Tax	Sales Tax/ Value Added Tax	308,293	January 2011 to May 2011	February 2011 to June 2011	-

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales-tax, service tax and excise duty as at December 31, 2011 which have not been deposited on account of a dispute, are as follows:

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, 2011

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/ Value Added Tax	1979-1980 1985-1988 1995-2011	67,824	First level of Appellate Authority i.e. Assistant Commissioner/Deputy Commissioner/Joint Commissioner /Commercial Taxes Appellate and Revisional Board
			1992-1993	45	Sales Tax Tribunal
			1978-1979 1987-1988	785	High Court
2	The Central Excise Act, 1944	Excise Duty	1997-1998 2000-2001	3,054	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		Service Tax	2004-2011	36,228 (excluding interest)	
3	The Income Tax Act, 1961	Income Tax	Assessment Year 2007-2008	15,123	The Income Tax Appellate Tribunal. (Subsequently Rs. 3,000 thousand has been deposited in 2012)

10. The Company has no accumulated losses as at December 31, 2011 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 as at the balance sheet date. The Company has not issued any debentures and further there are no dues from any financial institutions as 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 / midhi / 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 terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. The Company has not obtained any term loans.
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 public issues 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, *except for an instance of fraud on the Company identified during the year, as informed to us by the Management, that involved wrongful processing by two employees (whose services have since been terminated) of fraudulent claims submitted by certain distributors under a discount scheme of the Company over a period of 11 quarters and estimated at Rupees ten million of which no amount has been subsequently recovered*, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any other such cases by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

H. Singh
Partner

Place: New Delhi
Date: February 27, 2012

Membership Number F- 86994

Abridged Balance Sheet as at December 31, 2011

(Statement containing salient features of Balance Sheet as per section 219(1) (b) (iv) of the Companies Act, 1956)
(Form No. 23-AB and rule 7A of the Companies (Central Government's) General Rules and Forms, 1956)

Particulars	Schedule No. (Note Reference)	As at December 31, 2011 (Rs.'000)	As at December 31, 2010 (Rs.'000)
I. SOURCES OF FUNDS			
(1) Shareholders' funds			
(a) Capital	I (c)	230,665	230,665
(b) Reserves and surplus			
(i) Revenue reserve		380,000	300,000
(ii) Revaluation reserve		30,796	32,008
(iii) Surplus in Profit and Loss Account		1,892,432	1,513,498
(iv) Securities Premium		631,378	631,378
(2) Deferred Tax Liability (Net)		110,313	101,760
		<u>3,275,584</u>	<u>2,809,309</u>
II. APPLICATION OF FUNDS			
(1) Fixed assets			
(a) Net block (original cost less depreciation)		1,898,100	1,385,059
(b) Capital work in progress		208,905	594,744
(2) Current assets, loans and advances			
(a) Inventories		855,011	612,988
(b) Sundry debtors		1,307,897	976,632
(c) Cash and bank balances		2,490,996	2,179,401
(d) Loans and advances		220,833	182,026
		4,874,737	3,951,047
Less : Current liabilities and provisions			
(a) Liabilities		3,291,407	2,688,692
(b) Provisions		414,751	432,849
Net current assets		<u>1,168,579</u>	<u>829,506</u>
		<u>3,275,584</u>	<u>2,809,309</u>

Notes to Accounts

I

The Schedule referred to above forms an integral part of the Abridged Balance Sheet.

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

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

Daniel Lawrence Smytka
Chairman

Rajeev Anand
Vice Chairman & Managing Director

H.Singh
Partner
Membership Number : F-86994

Yashwant Singh Yadav
Director

R V Gupta
Director

C Dasgupta
Director

Rajiv Lochan Jain
Director

Place : New Delhi
Date : February 27, 2012

Jean Philippe Lecerf
Chief Financial Officer

Pankaj Gupta
Company Secretary

Abridged Profit and Loss Account for the year ended December 31, 2011

(Statement containing salient features of Profit and Loss account as per section 219(1) (b) (iv) of the Companies Act, 1956)
(Form No. 23-AB and rule 7A of the Companies (Central Government's) General Rules and Forms, 1956)

