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COMPETENT AUTOMOBILES CO. LTD.

23rd Annual Report

2007-2008

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COMPETENT AUTOMOBILES CO. LTD.

Board of Directors
Shri Raj Chopra, Chairman & Managing Director
Smt. Kavita Ahuja, Executive Director
Shri K.K. Mehta, Executive Director
Shri S. L. Tandon
Shri Gopi Dargan
Shri Atul Malhotra
Shri Sidheshwar Dayal
Shri Ramesh Chander Murada
Shri Harish Mahajan

Company Secretary
Shri Ashish Srivastava

Auditors
Dinesh Mehta & Co.
Chartered Accountants, New Delhi

Regd. Office
Competent House,
F-14, Connaught Place
New Delhi 110001

Bankers
Vijaya Bank
State Bank of India

Showrooms

a) Competent House, F-14, Connaught Place, New Delhi 110001
b) 3C'S Complex, Firoz Gandhi Marg, Lajpat Nagar-II, New Delhi 110024
c) Plot No. 3, Gazipur, Delhi 110096
d) Plot No. 19, Shivaji Marg, New Delhi 110015
e) Plot No 21, Shivaji Marg, New Delhi 110015 (True Value)
f) GF-12 & GF-16, Omaxe Plaza, Sohna Road, Gurgaon, Haryana
g) Plot No. A-25, Sector-33-34, Infocity, Gurgaon, Haryana
h) NH 21, Chandigarh Manali Highway, P.O. Gutkar, Distt. Mandi, (H.P)
i) Village Tikkar, Post – Didwin, Hamirpur, (H.P)

Workshops

a) 895/C-8, Near Jain Mandir, Dada Bari, Mehrauli, New Delhi 110030
b) Plot No. 3, Gazipur, Delhi 110096
c) Plot No. 19, Shivaji Marg, New Delhi 110015
d) Plot No. A-25, Sector-33-34, Infocity, Gurgaon, Haryana
e) NH – 21, Chandigarh Manali Highway, P.O. Gutkar, Distt. Mandi, (H. P.)
f) Village Tikkar, Post – Didwin, Hamirpur, (H. P.)

Share Transfer Agent
Skyline Financial Services (P) Limited
123, Vinoba Puri, Lajpat Nagar – II,
New Delhi – 110024

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NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the members of Competent Automobiles Co. Limited will be held on Monday, 29th day of September, 2008 at 10.00 a.m. at Plot No. 3, Gazipur, Delhi 110096 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2008, the Profit & Loss A/c for the period ended on that date and the Reports of Directors' and Auditors' thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri S. L. Tandon who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Sidheshwar Dayal who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

6. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution.

   "RESOLVED THAT Shri Harish Mahajan, appointed as Additional Director by the Board, holding office as such upto the date of this Annual General Meeting and who has given Notice under Section 257 of the Companies Act, 1956 signifying his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution.

   "**RESOLVED THAT** pursuant to section 309(4) and any other applicable provisions of the Companies Act, 1956, the Company do hereby approve the payment of commission to the Directors other than managing/whole time Directors of the company to be divided between such Directors in such manner as the Board of Directors may from time to time determine at a rate not exceeding one percent of the net profits of the company to be computed in the manner laid down in section 198 of the Companies Act, 1956 for a period of five years commencing from 01/10/2007.

NOTES

1. **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and on poll, vote instead of himself and the Proxy need not be a member of the Company. Proxies in order to be effective must reach the company at its registered office at least 48 hours before the time fixed for the meeting. A Proxy form is attached herewith.**
2. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item No. 6 & 7 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 22nd Day of September, 2008 to Monday, the 29th Day of September, 2008 (Both days inclusive).
4. M/s Skyline Financial Services (P) Limited, 123, Vinoba Puri, Lajpat Nagar –II, New Delhi are the Registrar and Transfer Agents of the Company in physical and electronic form. Members are requested to send their shares for transfer to M/s Skyline Financial Services (P) Limited.
5. The Dividend shall be paid to those Shareholders whose names appear as Members/Beneficial Owners as at the end of the Business Hours on 28th day of September, 2008, as per list to be furnished by the Depositories in respect of the shares held in electronic form and as a Member on the Register of Members on the 29th day of September, 2008.

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6. Members are requested to inform the share transfer agent of any change in their address.
7. Members are requested to bring their copies of Annual Report, as no separate copy would be provided at the venue of the Annual General Meeting.
8. Members are requested to quote their Registered Folio No./Client ID No. in every correspondence with the Company/ Registrar & Transfer Agent.
9. Members are requested to check up and send their claims in respect of unclaimed dividend, if any, for the relevant years from 2000-2001 onwards before the respective amount become due for the transfer to the **"Investor Education and Protection Fund".** The unpaid Dividend amount for the year 1995-96, 1996-97,1997-98,1998-99 and 1999-2000 has been transferred to "Investor Education and Protection Fund".
10. Members holding shares in Dematerialized form should address their correspondence relating to their shareholding to their respective Depository Participants.
11. All the documents referred to in the notice are open for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on all days except Sunday and Holidays until the date of the Annual General Meeting.

