

20TH ANNUAL REPORT
2004 - 2005



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COMPETENT AUTOMOBILES CO. LTD.



Board of Directors

Shri Raj Chopra (Chairman & Managing Director)
 Smt. Geeta Chopra (Whole Time Director)
 Shri K.K. Mehta (Whole Time Director)
 Smt. Kavita Ahuja
 Ms. Priya Chopra
 Shri S.L. Tandon
 Shri Gopi Dargan
 Shri Atul Malhotra
 Shri Sanjay Khanna
 Shri Suresh Rattan

Company Secretary

Shri Ashish Srivastava

Auditors

Dinesh Mehta & Co.
 Chartered Accountants, New Delhi

Audit Committee

Shri Sanjay Khanna, Chairman
 Shri Atul Malhotra
 Shri Suresh Rattan

Investors' Grievance Committee

Shri Sanjay Khanna, Chairman
 Shri Atul Malhotra
 Shri Suresh Rattan

Regd. Office :

Competent House,
 F-14, Connaught Place
 New Delhi 110 001

Bankers

Vijaya Bank
 State Bank of India

Showrooms

- a) Competent House, F-14, Connaught Place, New Delhi 110001
- b) 48, Ring Road, Lajpat Nagar-III, New Delhi 110 024
- c) Plot No. 3, Gazipur, Delhi 110 092
- d) Plot No. 19, Shivaji Marg, New Delhi 110015
- e) 70-B, Rattan Park, Shivaji Marg, Opp. Ramesh Nagar, New Delhi 110 015
- f) NH 21, Chandigarh Manali Highway, P.O. Gutkar, Distt. Mandi, Himachal Pradesh
- g) Village Tikkar, P.O. Didwin, Hamirpur, Himachal Pradesh

Workshops

- a) 895/C8, Near Jain Mandir, Dada Bari, Mehrauli, New Delhi 110030
- b) Plot No. 3, Gazipur, Delhi 110092
- c) Plot No. 19, Shivaji Marg, New Delhi 110015
- d) NH 21, Chandigarh Manali Highway, P.O. Gutkar, Distt. Mandi, Himachal Pradesh
- e) Village Tikkar, P.O. Didwin, Hamirpur, Himachal Pradesh

Share Transfer Agent

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

Annual Report & Accounts 2004-2005

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of Competent Automobiles Co. Limited will be held on Friday, the 16th day of September, 2005 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, 2005, 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 Smt. Kavita Ahuja who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Shri Suresh Rattan 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 Sh. S.L. Tandon, who was appointed as an 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 an Ordinary Resolution.

"RESOLVED THAT Shri Gopi Dargan, who was appointed as an 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."

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

"RESOLVED THAT in partial modification to the resolution passed at the nineteenth Annual General Meeting of the Company held on 29th day of September, 2004 and pursuant to the provisions of Section 198, 268, 309 and 310 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the company hereby accords the consent to increase the Remuneration of Shri Raj Chopra, Managing Director of the Company, from existing Salary of Rs. 70,000/- (Rs. Seventy Thousand only) to Rs. 1,50,000/- (Rs. One Lac Fifty Thousand only) per month w.e.f. 1st day of September, 2005.

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“RESOLVED FUTHER THAT the other terms and conditions as set out in the resolution passed at the nineteenth Annual General Meeting of the Company held on 29th day of September, 2004 shall remain same.”

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

“RESOLVED THAT in partial modification to the resolution passed at the nineteenth Annual General Meeting of the Company held on 29th day of September, 2004 and pursuant to the provisions of Section 198, 268, 309 and 310 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the company hereby accords the consent to increase the Remuneration of Smt. Geeta Chopra, Whole Time Director of the Company, from existing Salary of Rs. 30,000/- (Rs. Thirty Thousand only) to Rs. 50,000/- (Rs. Fifty Thousand Only) per month w.e.f. 1st day of September, 2005.

“RESOLVED FUTHER THAT the other terms and conditions as set out in the resolution passed at the nineteenth Annual General Meeting of the Company held on 29th day of September, 2004 shall remain same.”

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

“RESOLVED THAT in partial modification to the resolution passed at the nineteenth Annual General Meeting of the Company held on 29th day of September, 2004 and pursuant to the provisions of Section 198, 268, 309 and 310 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the company hereby accords the consent to increase the Remuneration of Shri K.K. Mehta Whole Time Director of the Company, from existing Salary of Rs. 17,000/- (Rs. Seventeen Thousand only) to Rs. 25,000/- (Rs. Twenty Five Thousand) per month w.e.f. 1st day of September, 2005.

