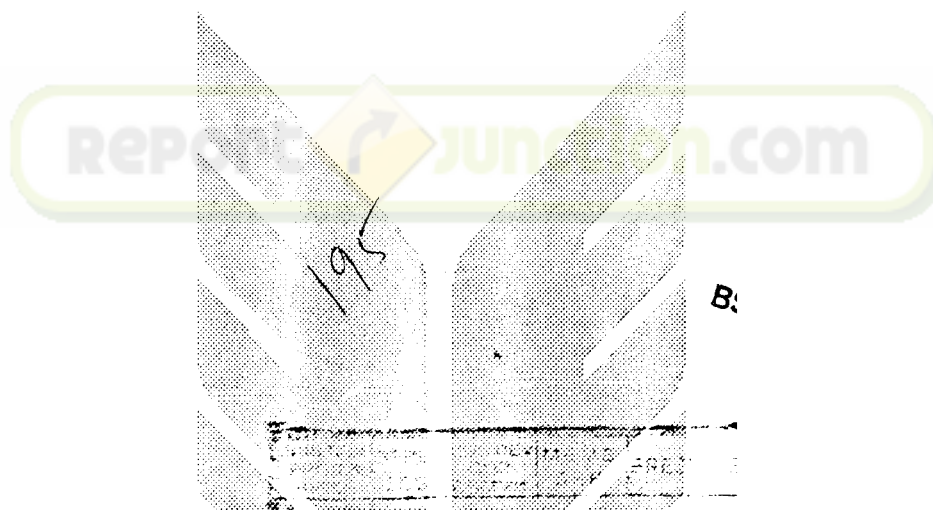


Annual Reports Library



COMPETENT AUTOMOBILES CO. LTD.

AN ISO 9002 COMPANY



SEVENTEENTH ANNUAL REPORT

2001 - 2002

Annual Reports Library

© COMPETENT AUTOMOBILES CO. LTD.

BOARD OF DIRECTORS

RAJ CHOPRA	Chairman cum Mg. Director
GEETA CHOPRA	Whole Time Director
K.K. MEHTA	Whole Time Director
KAVITA AHUJA	Director
SUDHIR CHOPRA	Director
PRIYA CHOPRA	Director
ATUL MALHOTRA	Director
GOPI DARGAN	Director
SANJAY KHANNA	Director

COMPANY SECRETARY

ASHISH SRIVASTAVA

AUDITORS

DINESH MEHTA & CO.
Bery Lodge, 21, Dayanand Marg,
Daryaganj, New Delhi - 110 002

BANKERS

VIJAYA BANK	New Delhi
PUNJAB NATIONAL BANK	Himachal Pradesh

REGISTERED OFFICE

COMPETENT HOUSE,
F-14, Connaught Place, New Delhi - 110001
E-mail : competen@ndf.vsnl.net.in
Website : www.competent-maruti.com

Delhi Dealership

SHOW ROOMS

- Competent House,
F-14, Connaught Place, New Delhi-110001
- 70-B, Rattan Park, Shivaji Marg,
(Opp. Ramesh Nagar), New Delhi-110015
- 48, Ring Road, Lajpat Nagar-III,
New Delhi-110024
- Plot No. 3, Gazipur,
Delhi-110092

WORK SHOPS

- 895/C-5, (Near Jain Mandir)
Dada Bari, Mehrauli, New Delhi-110030
- Plot No. 3, Gazipur,
Delhi-110092

Mandi Dealership

- Showroom-cum-Workshop Complex,
NH-21, Chandigarh - Manali Highway,
P.O. Gutkar, Distt. Mandi,
Himachal Pradesh

Annual Reports Librar

ANNUAL REPORT & ACCOUNTS 2001-2002

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the members of Competent Automobiles Co. Limited will be held on Friday, the 27th day of September, 2002 at 10.00 A.M. at Plot No. 3, Gazipur, Delhi 110 092 to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002, 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 Ms. Priya Chopra who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. Sudhir Chopra 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. **Special Resolution being conducted through Postal Ballot in accordance with Section 192A of the Companies Act, 1956 and regulations made thereunder.**

To Consider and, if thought fit, to pass with or without modification the following Resolution as Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956 and subject to all other approvals and permissions as may be required, the Memorandum of Association be and is hereby altered by inserting the following new sub-clause numbered 5 after the existing sub-clause 4 of clause IIIA of the Memorandum of Association of the Company:

"To act as service providers to Insurance Companies and their agents, engaged in soliciting, procuring, marketing, selling, maintaining and renewing motor insurance and other non-life general insurance schemes and provide them with all kinds of infrastructure facilities, render them administrative and other support services."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to agree to such variations and/or modifications as the requisite authorities may suggest and to do all such acts, deeds and things as it may, in its absolute discretion, deem necessary to give effect to the above resolution."