By Order of the Board
For Competent Automobiles Co. Limited

Place: New Delhi
Date : 20.08.2008

(Ashish Srivastava)
Company Secretary

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No 6

Shri Harish Mahajan was appointed as Additional Director by Board of Directors on 06/06/2008 by virtue of Section 260 of the Companies Act, 1956 and Article 119 of the Articles of Association of the Company. He holds office upto the date of this Annual General Meeting and, being eligible, offers himself for reappointment. Notice alongwith a deposit of Rs. 500/- (Rs. Five Hundred only), as per Section 257 of the Companies Act, 1956 has been received from him signifying his candidature for the office of Director of the company.

Except Shri Harish Mahajan none of the other Directors is interested in the resolution.

Item No 7.

Taking into account the responsibilities of the Directors, it is proposed that, in terms of the Section 309 of the Companies Act, 1956, the Directors (apart from Managing Director and Whole time Directors) be paid for each of the five financial years of the company commencing 1st April, 2008, remuneration not exceeding one percent per annum of the net profits of the Company, computed in accordance with the provisions of the Companies Act, 1956. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the company except Managing/Whole Time Directors are concerned or interested to the extent of the remuneration that may be received by them.

By Order of the Board
For Competent Automobiles Co. Limited

Place: New Delhi
Date : 20.08.2008

(Ashish Srivastava)
Company Secretary

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DIRECTORS' REPORT

To
The Members of
Competent Automobiles Co. Ltd.
New Delhi

Your Directors have pleasure in presenting their 23rd Annual Report on the Statement of Accounts of your company for the financial year ended 31st March, 2008.

Financial Results

The financial results of the Company are summarized hereunder

Particulars	31-03-2008	31-03-2007
Gross Revenue & Other Income	54664.44	47114.11
Increase/(decrease) in Stock	(586.15)	811.98
Profit before Dep. & Tax	950.25	783.92
Depreciation	245.52	180.41
Provision for Taxation including Deferred tax	247.30	218.98
Profit after tax	457.43	384.54
Add: Profits from Previous year	987.24	767.14
Profits available for appropriation	1444.67	1151.68
Interim/Proposed Dividend including tax	71.91	71.27
Transferred to General Reserves	130.00	100.00
Balance carried to the Balance Sheet	1242.77	987.24

Dividend

Your Directors are pleased to recommend a dividend @ 10% (Re. 1.00 per Equity Share of Rs. 10/- each) for the financial year ended 31st March, 2008 which if approved in the next Annual General Meeting, will be paid out of profits of the Company to all those shareholders whose name appear on the Register of Members and List of Beneficiaries provided by the Company's Electronic Registrar as on 29th day of September, 2008.

Performance

Your Company's total turnover during the year 2007-08 is Rs. 546.64 crores against Rs 471.14 crores during the previous year. The Company's profit before tax (PBT) is Rs. 7.04 crores as compared with the profit before tax of corresponding previous year i.e. Rs. 6.03 Crores. During the year 2007-08, your company sold 15292 Maruti Vehicles (including 679 Vehicles of Direct Billing) as compared with previous years sale of 14491 Maruti Vehicles (including 773 Vehicles under Direct Billing) witnessing a growth of 5.54%. Your company has sold approx 2% of the total Vehicles sold by Maruti Udyog Limited in domestic market. Maruti Suzuki has sold 774842 Vehicles during the year 2007-08.

Achievements

During the financial year 2007-08 the company has received various awards from Maruti Suzuki India Limited in its Annual Dealers Conference held at Turkey. The list of awards are:

- Award for sale of more than 10000 Maruti vehicles in a year 2007-08.
- Award for "best performance" in fleet sales.
- Award for good performance in customer satisfaction (CSI) in JD Power Survey cities.

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- Award for sale of more than Rs. Twelve Crores in spare parts category.
- Award for Innovative Product Customization.

Listing Fee of Shares

Presently the Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and Listing Fee for the year 2008-09 has been paid in advance by the Company.

Directors

Shri Harish Mahajan was appointed as an Additional Director as non-executive independent Director by the company w.e.f. 06/06/2008 who shall hold office till the date of the next Annual General Meeting. A notice has been received from him under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Shri Sohan Lal Tandon and Shri Sidheshwar Dayal retire by rotation from the office of director at the next Annual General Meeting of the Company and have offered themselves for reappointment.