Particulars	Schedule No. (Note Reference)	For the year ended December 31, 2011 (Rs.'000)	For the year ended December 31, 2010 (Rs.'000)
I. INCOME			
Sales	I (d)	16,202,715	13,773,592
Less : Excise duty		1,068,400	801,314
		<u>15,134,315</u>	<u>12,972,278</u>
Interest		62,503	54,331
Other income		50,406	116,716
Total		<u>15,247,224</u>	<u>13,143,325</u>
II. EXPENDITURE			
Cost of goods consumed/sold	I (e)		
Opening stock		504,742	416,588
Add : Purchases		11,524,320	9,504,897
Less Closing stock		730,413	504,742
		<u>11,298,649</u>	<u>9,416,743</u>
Increase / (Decrease) in Excise duty on Finished Goods		11,323	4,924
Manufacturing expenses		635,084	573,126
Selling and Administrative expenses		1,346,581	1,249,089
Salaries, wages and other employee benefits		695,468	561,507
Managerial remuneration	I (m)	35,672	25,826
Interest		52,118	35,569
Depreciation	I (k)	196,893	153,386
Auditor's remuneration		8,392	7,328
Provisions for doubtful debts / advances		4,613	6,576
Total		<u>14,284,793</u>	<u>12,034,074</u>
III. Profit Before Tax (I - II)		<u>962,431</u>	<u>1,109,251</u>
IV. Provision for taxation	I (g)	<u>316,461</u>	<u>361,140</u>
V. Profit After Tax		<u>645,970</u>	<u>748,111</u>
Profit brought forward from the previous year		1,513,498	1,033,047
VI. Profit available for appropriation		<u>2,159,468</u>	<u>1,781,158</u>
Proposed dividend on Equity Shares		161,466	161,466
Tax on Dividend (net of tax rate change impact Rs. 623 (Rs. 623))		25,570	26,194
Transferred to General Reserve		80,000	80,000
Balance carried to Balance Sheet		1,892,432	1,513,498
		<u>2,159,468</u>	<u>1,781,158</u>

Notes to Accounts

I

The Schedule referred to above forms an integral part of the Abridged Profit and Loss Account.

This is the Abridged Profit and Loss account referred to in our report of even date

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

Daniel Lawrence Smytka
Chairman

Rajeev Anand
Vice Chairman & Managing Director

H.Singh
Partner
Membership Number : F-86994

Yashwant Singh Yadav
Director

R V Gupta
Director

C Dasgupta
Director

Rajiv Lochan Jain
Director

Place : New Delhi
Date : February 27, 2012

Jean Philippe Lecerf
Chief Financial Officer

Pankaj Gupta
Company Secretary

Abridged Cash Flow Statement for the year ended December 31, 2011

	For the year ended December 31, 2011 (Rs.'000)	For the year ended December 31, 2010 (Rs.'000)
A) CASHFLOW FROM OPERATING ACTIVITIES :		
Profit before tax	962,431	1,109,251
Adjustments for non cash / non operating items		
Depreciation	196,893	153,386
(Profit) / Loss on sale of fixed assets (net)	10,259	(214)
Interest expenses	52,118	35,569
Interest income	(62,503)	(54,331)
Liabilities / provisions no longer required written back	(12,109)	(75,707)
Provision for doubtful debts and advances	4,613	6,576
Provision for Gratuity	22,498	16,577
Provision for Leave Encashment	16,664	16,701
Unrealised foreign exchange loss / (gain)	(49,290)	179,143
Operating profit before working capital changes	<u>1,141,574</u>	<u>1,211,764</u>
Adjustments for working capital :		
(Increase) / Decrease in Sundry debtors	(330,302)	10,023
(Increase) in Loans and advances	(24,766)	(20,529)
(Increase) in Inventories	(242,023)	(96,359)
Increase in Sundry creditors and other payables	<u>589,807</u>	<u>677,583</u>
Cash generated from operations	<u>1,134,290</u>	<u>1,782,482</u>
Direct taxes paid	(368,310)	(316,640)
Tax Deducted at Source	<u>(8,309)</u>	<u>(5,870)</u>
Net cash flow from operating activities	<u>757,671</u>	<u>1,459,972</u>
B) CASHFLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(331,944)	(705,516)
Interest received	60,340	50,548
Sale proceeds of fixed assets	<u>1,405</u>	<u>5,481</u>
Net Cash used in investing activities	<u>(270,199)</u>	<u>(649,487)</u>
C) CASHFLOW FROM FINANCING ACTIVITIES :		
Interest paid	(50,909)	(29,664)
Dividends paid	<u>(184,471)</u>	<u>(184,647)</u>
Net Cash used in financing activities	<u>(235,380)</u>	<u>(214,311)</u>
Net Increase in cash and cash equivalents (A+B+C)	<u>252,092</u>	<u>596,174</u>
Cash and bank balance as at beginning of year	2,179,401	1,587,722
Unrealised foreign exchange gain / (loss)	<u>59,503</u>	<u>(4,495)</u>
Cash and bank balance as at end of the year	<u><u>2,490,996</u></u>	<u><u>2,179,401</u></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. 125 (Previous year Rs.125) against bank guarantees. Amount not available for use by the company Rs. 11,097 (previous year Rs. 11,181)
 - 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 schedule referred to in the Abridged Balance Sheet and Profit & Loss Account forms an integral part of the Cash Flow Statement.
- This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

