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**COMPETENT  
AUTOMOBILES CO. LTD.**

**21ST ANNUAL REPORT 2005-2006**

## **Quality Policy**

*Customer*

*Satisfaction*

*Through Quality*

*Of Our Sales And Service*

*Achieved By Consistent Adherence*

*To Quality System*

*And Mul Norms.*

**Board of Directors**

Shri Raj Chopra, Chairman & Managing Director  
 Smt. Kavita Ahuja, Executive Director  
 Shri K.K. Mehta, Executive Director  
 Smt. Geeta Chopra  
 Ms. Priya Chopra  
 Shri S.L. Tandon  
 Shri Gopi Dargan  
 Shri Atul Malhotra  
 Shri Sidheshwar Dayal  
 Shri Arun Kumar Sodhani

**Company Secretary**

Mr. Ashish Srivastava

**Auditors**

Dinesh Mehta & Co.  
 Chartered Accountants, New Delhi

**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) Plot No 21, Shivaji Marg, New Delhi 110015 (True Value)
- f) NH 21, Chandigarh Manali Highway, P.O. Gutkar, Distt. Mandi, (H.P)
- g) Village Tikkar, Hamirpur, (H.P)

**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, Post Didwin, Hamirpur, Himachal Pradesh.

**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 21<sup>st</sup> Annual General Meeting of the Members of Competent Automobiles Co. Limited will be held on Friday, the 29<sup>th</sup> day of September, 2006 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 on 31<sup>st</sup> March, 2006, 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 Atul Malhotra who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri S.L. Tandon 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. Arun Kumar Sodhani 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 Sidheshwar Dayal 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 accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956. (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Smt. Kavita Ahuja as a Whole Time Director of the Company for a period of 5 (five) years with effect from 01<sup>st</sup> November, 2005, on the terms and conditions including remuneration as are set out in the agreement entered into between the Company and Smt. Kavita Ahuja, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Smt. Kavita Ahuja."



**"FURTHER RESOLVED THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

**"RESOLVED THAT** in suppression of the earlier resolution passed at the Annual General meeting of the Company held on 29<sup>th</sup> September, 1998 and pursuant to section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 consent be and is hereby granted to the Board of Directors of the Company to borrow for the purposes of the Company, apart from temporary loans obtained and /or to be obtained from the Company's bankers in the ordinary course of business, from any person or persons, firms, bodies corporate, banks, financial institutions, by way of deposit, advance or other loans whether unsecured or secured directly by mortgage, charge, hypothecation or pledge of any of the Company's assets, and properties, books debts or by collateral security thereon on such terms and conditions as the Board of Directors may deem fit notwithstanding that the amounts to be borrowed together with the amounts already borrowed by the Company (apart from temporary loans obtained and/or to be obtained from company's bankers in the ordinary course of business) will be or may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total borrowings of the Company (excluding temporary loans referred to above) shall not exceed Rs. 150,00,00,000/- (Rs. One Hundred and Fifty Crores only)."

## 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 Statements pursuant to section 173(2) of the Companies Act, 1956 in respect of item No. 6, 7, 8, and 9 are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, the 23<sup>rd</sup> Day of September, 2006 to Friday, the 29<sup>th</sup> Day of September, 2006 (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 29<sup>th</sup> day of September, 2006, 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 29<sup>th</sup> day of September, 2006.
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

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1998-99 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 and 1997-98 has been transferred to "Investor Education and Protection Fund".

7. Members holding shares in Dematerialized form should address their correspondence relating to their shareholding to their respective Depository Participants.
8. 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 : 25/08/2006

**(Ashish Srivastava)  
Company Secretary**

### **Annexure to the Notice**

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

##### **Item No. 6 & 7**

Mr. Arun Kumar Sodhani and Mr. Sidheshwer Dayal were appointed as Additional Directors by the Board of Directors on 5/12/2005 by virtue of Section 260 of the Companies Act, 1956 and Article 119 of the Articles of Association of the Company. They hold office upto the date of this Annual General Meeting, being eligible, offers themselves 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 them signifying their candidature for the office of the Directors of the company.