Management Discussion & Analysis Report

A report on Management Discussion and Analysis, as required under Clause 49 of the Listing Agreement, is annexed elsewhere in this report.

Postal Ballot

Section 192A of the Companies Act, 1956 read with Para 4 of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 as amended to date, provides certain matters to be passed by the Company through Postal Ballot only. For the year ended 31st March, 2008 the Company did not pass any resolution by way of postal ballot.

Auditors

M/s Dinesh Mehta & Co., Chartered Accountants, Auditors of the Company, hold their office till the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Auditors' Report

The observations made by the Auditors in their Report are self-explanatory and therefore do not call for any further comments.

Directors' Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956 the Board of Directors confirm that

a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2008 and the profit for the year ended on that date.

c) The Directors have taken proper and sufficient care 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.

d) The directors have prepared the annual accounts on a going concern basis.

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Deposits

As per the Provisions of Section 58A of the Companies Act, 1956 the company has not accepted any Fixed Deposits from public during the year, and the rules made thereunder and as such no amount of principal or interest was outstanding to the public as on the date of Balance Sheet.

Information as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988

a) Conservation of Energy

Efforts on energy conservation are perused by the company. Regular repair and maintenance of all equipments/ machineries are carried out to ensure optimum efficiency. To give thrust on energy conservation, "optimum utilization of natural light" is focused on and energy saving lights and devices are fitted in where ever necessary and feasible. Your company being engaged in service sector, details as per form A are not applicable.

b) Technology Absorption

Since the Automobile trade is mainly Service oriented, particulars in regard to technological absorption are not applicable.

c) Foreign Exchange Earnings and Outgo

Earnings	-	Nil
Outgo	-	Rs. 7.81 Lacs

Particulars of Employees

The information required under sub-section (2A) of Section 217 of the Companies Act, 1956 as to the particulars of employees is NIL as there was no employee in receipt of aggregate remuneration of more than Rs. 24,00,000/- for the period or in receipt of monthly remuneration of more than Rs. 2,00,000/- if employed for part of the year 2007-08.

Corporate Governance

A Certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance as per the requirement of Clause 49 of the Listing Agreement is enclosed as annexure.

Acknowledgement

Your Directors wish to thank its bankers, customers, government organizations, stakeholders, vendors, suppliers, employees and all associates for their continued cooperation and support.

For and on behalf of the Board
For COMPETENT AUTOMOBILES CO. LTD.

Place: New Delhi
Date : 20.08.2008

(RAJ CHOPRA)
Chairman & Managing Director

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CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

The Competent Automobiles maintain standards while complying with the process of Corporate Governance. In the line with achieving corporate goals and investors wealth creation the company endeavors to apply higher level corporate ethics and corporate governance practices. The Board considers itself a trustee of all shareholders and acknowledge its responsibilities to the shareholders for creating and safeguarding shareholders wealth.

BOARD OF DIRECTORS

Composition of Board

As on 31st March, 2008, the Company has ten Directors on the Board of the company. The composition of Board is as under :

Name	Category
Shri Raj Chopra	Chairman & Managing Director, Promoter
Smt. Kavita Ahuja	Whole Time Director
Shri K. K. Mehta	Whole Time Director
Smt. Geeta Chopra*	Non Executive Director, Promoter
Ms. Priya Chopra*	Non Executive Director
Shri Atul Malhotra	Non Executive Independent Director
Shri Gopi Dargan	Non Executive Independent Director
Shri S. L. Tandon	Non Executive Independent Director
Shri Sidheshwar Dayal	Non Executive Independent Director
Shri Ramesh Chander Murada	Non Executive Independent Director

* Ceased to be Director w.e.f. 30/05/08

No. of Board meetings

Eight Board meetings were held during the financial year 2007-08 on 30-04-07, 31-07-2007, 28-08-2007, 08-10-2007, 31-10-2007, 17-12-2007, 31-01-2008 and 12-02-2008.

The name of Members of Board of Directors, their attendance in Board Meeting, previous Annual General Meeting, Number of their other Directorship and Chairmanship/ membership in committee of other Public Limited Companies are set out below :

Name of Director	Category	No. of Board Meeting attended	Whether previous AGM attended or not	No. of Directorship held in other Companies	No. of Committee position held in other public limited companies as a Chairman/Member
Shri Raj Chopra	Promoter & Executive	8	Yes	5	Nil
Smt. Kavita Ahuja	Executive	8	Yes	1	Nil
Shri K. K. Mehta	Executive	6	No	Nil	Nil
Smt. Geeta Chopra*	Promoter & Non executive	6	No	3	Nil
Ms. Priya Chopra*	Non executive	6	No	1	Nil

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Shri Atul Malhotra	Non executive Independent	8	No	3	Nil
Shri S. L. Tandon	Non executive Independent	3	No	Nil	Nil
Shri Gopi Dargan	Non executive Independent	8	No	2	Nil
Shri Sidheshwar Dayal	Non executive Independent	8	Yes	1	Nil
Shri Ramesh C. Murada	Non executive Independent	7	No	Nil	Nil

* Ceased to be Director w.e.f. 30/05/2008

None of the Directors of your Company is a Member of more than 10 Committees or act as the Chairman of more than 5 Committees across all the Companies in which they are Directors.