H.Singh
Partner
Membership Number : F-86994

Place : New Delhi
Date : February 27, 2012

Daniel Lawrence Smytka
Chairman

Yashwant Singh Yadav
Director

C Dasgupta
Director

Jean Philippe Lecerf
Chief Financial Officer

Rajeev Anand
Vice Chairman & Managing Director

R V Gupta
Director

Rajiv Lochan Jain
Director

Pankaj Gupta
Company Secretary

Schedule I

Notes to Abridged Financial Statements

(a) These abridged financial statements have been prepared in accordance with rule 7A and Form No. 23-AB of the Companies (Central Government's) General Rules and Forms, 1956 and section 219(1)(b)(iv) of the Companies Act, 1956 and are based on the financial statements of the Company audited under section 227 of the Companies Act, 1956.

(b) SIGNIFICANT ACCOUNTING POLICIES

(Note 'a' to Schedule 15 of the Annual Financial Statements)

i) Accounting Convention

The annual financial statements are 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, 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 (c) & (d).
- 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) Depreciation has been provided in respect of certain category of Plant and Machinery (including machinery spares of irregular nature) as per technical assessment by the management based on straight line method over the useful life of 5-10 Years.
- 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, except in cases where the same is recognised subsequent to despatch in terms of customer contracts. Sales exclude sales tax and is net of rebates & trade 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.

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 valuations are recognised immediately in the Profit and Loss Account as income or expense.

viii) Taxation

Provision for income 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 carried forward to the extent it is reasonably certain that sufficient future taxable income will

be available against which such deferred tax assets can be realised. 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 monetary assets and liabilities are recognised in the Profit and Loss Account.

x) **Lease rental**

Lease rentals in respect of 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

d) Breakup of Gross Sales is as under :

Class of goods sold	Unit	For the year ended December 31, 2011		For the year ended December 31, 2010	
		Quantity * (000)	Value (Rs.'000)	Quantity * (000)	Value (Rs.'000)
Automotive Tyres	(Nos)	2,720	15,324,915	2,660	13,005,398
Flaps	(Nos)	35	8,545	102	23,911
Automotive Tubes	(Nos)	1,628	869,255	1,682	744,283
			<u>16,202,715</u>		<u>13,773,592</u>

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

(Schedule 9 of the Annual Financial Statements)

e) Breakup of Cost of goods consumed / sold is as under :

Particulars	Raw Material		WIP and Finished Goods		Total	
	2011 (Rs.'000)	2010 (Rs.'000)	2011 (Rs.'000)	2010 (Rs.'000)	2011 (Rs.'000)	2010 (Rs.'000)
Opening Stock	238,183	207,015	266,559	209,573	504,742	416,588
Purchase	8,312,747	6,559,547	3,211,573	2,945,350	11,524,320	9,504,897
Closing Stock	330,257	238,183	400,156	266,559	730,413	504,742
Cost of goods consumed/ sold	<u>8,220,673</u>	<u>6,528,379</u>	<u>3,077,976</u>	<u>2,888,364</u>	<u>11,298,649</u>	<u>9,416,743</u>

f) **Earning Per Share Calculations :**

(Note 'r' to schedule 15 of the Annual Financial Statements)

	For the year ended Dec 31, 2011 (Rs.'000)	For the year ended Dec 31, 2010 (Rs.'000)
Profit for the year (Rs.'000)	645,970	748,111
No. of equity shares of Rs. 10/- each	23,066,507	23,066,507
Basic and diluted earnings per share (Rs.)	28.00	32.43

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.

- c) During the year 2011, The Goodyear Tire & Rubber Company, USA ("GTRC"), has transferred its entire holding of 17,069,215 equity shares by way of contribution without any consideration to Goodyear Orient Company (Private) Limited, Singapore, in accordance with Regulation 10(1)(a)(iii) of the Takeover Regulations.

