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COMPETENT AUTOMOBILES CO. LTD.

22nd Annual Report

2006-2007

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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 Ramesh Chander Murada

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

COMPETENT AUTOMOBILES CO. LTD.

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Competent Automobiles Co. Limited will be held on Friday, the 28th day of September, 2007 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, 2007, 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 Shri Gopi Dargan 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 Ramesh Chander Murada 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."

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 Regd. 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 is annexed hereto.
 3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the 21st Day of September, 2007 to Friday, the 28th Day of September, 2007 (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, 2007, 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 28th day of September, 2007.
 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.
- Members are requested to quote their Registered Folio No./Client ID No. in every correspondence with the Company/Registrar & Transfer Agent.

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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 : 28/08/2007

**(Ashish Srivastava)
Company Secretary**

Annexure to the Notice

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

Shri Ramesh Chander Murada was appointed as Additional Director by Board of Directors on 02/11/2006 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 Ramesh Chander Murada none of the other Directors is interested in the resolution.

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

Place: New Delhi
Date : 28/08/2007

**(Ashish Srivastava)
Company Secretary**

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DIRECTORS' REPORT

1. To the Members

The Directors have pleasure in submitting the Twenty Second Annual Report on the business and operations of Competent Automobiles Co. Limited alongwith the Audited Financial Statement of Accounts for the fiscal year ended March 31, 2007.

2. Financial Results

The financial results of the Company are summarized hereunder

(Amt. In Lacs)

Particulars	31-03-2007	31-03-2006
Gross Revenue & Other Income	47114.11	48131.89
Increase/decrease in Stock	811.98	684.35
Profit before Dep. & Tax	783.92	723.27
Depreciation	180.41	172.95
Provision for Taxation	218.98	201.67
Profit after tax	384.54	348.65
Add: Profits from Previous year	767.14	569.75
Profits available for appropriation	1151.68	918.40
Interim/Proposed Dividend	60.92	60.90
Transferred to General Reserves	100.00	75.00
Balance carried to the Balance Sheet	987.24	767.14

3. 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, 2007 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 28th day of September, 2007.

4. Performance

Your Company's total turnover during the year 2006-07 is Rs 469.89 crores against Rs 480.24 crores during the previous year. The Company's profit before tax (PBT) is Rs.6.03 crores as compared with the profit before tax of corresponding previous year i.e. Rs. 5.50 crores. During the year 2006-07, your company sold 14491 Maruti Vehicles (including 773 Vehicles of Direct Billing) as compared with previous years sale of 13834 Maruti Vehicles (including 382 Vehicles under Direct Billing) recording a growth of 4.75%. Your company has sold 2.14% of the total Vehicles sold by Maruti Udyog Limited in domestic market. Maruti Udyog Limited has sold 674924 Vehicles during the year 2006-07.

5. Opening of New Showroom and Workshop

Your Directors are pleased to inform that during the year your company was granted dealership in Gurgaon by Maruti Udyog Limited and a new showroom was opened in Gurgaon in December, 2006. An another *state of the art* Showroom cum Workshop was inaugurated by the CMD of Maruti Udyog Limited Shri Jagdish Khattar on 13th March, 2007.

6. 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 2007-08 has been paid by the Company.

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7. Transfer to Investor Education and Protection Fund

In terms of the provisions of Section 205C of the Companies Act, 1956, the Company has transferred an amount of Rs.78553/- being the amount of unclaimed dividend for the financial year ending 1999-2000 to Investor Education and Protection Fund (IEPF) established by Central Government.

8. Directors

Shri Ramesh Chander Murada was appointed an Additional Director as Non Executive Independent Director by the Board of Directors on 02/11/2006 who shall hold office till the date of 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.

Brief resume of Shri Ramesh Chander Murada, nature of expertise in specific functional areas and name of companies in which he holds directorship and the Membership/Chairmanship of the Committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, is annexed to the Corporate Governance Report.

Shri Gopi Dargan and Ms Priya Chopra retire by rotation from the office of director at the next Annual General Meeting of the Company and have offered themselves for reappointment. Shri Arun Kumar Sodhani resigned from the Directorship on 02/11/2006.

9. 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.

10. 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, 2007 the Company did not pass any resolution by way of postal ballot.

11. Auditors' Report

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

12. Auditors

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

13. 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, 2007 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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14. 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.

15. 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. 52.13 Lacs

16. 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.

17. 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.

18. 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 : 28/08/2007

(RAJ CHOPRA)
Chairman & Managing Director

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CORPORATE GOVERNANCE REPORT

Company's philosophy

The Company is maintaining adequate standards in compliance with process of Corporate Governance and following Code of ethics. Giving higher importance to investor relations, Company endeavors to enhance shareholders value by communicating with them effectively and providing them all material information about the Company. All material information are made available to the shareholders by putting them on the website of the Company.