None of the Directors, except Mr. Arun Sodhani and Mr. Sideshwer Dayal are interested or concerned in the resolutions.

##### **Item No. 8**

Smt. Kavita Ahuja was appointed as whole time director by the Board of Directors of the Company w.e.f. 01/11/2005 for a period of five years. Earlier she was rotational director on the Board. The board after appreciating her contribution to the Company decided to appoint her as Whole Time Director. Smt. Kavita Ahuja is 34 years old and has good knowledge of Corporate Finance/ Administration function etc. She is also a member of the Audit Committee.

The broad particulars of remuneration payable and terms of the respective reappointments of Smt. Kavita Ahuja during her tenure are as follows :

- a) Salary:  
Whole Time Director : Rs. 50,000/- p.m.
- b) Commission (common to all the Directors)  
Commission as may be decided by the Board of Directors based on the net profits of the company in each financial year, subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956.



- c) Perquisites (common to all the Directors)
- i) Housing : The expenditure on hiring unfurnished accommodation will be subject to the ceiling of 60% of the salary over and above 10% payable to them in case of Metropolitan cities otherwise 50% of the salary over and above 10% payable to them.
- ii) The expenditure on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962, subject however to the ceiling of 10% of the salary.
- iii) Medical Reimbursement : Expenses incurred for self and family subject to overall ceiling as specified in schedule XIII of the Companies Act, 1956.
- iv) Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
- v) Club Fees for clubs subject to a maximum of two clubs provided that no life membership or admission fee will be allowed.
- vi) Personal Accident Insurance Premium as paid by the Company.
- vii) Company's contribution towards pension / superannuation funds as and when introduced as per rules of the Company for the time being in force but such contribution together with the Company's contribution towards P.F. shall not exceed 24% of the salary or such other increased amount as provided that the same is not taxable under the Income Tax Act.
- viii) Company's contribution towards P.F. as per rules of the Company for the time being in force.
- ix) Gratuity not exceeding ½ month salary for each complete year of service subject to a ceiling of Rs. 3.5 lakhs.
- x) Free use of Company's car with the driver for the business of the Company.
- xi) Free use of telephone at residence.
- xii) Earned/Privilege Leave : One month leave with full pay and allowance for every 11 months of service with encashment benefits.

Smt Kavita Ahuja is interested in the resolution which pertain to her appointment as Whole time Director. Shri Raj Chopra, Smt. Geeta Chopra, Ms Priya Chopra and Shri K.K. Mehta are also deemed to be interested in this resolution which pertain to the her appointment as whole time director, as they are related to each other.

#### **Item No. 9**

The Members at its Annual General Meeting held on 29/09/1998 had authorized the Board of Directors to borrow sum(s) of money (apart form temporary loans taken from banks in ordinary course of business) up to a limit that does not exceed aggregate of its paid up capital and free reserves by Rs. 50 Crores. The Company has in hand expansion plans that will require augmentation of more funds. Your Directors feel that present borrowing limit need to be enhanced to Rs. 150 Crores and this will require the approval of members by way of ordinary resolution.

The Board recommends the resolution for the approval of the members of the Company by way of ordinary resolution.

None of the Directors may be deemed to be interested or concerned in the resolution.

None of the directors is in any way concerned or interested in the proposed amendments to the memorandum and articles of association of the Company.