(Schedule 1 of the Annual Financial Statements)

g) Provision for Taxation

	For the Year ended Dec. 31, 2011	For the Year ended Dec. 31, 2010
Current Tax	307,908	367,103
Deferred Tax	8,553	(5,963)
	<u>316,461</u>	<u>361,140</u>

h) Contingent liabilities*

(Note 'b' of schedule 15 of the Annual Financial Statements)

	As at Dec 31, 2011 (Rs.'000)	As at Dec 31, 2010 (Rs.'000)
i) Bills discounted	-	14,957
ii) Guarantee to Gurgaon Gramin Bank	11,500	11,765
iii) Claims against the Company not acknowledged as debts		
Rent case**	-	43,875
Sales Tax	45,166	30,176
Excise & Service Tax Matters	100,228	82,714
Income Tax Matters	107,328	48,447
Price Differential pending settlement	47,392	47,392
Others	27,956	28,146

* (excluding interest and penalty, if any)

** During the year, in compliance of order passed by the Hon'ble Delhi High Court in August 2011 in respect of Delhi branch rent case, the Company deposited with the court a sum of Rs.162 lakhs (including interest Rs. 81 lakhs) by way of demand drafts in the name of landlord(s), after deducting applicable TDS. However subsequent to such deposit, the company received notice from Hon'ble Supreme Court of India revealing that the landlord(s) have preferred Special Leave Petition challenging the said order of High Court.

(iv) During the year 2003, a demand of Rs. 66,222 thousand besides interest, was raised by the Haryana Urban Development Authority (HUDA) towards external development charges (EDC) which was challenged by the Company. During June 2009, the court of Hon'ble Additional Civil Judge (Senior Division) (First Court) passed an interim order whereby the Company was directed to pay interest @ 10% for delayed payment amounting to Rs. 476 thousand which was duly paid. In the year 2010 the entire demand had been set aside by the First Court. However, HUDA had challenged the same before the Court of Hon'ble District & Session Judge, Faridabad. During the year, the said appeal was dismissed by Hon'ble District & Session Judge.

(v) 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. Subsequently in the year 2008 the state of Haryana introduced Haryana Tax on Entry of Goods Into Local Area Act, 2008 (Entry Tax) by repealing the Haryana

Local Area Development Tax Act, 2000 and the same was also held unconstitutional by the Hon'ble Punjab & Haryana High Court.

Based on the legal opinion obtained by the Company and management's assessment, provision towards liability for Haryana Local Area Development Tax (HLADT) for the periods prior to March 2008 aggregating to Rs. 540 lacs was written back during the year 2008. The amount already paid for HLADT till December 2006 and expensed in earlier years is Rs.1,938 lacs.

Pursuant to an interim order of Hon'ble Supreme Court in October 2009, there is a stay on recovery of tax with a direction to assesseees for filing their returns of tax and giving undertaking that in the event of their losing the matter, they will deposit the tax along with the interest at a rate which will be determined by the court. During the year 2010 on the matter being heard by a bench of five Hon'ble judges of the Hon'ble Supreme Court, it was requested to Hon'ble Chief Justice of India to refer the matter to a suitable larger bench for deciding the constitutional validity of the levy. The larger bench of Hon'ble Supreme Court is yet to be constituted. However, based on legal opinion obtained by the Company and management assessment, no provision for HLADT and Entry tax has been considered necessary.

(vi) In respect of certain assessment years under Income Tax laws there are appeals / objections pending before the Hon'ble Supreme Court / Hon'ble High Court / Income tax Appellate Tribunal / Dispute Resolution Panel etc., against which based on the expert opinion the management does not consider any cash outflow at this stage.

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 80,919 (Rs.68,939).

(Note '3' on schedule 3 of the Annual Financial Statements)

- j) 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 Accountant's Report in form 3CEB upto the financial year ended on March 31, 2011 as required under section 92E of the Income Tax Act, 1961. In respect of the proposed transfer pricing adjustments suggested by the Assessing Officers in the Assessments already completed, the matters are pending before the Appellate Authorities / Dispute Resolution Panel. Based on expert opinion the management is of the view that in all likelihood there will be no material liability.