BOARD OF DIRECTORS

Composition of Board

The Board of Directors of the Company has an optimum combination of Executive Directors and Non-Executive, Independent Directors as under

Name	Category
Shri Raj Chopra	Chairman & Managing Director Promoter & Executive
Smt. Kavita Ahuja	Executive Director
Shri K.K. Mehta	Executive Director
Smt. Geeta Chopra	Non Executive & Promoter Director
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

No. of Board meeting

Five Board meetings were held during the financial year 2006-07 on 29-04-06, 31-07-2006, 25-08-2006, 30-10-2006 and 31-01-2007.

The attendance of the Members of the Board of Directors at Board Meetings held during the year and at the Last Annual General Meeting as also number of other directorships and chairmanships/memberships of committee of each Director held in various Companies as on 31st March, 2007 are as follows:

Name of Director	Category	No. of Board Meeting attended	Whether previous AGM attended	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	3	Yes	5	Nil
Smt. Kavita Ahuja	Executive	5	Yes	1	Nil
Shri K.K. Mehta	Executive	3	No	Nil	Nil
Smt. Geeta Chopra	Non executive	5	No	3	Nil
Ms. Priya Chopra	Non executive	5	No	1	Nil

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Shri Atul Malhotra	Non executive Independent	5	No	3	Nil
Shri S. L. Tandon	Non executive Independent	-	No	Nil	Nil
Shri Gopi Dargan	Non executive Independent	5	No	2	Nil
Shri Sidheshwar Dayal	Non executive Independent	5	Yes	1	Nil
Shri Ramesh C. Murada*	Non executive Independent	1	No	Nil	Nil
Shri Arun Kumar Sodhani**	Non executive Independent	4	No	Nil	Nil

* appointed on 02/11/2006

** resigned on 02/11/2006

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 Ramesh Chander Murada was appointed as Additional Director on 02/11/2006. Company has received requisite notice u/s 257 of the Companies Act, 1956 proposing his appointment as Director of the Company liable to retire by rotation.

Shri Ramesh Chander Murada is 66 years old. He is Arts Graduate and holds Diploma in Marketing from NSIC and diploma in PCC (Personal Contact Campaign) from Times of India. He also holds Diploma in Times Management from Times Education. He has vast experience of working for Times of India and Navabharat Times as Brand Manager. Later he worked for Reliance Group (The Observer) as GM Sales.

Shri Ramesh Chander Murada does not hold any Directorship or Chairmanship/Membership of any committees in any other public limited company. Shri Ramesh Chander Murada does not hold any share in the Company.

Transaction of the Non-Executive Director(s) viz -a- viz the Company.

During the year under review, the Company has not entered into any kind of pecuniary relationship/transactions with any of the non-Executive Director(s).

AUDIT COMMITTEE

The Audit Committee of the Company comprises of three members and majority of them are Non Executive Independent Directors. The terms of reference, role and powers of the Audit Committee are as provided under Clause 49 of the Listing Agreement with the Stock Exchange. During the period under review the audit committee met five times on April 29, 2006, July 31, 2006, August 25, 2006, October 30, 2006 and January 31, 2007.

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

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Shri Ashish Srivastava, Company Secretary acts as the Secretary of the Audit Committee.

REMUNERATION COMMITTEE

No separate Remuneration Committee has been constituted by the Board. The detail of remuneration paid, during the year under review, to the Directors is as given herein below:

Executive Directors

(in Rs.)

Name	Salary & Perks	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/-

Non Executive Directors

Name	Sitting Fee	Commission	Total
Ms. Priya Chopra	Nil	Rs. 1,80,000/-	Rs. 1,80,000/-
Smt Geeta Chopra	Nil	Rs. 1,80,000/-	Rs. 1,80,000/-

Shareholding of Non Executive Directors (Disclosure pursuant to Clause 49(IV)(E)(v) of the Listing agreement)

Name of Directors	No of Shares held	% 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 Investors Grievance Committee comprises of three members all of whom are Non Executive Independent Directors. The functioning and terms of reference of the Committee are as prescribed under and in due compliance with the Listing Agreement with the Stock Exchange with particular reference to transfer of shares, complaints of shareholders etc. Shri Ashish Srivastava, Company Secretary is delegated power by Board to discharge functions of Investors Grievance Committee and same are approved by Investors Grievance Committee in the meeting held every quarter.

The composition of the Committee is as follows:

Shri Sidheshwar Dayal	Chairman
Shri Atul Malhotra	Member
Shri Gopi Dargan	Member

4 meetings of the Committee were held during the year. The attendance of the Members at these meetings was as follows:

Name of the Director	No. of Meetings	No. of Meetings Attended
Shri Sidheshwar Dayal	4	4
Shri Atul Malhotra	4	4
Shri Gopi Dargan	4	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