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

Place : New Delhi  
Date : 25/08/2006

**(Ashish Srivastava)  
Company Secretary**



**Annual Report & Accounts 2005-2006****ANNEXURE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES  
IN RESPECT TO APPOINTMENT / REAPPOINTMENT OF DIRECTORS**

<b>Name of Director</b>	<b>Shri Sidheshwar Dayal</b>	<b>Shri Arun Kumar Sodhani</b>
<b>Date of Birth</b>	21/06/1939	20/09/1944
<b>Qualifications</b>	B.A.	B.A, Business Management Course from U.K.
<b>Nature of Expertise</b>	Shri Sidheshwar Dayal is a leading businessman and holds many prominent positions in Companies and Education Institutions.	Shri Arun Kumar Sodhani is a leading businessman and a management expert.
<b>Name of the Companies in which he/she holds Directorship</b>	M/s Dayal Enterprises Private Limited	NIL
<b>Name of Committees of the Companies of which he/she holds Membership / Chairmanship</b>	NIL	NIL





## **DIRECTORS' REPORT**

To the Members of  
**Competent Automobiles Co. Limited**

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report along with the Audited Accounts of the Company for the Year ended 31<sup>st</sup> March, 2006.

### **Financial Performance and Appropriation of Profits**

	<b>(Amt. In Lacs)</b>	
<b>Particulars</b>	<b>31-03-2006</b>	<b>31-03-2005</b>
Gross Revenue & Other Income	48131.89	49,322.58
Increase/decrease in Stock	684.35	254.50
Profit before Dep. & Tax	723.27	720.31
Depreciation	172.95	140.04
Provision for Taxation	201.67	215.98
Profit after tax	348.65	364.28
Add : Profits from Previous year	569.75	374.19
Profits available for appropriation	918.40	738.47
Interim/Proposed Dividend	60.90	60.78
Transferred to General Reserves	75.00	100.00
Balance carried to the Balance Sheet	767.14	569.75

### **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 31<sup>st</sup> March, 2006 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 29<sup>th</sup> day of September, 2006.

### **Performance**

Your Company's total turnover during the year 2005-06 is Rs 480.24 Crores against Rs.492.68 Crores during the previous year. The Company's profit before tax (PBT) is Rs. 5.50 Crores as compared with the profit before tax of corresponding previous year i.e. Rs. 5.80 Crores. During the year 2005-06, your Company sold 13834 Maruti Vehicles (including 382 Vehicles of Direct Billing) as compared with previous year's sale of 14712 Vehicles (including 296 Vehicles under Direct Billing). Your company has sold 2.62% of the total Vehicles sold by Maruti Udyog Limited in domestic market. Maruti Udyog Limited has sold 561819 Vehicles (including exports of 34781 vehicles) during the year 2005-06.

### **Listing Fee of Shares**

Your Company's shares are listed on Bombay Stock Exchange and the annual Listing Fee for the year 2006-07 of the Stock Exchange, Mumbai (BSE) has been paid by the Company.

### **Directorate**

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of

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the Company, Shri Atul Malhotra and Shri S.L. Tandon, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

During the year company has co-opted Shri Sidheshwar Dayal and Shri Arun Kumar Sodhani as Additional Directors on the Board w.e.f. 05-12-2005 and notice alongwith the deposit of Rs. 500/- (Rs. Five Hundred only) as required u/s 257 of the Companies Act, 1956 has been received by the Company signifying their candidature for the office of Director of your Company liable to retire by rotation.

During the year Mrs Geeta Chopra resigned from the whole time directorship of the Company and remain as director liable to retire by rotation. Smt. Kavita Ahuja was elevated as whole time Director on the Board w.e.f. 01/11/2005.

### **Hotel Project at Goa**

Pursuant to the amendment of the main Object Clause by approval from shareholders', your company acquired land admeasuring approx 21 acres in GOA at a total cost of Rs. 10.32 Crores (including transfer charges). The aforesaid land is sea facing and strategically located for setting up a hotel.

### **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 31<sup>st</sup> March, 2006 the Company passed a special resolution by way of postal ballot empowering the company for running, owning and managing Hotel Business. The said resolution was passed on 16<sup>th</sup> day of January, 2006.

### **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.

### **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 31<sup>st</sup> March, 2006 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