(Note 's' to Schedule 15 of the Annual Financial Statements)

- k) The depreciation charge for the current year represents gross Rs 198,105 (Rs. 154,625) less transfer from revaluation reserve Rs 1,212 (Rs 1,239). Such transfer represents the amount equivalent to the additional charge necessitated on account of revaluation of certain fixed assets referred to in (a)

m) **Managerial Remuneration**

(Note 'h' to schedule 15 of the Annual financial Statements)

Managerial remuneration*

- Remuneration to whole-time directors
[Including perquisites Rs.1,718 (Rs. 4,169)]
- Commission/ Bonus
- Contribution to Funds
- Gratuity and Leave Encashment
- Directors' fees

- (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.

(Note 'n' to Schedule 15 of the Annual Financial Statements)

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

(note 't' to Schedule 15 of the Annual Financial Statements)

Computation of net profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956:

	For the year ended Dec. 31, 2011 (Rs.'000)	For the year ended Dec. 31, 2010 (Rs.'000)
Profit before taxation	962,431	1,109,251
Add:		
Managerial remuneration	35,672	25,826
Depreciation	196,893	153,386
(Profit) / Loss on account of sale of assets (net)	10,259	(214)
Provision for doubtful debts & advances	4,613	6,576
Deduct:		
Depreciation computed u/s 350 of the Companies Act,1956	196,893	153,386
(Profit) / Loss on account of sale of assets (net)	10,259	(214)
Bad debts / advances written off	12,300	8,693
Net profit for the year u/s 349 of the Companies Act, 1956	990,416	1,132,960
Managerial remuneration including Commission 10%	99,042	113,296
Restricted to	35,672	25,826

* Includes remuneration of Rs. Nil (Rs.7,191) subject to approval of the shareholders in the ensuing AGM and Rs. Nil (Rs.3,268) subject to approval of the Central Government.

- n) Quantitative information in respect of each class of goods manufactured during the year :

(Note 'j' to schedule 15 of the Annual Financial Statements)

		Quantity	
		Installed Capacity *	Actual Production
Automotive tyres	(Nos.)	1431(1422)	1264(1279)
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.)	1,156	(1,685)
	Flaps (Nos.)	21	(77)

* Delicensed.

- o) Some key financial ratios are as under :

	For the year ended Dec. 31, 2011	For the year ended Dec. 31, 2010
(i) Sales/ total Assets	2.17 times	2.19 times
(ii) Operating profit / Average Capital Employed **	30.5%	40.1%
(iii) Return on Average Net Worth **	32.8%	45.7%
(iv) Profit before tax/ Sales	6.1%	7.8%

$$\begin{aligned}
 ** \left\{ \begin{array}{l} \text{Operating Profit} \\ \text{Capital Employed} \\ \text{Net worth} \end{array} \right. &= \begin{array}{l} \text{Profit Before Tax + Interest Expense - Non Operating other Income} \\ \text{Total Assets - Current Liabilities and Provisions} \\ \text{Share Capital + Reserve \& Surplus} \end{array}
 \end{aligned}$$

- p) In the Board Meeting held on Feb. 21, 2011, the board considered and approved the sale of a part of land located in Ballabgarh subject to obtaining of necessary approvals for such sale. As of February 27, 2012, the Company had still not received any Government approval and therefore the sale had not yet happened.

- q) Leases

Cancellable : The Company's cancellable operating lease arrangement mainly consists of residential premises, warehouses and offices taken on lease for periods between 1-10 years. Terms of lease include terms for renewal, increase in rents in future periods and terms of cancellation.

Non Cancellable : The company has entered into non cancellable Operating lease for office premises and vehicles the schedule of future minimum lease payment which is set out below:

Particulars	Dec. 31, 2011 (Rs' 000)	Dec. 31, 2010 (Rs' 000)
Not later than one year	28,549	21,988
Later than one year but not later than five years	120,402	97,710
Later than 5 years	53,537	79,371

(Note 'q' to Schedule 15 of the Annual Financial Statements)

- r) 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.
- s) All the figures are in rupee thousand unless stated otherwise.

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

H.Singh
Partner
Membership Number : F-86994

Place : New Delhi
Date : February 27, 2012

Daniel Lawrence Smytka
Chairman

Yashwant Singh Yadav
Director

C Dasgupta
Director

Jean Philippe Lecerf
Chief Financial Officer

Rajeev Anand
Vice Chairman & Managing Director

R V Gupta
Director

Rajiv Lochan Jain
Director

Pankaj Gupta
Company Secretary



GOODYEAR
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