“RESOLVED FUTHER THAT the other terms and conditions as set out in the resolution passed at the nineteenth Annual General Meeting of the Company held on 29th day of September, 2004 shall remain same.”

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, 7, 8, 9 and 10 are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the 9th Day of September, 2005 to Friday, the 16th Day of September, 2005 (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.

Annual Report & Accounts 2004-2005

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 16th day of September, 2005, 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 16th day of September, 2005.
6. Shareholders are requested to :
 - a) Notify immediately change in their residential address to the Company's Registrar and Transfer Agent specifying full address along with the PIN CODE Number and their Permanent Account 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/Registrar & Transfer Agent to keep their record update.
 - e) Quote their Registered Folio No./Client ID No. in every correspondence with the Company/Registrar & Transfer Agent.
 - f) Check up and send their claims in respect of unclaimed dividend, if any, for the relevant years from 1997-98 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 and 1996-97 has been transferred to "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 Electronic Registrar M/s Skyline Financial Services Private Limited, 123 Vinoba Puri, Lajpat Nagar II, New Delhi 110 024.
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 : 10/08/2005

**(Ashish Srivastava)
Company Secretary**

Annexure to the Notice

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

Item No. 6

Shri S. L. Tandon, aged about 75 years, having rich experience of fifty years in technical field, was co opted on the Board as Additional Director on 25/04/2005 by virtue of Section 260 of the Companies Act, 1956 and Article 119 of the Articles of Association of the Company. Shri S.L. Tandon who holds office upto the date of this Annual General

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Meeting, 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 Sh. S.L. Tandon signifying his candidature for the office of the Directors of the company.

The Board considered it beneficial and in the good interest of the Company to have the guidance and valuable advice of Shri Tandon and has accordingly recommended his appointment as Director of the company.

None of the Directors is interested in the resolution except Shri S.L. Tandon.

This may be treated as the notice under Section 257(1) of the Companies Act, 1956.

Item No. 7

Shri Gopi Dargan, aged about 63 years, having rich experience of years in technical and administrative field was co opted on the Board as Additional Director on 25/04/2005 by virtue of Section 260 of the Companies Act, 1956 and Article 119 of the Articles of Association of the Company. Shri Gopi Dargan who holds office upto the date of this Annual General Meeting, 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 Shri Gopi Dargan signifying his candidature for the office of the Directors of the company.

The Board considered it beneficial and in the good interest of the Company to have the guidance and valuable advice of Shri Gopi Dargan and has accordingly recommended his appointment as Director of the company.

None of the Directors is interested in the resolution except Shri Gopi Dargan.

This may be treated as the notice under Section 257(1) of the Companies Act, 1956.

Item No. 8, 9 & 10

Pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956, the Company reappointed Shri Raj Chopra as Managing Director & Smt. Geeta Chopra and Shri K.K. Mehta as Whole Time Directors for a period of five years at the 19th Annual General Meeting held on 29th day of September, 2004. As these Directors are associated for long with the Company and their day to day involvement in the affairs of the Company have increased manifold which has resulted in increased profitability of the Company.

The Board has decided to increase salary of Shri Raj Chopra from Rs. 70,000/- to Rs. 1,50,000/- p.m., Smt. Geeta Chopra Rs. 30,000/- to To Rs. 50,000/- p.m. and Shri K.K. Mehta Rs. 17,000/- to Rs. 25,000/-p.m. w.e.f. 1st Spetember, 2005.

Shri Raj Chopra, Smt. Geeta Chopra and Shri K.K. Mehta are interested in the resolution which pertain to their respective increase in salary. Mrs. Kavita Ahuja and Ms. Priya Chopra are also deemed to be interested in this resolution which pertain to the increase in the salary of the said Directors, as they related to each other.

The above statement may also be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

**By Order of the Board
For Competent Automobiles Co. Limited**

Place : New Delhi
Date : 10/08/2005

**(Ashish Srivastava)
Company Secretary**

Annual Report & Accounts 2004-2005

ANNEXURE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN RESPECT TO APPOINTMENT / REAPPOINTMENT OF DIRECTORS

Name of Director	Shri S.L. Tandon	Shri Gopi Dargan
Date of Birth	01/02/1930	15/07/1942
Qualifications	Bachelor in Arts	Bachelor in Arts
Nature of Expertise	Shri S.L. Tandon has retired in the year 1980 from Indian Air Force and thereafter worked with the automobile industry at Senior position. The company has taken him on the Board of the Company.	Shri Gopi Dargan is a leading Businessmen and has held many prominent positions in various organizations like Bank, Educational Institution and Companies etc.
Name of the Companies in which he/she holds Directorship	NIL	M/s Taksal Theatres Private Limited M/s Dargan Properties Private Limited
Name of Committees of the Companies of which he/she holds Membership / Chairmanship	NIL	NIL

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DIRECTORS' REPORT

To the Members of
Competent Automobiles Co. Limited

Your Directors have pleasure in presenting the 20th Annual Report along with the Audited Accounts of the Company for the Year ended 31st March, 2005.