NOTES :

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and on a 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 Statements pursuant to section 173(2) of the Companies Act, 1956 in respect of item no. 6 is annexed hereto.

Annual Reports Library

© COMPETENT AUTOMOBILES CO. LTD.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 20th Day of September, 2002 to Friday, the 27th Day of September, 2002 (Both Days inclusive).
4. Any dividend that may be declared at the meeting, will be paid to those members whose Name appear, on the Register of Members as on 19th September, 2002 and as Beneficial Owner as at the end of business on 19th September, 2002. Tax at source will be deducted from the Dividend payable to Shareholders as per the provisions of the Finance Act, 2002.
5. Members who are holding shares in the identical order of names in more than one folio are requested to write to the Company to enable it to consolidate their holding in one folio.
6. Shareholders are requested to :
 - a) Notify immediately change in their residential address to the Company specifying full address along with the PIN CODE Number and their Permanent Accountant Number (PAN).
 - b) Bring their duly filled attendance slip with them for the purpose of attending the Meeting.
 - c) Bring their copies of Annual Report, as no separate copy would be provided at the venue of the Annual General Meeting.
 - d) Send the particulars of their Bank Account No. alongwith the name and address of the bank so as to enable the company to keep its record update.
 - e) Quote their Registered Folio No. in every correspondence with the company.
 - f) Check up and send their claims in respect of unclaimed dividend, if any, for the relevant years from 1995-96 onwards before the respective amount become due for the transfer to the "Investor Education and Protection Fund"
7. Members holding shares in Dematerialised form should address their correspondence relating to their shareholding to their respective Depository Participants.
8. Members desirous of receiving dividend through Electronic Clearing Service (ECS) are requested to obtain the prescribed mandate form and return the same duly filled in and signed for registration with the Company.
9. 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 : 22/08/2002

**(ASHISH SRIVASTAVA)
COMPANY SECRETARY**

Annual Reports Library

ANNUAL REPORT & ACCOUNTS 2001-2002

Annexure to the Notice

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

Item No. 6

The Company is the largest dealer of M/s Maruti Udyog Limited. (hereinafter for the sake of brevity referred to as "MUL") and is engaged in the business of trading and servicing of Maruti vehicles since inception.

MUL through its subsidiary Company, Maruti Insurance Brokers Limited (hereinafter for the sake of brevity referred to as "MIBL") has entered into the business of promoting, marketing, selling, distributing, maintaining, renewing all non-life general insurance schemes including motor insurance for and on behalf of leading Insurance Companies as a corporate insurance agent. MIBL is in the process of appointing service providers who could provide it with infrastructure facilities and also render administrative and support services for accomplishing its business objectives.

The Board of Directors is of the view that since your Company has requisite infrastructure facilities and recourses available at its disposal, it could profitably engage itself in the business of acting as service providers to insurance companies, agents in their business of motor vehicle insurance and other non-life general insurance schemes. The Board of Directors is further of the view that the business as set out in the draft special resolution could be carried out conveniently and profitably with the existing business of the Company in terms of Section 17(1) of the Companies Act, 1956.

Thus it is proposed to amend the main object clause of the Memorandum of Association by inserting a new sub clause to confer on the Company necessary enabling power to carry on the proposed business.

In terms of the provisions of section 192A of the Companies Act, 1956 read with the Company (Passing of the Resolutions by Postal Ballot) Rules, 2001, as amended, the draft special resolution is required to be passed by the shareholders by way of postal ballot only. **The General Circular no. 16/2001 dated 24th July 2001** issued by the Department of Company Affairs, stipulates that the results of the postal ballot shall be declared by the Chairman in the General Meeting based on the report of the scrutinizer and that the date of passing the resolution shall be the date of the general meeting. Accordingly the results of the postal ballot on the Special resolution referred to hereinabove is proposed to be declared, announced and taken on record at the Annual General meeting of the Company.

The Board of Directors of the Company accordingly recommends the special resolution for approval by the members.

The Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the notice to the extent of shares held by them in the Company.

**By Order of the Board
For COMPETENT AUTOMOBILES CO. LIMITED**

Place: New Delhi
Date: 02/08/2002

**(ASHISH SRIVASTAVA)
COMPANY SECRETARY**

Annual Reports Library

© COMPETENT AUTOMOBILES CO. LTD.

DIRECTORS' REPORT

To the Members of
Competent Automobiles Co. Limited

Your Directors have pleasure in presenting their 17th Annual Report along with the Audited Accounts of the Company for the Year ended 31st March, 2002.

