

**January 22, 2007**

**Competent Automobiles Company Ltd.**

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**CMP - Rs.44 BSE Code -531041**

Competent Automobiles Co. Ltd. (Competent Automobiles) is a part of Delhi based Competent group. The company has Dealerships of Maruti Udyog Ltd. for Delhi and at Himachal Pradesh at Mandi. The company is the largest dealer of Maruti in Northern India.

**Competent Group**

Besides the dealership of Maruti Udyog, the Competent Group has interests in Construction, Hotels, Leasing & Finance and Film Distribution.

**Competent Construction Company** undertakes turnkey projects, besides real -estate development. The company has many prestigious projects to its credit including important Hotels, Embassies, Hospitals, Housing complexes, Auditoriums etc. The company has to its credit construction of some of the landmark projects in Delhi - these include, **Hotel Intercontinental** located at Connaught Place in Delhi; **Hotel Sofitel Surya** and **World Trade Centre & World Trade Tower** in Delhi to name a few.

**Competent Hotels Pvt Ltd.** - The company's five star hotel was commissioned in 1994 in Manali, Himachal Pradesh under the name **HOLIDAY INN MANALI** which has franchise agreement with the 'Intercontinental Hotels Group., USA.'

**Infrastructure**

The company has seven showrooms - five in Delhi and two in Himachal Pradesh. Besides, the company has three workshops located in Delhi and two in Himachal Pradesh. The company has showrooms located at Connaught Place, Gazipur, Kirti Nagar and Lajpat Nagar in Delhi and Mandi and Hamirpur in Himachal Pradesh. The company's service workshops are located at - Gazipur, Mehrauli and Shivaji Marg in Delhi and Mandi and Hamirpur in Himachal Pradesh.

**Entry into Hotel Business - Hotel Project in Goa**

The company has last year included the business of owning and managing Hotels, Motels and Restaurants etc. in the main object of the Memorandum of Association of the Company. Thereafter, the company has already purchased 21 acres land at Goa for a total consideration of Rs.10.32 crores and plans to construct a five star hotel in Goa.

Incidentally, a group company, Competent Hotels Pvt. Ltd. owns a five star hotel - Holiday Inn, Manali which has franchise agreement with the 'Intercontinental Hotels Group., USA.'

The change in the object clause of Competent Auto may be a precursor to the merger of Competent Hotels with Competent Automobiles, even though it has not been confirmed by the management.

**Financials**

The latest financials of the company are given as under :-

**QUARTERLY - LATEST RESULTS - Competent Automobiles Ltd (Curr: Rs in Cr.)**

Particulars	Quarter Ended	Quarter Ended	Quarter Ended	YTD / Latest Half	YTD / Latest Half	YTD / Latest Half	Year Ended	Year Ended	Year Ended
	(Sep 06)	(Sep 05)	(% Var)	(Sep 06)	(Sep 05)	(% Var)	(Mar 06)	(Mar 05)	(% Var)
Sales	105.28	126.63	-16.9	217.97	237.66	-8.3	480.24	492.69	-2.5
Other Income	0.21	0.13	61.5	0.29	0.22	31.8	1.08	0.54	100
PBIDT	2.6	2.34	11.1	5.15	4.57	12.7	9.47	8.86	6.9
Interest	0.69	0.39	76.9	1.35	0.81	66.7	2.23	1.66	34.3
PBDT	1.91	1.95	-2.1	3.8	3.76	1.1	7.24	7.2	0.6
Depreciation	0.39	0.3	30	0.73	0.71	2.8	1.73	1.4	23.6
PBT	1.52	1.65	-7.9	3.07	3.05	0.7	5.51	5.8	-5
Tax	0.51	0.52	-1.9	1.06	1.08	-1.9	2.02	2.16	-6.5
Deferred Tax	0	0	-	0	0	0	0	0	-
PAT	1.01	1.13	-10.6	2.01	1.97	2	3.49	3.64	-4.1

The company has an Equity Capital of Rs.6.41 crores with the promoters holding 68.5%. The company made a PAT of Rs.3.49 crores for FY 05-06 resulting in an EPS of Rs.5.50.

#### Latest Data As On 19/01/2007

Latest Equity(Subscribed)	6.41
Latest Reserve	29.36
Latest Bookvalue -Unit Curr.	55.8
Latest EPS -Unit Curr.	6.32
Latest Market Price -Unit Curr.	44
Latest P/E Ratio	6.96
52 Week High -Unit Curr.	75.9
52 Week High-Date	5/17/2006
52 Week Low -Unit Curr.	26.7
52 Week Low-Date	7/21/2006
Market Capitalisation	28.2
Stock Exchange	BSE
Dividend Yield -%	2.27

The stock price chart is given below :-



## **Conclusion**

Competent Automobiles is the largest dealership of Maruti Udyog Ltd. in Northern India. The company also owns & operates Maruti Authorised Service Centres for service & repair of Maruti vehicles. The company is now focusing towards the Service business where the margins are much higher. The revenues from service are expected to go up further in the future. This would lead to the overall improvement in margins.

The population of Cars in Delhi is the highest amongst all Metro cities & population of Maruti Cars being the highest amongst all Car companies - this augurs well for Competent Automobiles.

The company has entered into the Hotel segment and has acquired 21 acres of Sea Facing land to build a five star resort in Goa. The promoters are well experienced in the construction industry and having constructed hotels like Intercontinental and Sofitel Surya in Delhi and Holiday Inn in Manali, one can expect the project to be completed within the scheduled time. The land acquired for 10.32 crores in Goa has itself appreciated significantly.

The company has a track record of regular payment of dividend for the last 8 years. At the current price of Rs.44, the stock trades at a PE of 8 and with the hotel project coming up at Goa and increased focus on service business, the earnings should improve in the coming years. The stock thus offers value on the earnings parameter and also offers deep value to the intrinsic worth of the company (Assets - primarily land) and the business it has built over the last few decades. The stock also trades at a discount to the Book Value of the company which stands at Rs.55. Investors can choose to accumulate the stock of Competent Automobiles at the current price and on declines.