Information on Director seeking reappointment at this Annual General Meeting

Shri Harish Mahajan, aged about 50 years, was appointed as Additional Director on 06th June, 2008. The Company has received notice u/s 257of the Companies Ac, 1956 proposing his appointment as Director of the Company liable to retire by rotation.

Shri Harish Mahajan holds Post Graduate Diploma in Management & Administration from London University and having working experience of approx. 25 years.

AUDIT COMMITTEE

The Board of the company has constituted Audit Committee of the Company which comprises of three members and majority of them are non executive Independent Directors. The constitution of the audit committee also meets the requirements under section 292A of the Companies Act, 1956. Shri Ashish Srivastava, Company Secretary acts as the secretary of the committee.

The functions of the Audit committee are review of periodical results and annual financial statements. The Audit Committee also oversee the Company's financial reporting process, review performance of statutory and internal auditors, adequacy and compliance of internal control systems. The Audit Committee reviewing half yearly and annual financial statements before submission to the Board, focusing primarily on changes, if any, in accounting policies and pracitces, compliance with accounting standards, compliance with stock exchange and legal requirement etc.

During the financial year five meetings of the Audit Committee were held on 30th April, 2007, 31st July, 2007, 28th August, 2007, 31st October, 2007 and 31st January 2008. The composition and attendance of Audit Committee is as under:

Name	Designation	No of Meetings Attended
Shri Sidheshwer Dayal	Chairman	5
Smt. Kavita Ahuja	Member	5
Shri Atul Malhotra	Member	5

REMUNERATION COMMITTEE

The company has not formed any remuneration committee of Board of Directors. The whole-time Directors' remuneration is approved by the Board subject to approval of shareholders' at their meetings. The payment of remuneration by way of

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commission to the participating non executive directors of the company is within the overall limit of one percent as worked out under the provisions of sections 349 & 350 of the Companies Act, 1956. This shall be in addition of any sitting fee payable to the non-executive directors. The actual commission payable to the non executive directors of our company is severally and collectively decided by the Board of Directors of the Company within the overall limit fixed as above by the members of the company.

Details of the remuneration paid to all the Directors for the year: **(In Rs.)**

Name of Director	Remuneration	Commission	Total
Shri Raj Chopra	18,00,000/-	Nil	18,00,000/-
Smt Kavita Ahuja	6,00,000/-	Nil	6,00,000/-
Shri K. K. Mehta	3,00,000/-	Nil	3,00,000/-
Ms. Priya Chopra	Nil	1,80,000/-	1,80,000/-
Smt. Geeta Chopra	Nil	1,80,000/-	1,80,000/-

Details of equity shares held by Non Executive Directors

Name of Director	No of Shares	% of shareholding
Smt.Geeta Chopra	554525	8.65
Ms.Priya Chopra	271100	4.23
Shri Sohan Lal Tandon	200	0.003
Shri Sidheshwar Dayal	500	0.007

The Company did not give any stock option scheme to the Directors/employees of the Company.

INVESTORS GRIEVANCE COMMITTEE

The Board of Directors had constituted an Investors Grievance Committee comprising of Shri Sidheshwar Dayal, Shri Atul Malhotra & Shri Gopi Dargan and all of them are Non Executive Independent Directors. The committee inter alia approves issue of duplicate certificates and reviews and oversee all matters connected with the transfer of securities. The committee looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of dividends etc. The Board has authorized Shri Ashish Srivastava, Company Secretary to discharge functions of Investors Grievance Committee and same are approved by Investors Grievance Committee in the meeting held at regular intervals.

Four meetings of the Committee were held during the year on 30th April, 2007, 31st July, 2007, 31st October, 2007 and 31st January, 2008. The composition of the Committee is as follows:

Name of the Director	Designation	No. of Meetings attended
Shri Sidheshwar Dayal	Chairman	4
Shri Atual Malhotra	Director	4
Shri Gopi Dargan	Director	4

During the year under review your Company received very small number of complaints those were redressed immediately and all requests received for change of address/ change of bank accounts details, dividend related queries etc. were replied well in time from the date of receipt of the same.

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