Financial Performance and Appropriation of Profits

(Rupees in Lacs)

Particulars	31-03-2002	31-03-2001
Gross Revenue & Other Income	34347.21	33298.52
Increase/decrease in Stock	225.95	(308.75)
Profit before Dep. & Tax	399.83	387.38
Depreciation	132.93	140.16
Provision for Taxation including Deferred Tax	95.89	90.00
Profit after tax	171.01	157.22
Add : Profits from Previous year	166.96	119.10
Profits available for appropriation	337.97	276.32
Interim/Proposed Dividend	60.73	60.73
Transferred to General Reserves	65.00	50.00
Balance carried to the Balance Sheet	212.24	166.96

Dividend

Your Directors recommended a dividend of 10% (Re. 1.00 per Equity Share of Rs. 10/- each) for the Financial Year ended 31st March, 2002, which if approved at the forthcoming Annual General Meeting, be paid out of profits of the Company to all those shareholders whose name appear on the Register of Members as on 19th September, 2002 and as Beneficial Owner as at the end of business on 19th September, 2002. Tax at source will be deducted from the Dividend payable to Shareholders as per the provisions of the Finance Act, 2002.

Performance

Year 2001-02 proved very tough economic year due to overall recession in economy in general and automobile industry particular. During the year gone by, your Company had to face increased competition as two more automobile dealers were appointed for Delhi region by Maruti Udyog Limited. However in spite of aforesaid adversities your Company was not only able to maintain its market share but further improved its vehicles sales by selling 11230 vehicles as compared to 1091 vehicles in previous year. The overall sales revenue also increased from Rs. 33,298 lacs to Rs. 34,346 lacs in current year.

Your Directors have immense pleasure in informing that once again the Company was declared all India No.1 dealer Sales by its Principals M/s Maruti Udyog Limited. Being No. 1 Dealer the financial performance and fortune of the company is directly linked to the performance of its Principals - M/s Maruti Udyog Limited. During the year 2000-01 the overall market share Maruti Udyog Limited was 59%. During the year Maruti Udyog Limited declared a net profit Rs. 55 Crores on a total revenue turnover of Rs. 9259.3 Crore as against a net loss of Rs. 269 Crore on a total revenue turnover of Rs. 9219.6 Crore in the corresponding year 2000-01. The marked turnaround in financials of M/s Maruti Udyog Limited augurs well for the future prospects of your Company.

Prospects & Growth

Your Directors expect the year ahead, irrespective of intense competition with the other dealers, a year of stable profitability as the Automobiles Industry witnessed a slight economic recovery during the year 2001-02 and your Company Principal Maruti Udyog Limited performed economically well during the said year. Seeing the present scenario of Automobile

Annual Reports Librarian

ANNUAL REPORT & ACCOUNTS 2001-2002

Industry, very competitive days are ahead but your Company, having very strong infrastructure and friendly customer approach, will strive hard to retain & increase the profitability as done in past.

In an environment of increasing customers' expectations, the key to success is providing the best services, highest customer satisfaction and building a broad image. Your company endeavor to offer higher degree of satisfaction in the sales and after sales services to its customer.

Listing of Securities

The Securities of the Company are Listed on Delhi, Mumbai and Jaipur Stock Exchange(s) and Annual Listing Fee for the year 2001-2002 has already been paid.

Directorate

By virtue of Section 260 of the Companies Act, 1956, read with Article 119 of the Articles of Association of the Company, Mr. Gautam Kaul was co-opted as an Additional Director on the Board w.e.f. 30th October, 2001. Mr. Gautam Kaul resigned from the Directorship vide letter dated 15th March, 2002. The Directors placed on record their appreciation for the contribution made by Mr. Gautam Kaul during his tenure as Director of the Company.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Miss Priya Chopra and Shri Sudhir Chopra, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

None of the Directors of the Company are disqualified from being appointed as directors as specified in Section 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

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, 2002 there is no matter passed by the Company which required postal ballot.

Deposits

During the period under review the Company has not accepted any Deposits under the Provisions of Section 58A of the Companies Act, 1956.

Auditors' Report

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

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. A Certificate under Section 224(1B) of the Companies Act, 1956 has been obtained from them.

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, 2002 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

Annual Reports Librarian

© COMPETENT AUTOMOBILES CO. LTD

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.

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.

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

The Company being engaged in service sector as such, has hardly any activity relating to conservation of energy. As energy saving is one of the factor for the economic growth of the country it remained an area of high priority for the Company.

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. 3,75,702/-

Personnel

The employer-employee relations throughout the year were very cordial. The Company enjoys a healthy working atmosphere that inspires the employees to put their best foot forward in achieving a high sustained growth. The Directors also wish to place on record the support and confidence reposed in the management by the employees. Total quality in every sphere of activities, employee training and development continue to be on the top priority of your management.