Financial Performance and Appropriation of Profits

(Amt. In Lacs)

Particulars	31-03-2005	31-03-2004
Gross Revenue & Other Income	49,322.58	44,480.52
Increase/decrease in Stock	254.50	(296.56)
Profit before Dep. & Tax	720.31	556.95
Depreciation	140.04	132.55
Provision for Taxation	215.98	155.77
Profit after tax	364.28	268.63
Add : Profits from Previous year	374.19	259.08
Profits available for appropriation	<u>738.47</u>	<u>527.71</u>
Interim/Proposed Dividend	60.78	60.73
Transferred to General Reserves	100.00	85.00
Balance carried to the Balance Sheet	569.75	374.19

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, 2005 which if approved in the next Annual General Meeting, 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 16th day of September, 2005.

Performance

Your Company's total turnover during the year 2004-05 increased to Rs 493.23 Crores as compared to 444.31 Crores during the previous year recording a growth rate of 11%. The Company's profit before tax (PBT) increased to Rs. 5.80 Crores witnessing an increase of 36% as compared with the profit before tax of corresponding previous year i.e. Rs. 4.24 Crores. During the year 2004-05, your Company sold 14712 Maruti Vehicles (including 296 Vehicles of Direct Billing) recording a growth of 4.50% as compared with previous years sale of 14089 Vehicles (including 304 Vehicles under Direct Billing). Your company has sold 3% of the total Vehicles sold by Maruti Udyog Limited in domestic market. Maruti Udyog Limited has sold 536301 Vehicles (including exports of 48899 vehicles) during the year 2004-05.

Listing Fee of Shares

Your Company's shares are listed on Mumbai Stock Exchange and the annual Listing Fee for the year 2005-06 of The Stock Exchange, Mumbai (BSE) has been paid by the Company.

Annual Report & Accounts 2004-2005

Directorate

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Smt. Kavita Ahuja and Shri Suresh Rattan, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

By virtue of Section 260 of the Companies Act, 1956, read with Article 119 of the Articles of Association of the Company, Shri S.L. Tandon and Shri Gopi Dargan were appointed as Additional Directors on the Board and notices along with the Deposit of Rs. 500/- (Rs. Five Hundred Only) as required under Section 257 of the Companies Act, 1956 have been received by your Company from Shri S. L. Tandon and Shri Gopi Dargan signifying their candidature for the office of the Director of the Company liable to retire by rotation.

In the 19th Annual General Meeting of the Company held on 29th September, 2004, the members of the Company had reappointed Shri Raj Chopra, Managing Director, Shri K.K. Mehta, Whole Time Director and Smt. Geeta Chopra, Whole time Director, for a period of five years. As these directors are associated for long time and their involvement in the day to day affairs has increased and which has resulted in the higher profitability of the company, therefore the Board has decided to increase the salary of Shri Raj Chopra from Rs. 70,000/- p.m. (Rs. Seventy Thousand only) to Rs. 1,50,000/- p.m. (Rs. One Lacs Fifty Thousand only), Smt Geeta Chopra from Rs. 30,000/- p.m. (Rs. Thirty Thousand only) to Rs. 50,000/- p.m. (Rs. Fifty Thousand only) and Shri K.K. Mehta from Rs. 17,000/- p.m. (Rs. Seventeen Thousand only) to Rs. 25,000/- p.m. (Rs. Twenty Five thousand only).

Opening of New Showroom cum Workshop Complex

Adding another milestone, your company has opened a New Showroom cum Workshop complex at Hamirpur (Himachal Pradesh) in the month of March, 2005. The showroom cum workshop complex was inaugurated by Mr. Saito. Director (Sales) of Maruti Udyog Limited.

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, 2005 there was no matter passed through postal ballot.

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. The Board of Directors commend their reappointment.

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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, 2005 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.

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.

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 has hardly any activity relating to conservation of energy. 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 hence not available.

C. Foreign Exchange Earnings and Outgo

Earnings - Nil
Outgo - Rs. 8.94 Lacs

Safety, Health, Environment and Quality

Your Company's is driven by excellence in safety, health and quality and endeavor on constant improvement of safety system. The Safety policy of the workshops of the Company ensures safe operation of its machineries & equipments and lays down the responsibility levels for any fatal or non fatal accident. The management focus on attainment of highest class of standards in safety and it is expected from the employees and workers of the company to focus on the