Corporate Governance

In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Code of Corporate Governance shall become applicable to your Company w.e.f. the financial year 2002-03. Your Directors have been implementing good Corporate Governance practices since long and the status of its implementation is included elsewhere in the annual report.

Acknowledgement

Your Directors appreciate the continued valuable co-operation, Support and patronage extended by the Company's Principal Maruti Udyog Limited, Company's esteemed Shareholders, Bankers, Suppliers, Associates and of course its customers, who inspired the Company to excel and look forward to their continued co-operation.

Your Directors also acknowledge the contribution made by the Company's personnel, who by dedication and drive for excellence have helped your Company to achieve the desired performance and sustained growth in the year under review.

Customer satisfaction is our obsession.

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

Place : New Delhi
Date : 22/08/2002

(RAJ CHOPRA)
CHAIRMAN & MANAGING DIRECTOR

Annual Reports Librarian

ANNUAL REPORT & ACCOUNTS 2001-2002

POLICY ON IMPLEMENTATION OF CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS

Company's Philosophy on Code of Governance

The Company believes that long term corporate goals and sustained enhancement of shareholder value can be achieved through good corporate governance.

The Company's philosophy on corporate governance is enabling the top management of the company in running its business more efficiently and profitably.

Board of Directors

Composition

The present strength of the Board of Directors is nine persons. It comprises three Whole time Directors and six Non Executive Directors liable to retire by rotation.

The current composition of the Board is as follows :

Name of Director	Category of Directorship
Mr. Raj Chopra	Executive Director
Mrs. Geeta Chopra	Executive Director
Mr. K. K. Mehta	Executive Director
Mrs. Kavita Ahuja	Non Executive Director
Ms. Priya Chopra	Non Executive Director
Mr. Sudhir Chopra	Non Executive Director
Mr. Atul Malhotra	Non Executive Director
Mr. Gopi Dargan	Non Executive Director
Mr. Sanjay Khanna	Non Executive Director

Details of Directorship or Membership on the Board/Committees of other Companies

Name of Director	Directorship in Companies	Membership/Chairmanship in Committees
Mr. Raj Chopra	7	Nil
Mrs. Geeta Chopra	5	Nil
Mr. K. K. Mehta	Nil	Nil
Mrs. Kavita Ahuja	Nil	Nil
Ms. Priya Chopra	Nil	Nil
Mr. Sudhir Chopra	Nil	Nil
Mr. Atul Malhotra	4	Nil
Mr. Gopi Dargan	5	Nil
Mr. Sanjay Khanna	Nil	Nil

Number and Dates of Board Meeting held

7 Board Meetings were held during the year 2001-2002 on 28th April, 2001, 30th July, 2001, 24th August, 2001, 27th August, 2001, 30th October, 2001, 28th January, 2002 and 28th February, 2002..

Attendance details of each Director at the Board meeting and the last Annual General Meeting

Name of Director	No. of Board Meeting attended	Attendance at the Last Annual General Meeting
Mr. Raj Chopra	7	Yes
Mrs. Geeta Chopra	7	No
Mr. K. K. Mehta	6	No
Mrs. Kavita Ahuja	7	Yes
Ms. Priya Chopra	7	No
Mr. Sudhir Chopra	1	No
Mr. Atul Malhotra	7	No
Mr. Gopi Dargan	7	No
Mr. Sanjay Khanna	7	Yes
Mr. S.S. Grewal	--	No
Mr. Gautam Kaul *	--	No

* Meeting(s) held during the tenure of Directorship - Two

In the forthcoming Annual General Meeting on 27th day of September, 2002, Miss Priya Chopra and Mr. Sudhir Chopra are due to retire by rotation and offer themselves for reappointment.

❖ The details of the Directorship and membership of Committees of the Directors of the Company are as follows :

SHRI RAJ CHOPRA

Shri Raj Chopra is a leading Industrialist of the Country. At present he is President of Delhi Olympic Association and Treasurer of Indian Olympic Association. He is on the Board of Competent Automobiles Co. Limited since 11th April 1985.

DIRECTORSHIP

Sr. No.	Name of the Company	Designation
1.	Orchid Resorts (P) Ltd.	Director
2.	Competent Films (P) Ltd.	Director
3.	Competent Leasing (P) Ltd.	Director
4.	Competent Footwears (P) Ltd.	Director
5.	Competent Builders (P) Ltd.	Director
6.	Competent Airways (P) Ltd.	Director
7.	Competent Infotech (P) Ltd.	Director