

April 30, 2007

Jaypee Hotels Ltd.

CMP - Rs. 61 NSE Symbol - JAYPEEHOT BSE Code - 590027

Emaar MGF buys two Hotel Sites at Jasola, New Delhi for Rs. 388 crores

Parsavnath buys Hotel Plot in Dwarka for Rs.450 crores.

Hotel Leela pays Rs.611 crores for Hotel Plot in South Delhi

These are some of the recent land transactions for building Five Star Hotels which have taken place in Delhi.

The buyers of these hotel properties will spend couple of hundred crores for construction of these hotels - then the construction time and the gestation periods.

These companies expect to make these projects viable - with their eyes on 2010 Commonwealth games, most companies see good future prospects and potential for the sector resulting in companies madly scrambling for hotel sites in the NCR. Moreover, the tax sops given to the new hotels coming up in the NCR in the recent budget is a big positive for companies constructing new hotels in Delhi.

Against this backdrop, take a look at Jaypee Hotels.

Jaypee Hotels owns three Five Star Deluxe Hotels - two located in Delhi and the third one in Agra. Besides, the company also manages the operations of Jaypee Residency Manor at Mussourie and Jaypee Green Resort Greater Noida and earns management fee.

Jaypee Siddharth - Jaypee Siddharth located at Pusa Road is at a stone's throw distance from Karol Bagh and is located very close to Connaught Place. The hotels was built in 1981 and was the first venture of the Jaypee group in the hospitality sector. Jaypee Siddharth is a 100 room Hotel. The hotel has just undergone major renovation.

Jaypee Vasant Continental - Jaypee Vasant Continental is a 120 room five star hotel located at Vasant Vihar in South Delhi. The hotel has well appointed rooms including Club Rooms and Suites with all modern amenities. The hotel is strategically located - it is located in one of the most upmarket areas of Delhi, is not far from the domestic and International Airports, is close to Diplomatic Enclave and also not far from the commercial hubs like Connaught Place. It is infact located somewhere midway between Connaught Place and the Airport.

Jaypee Palace, Agra - Jaypee Palace, Agra is located at Fatehabad Road in Agra and is built on an area of over 25 acre. The hotel designed by Mr. Ramesh Khosla, the winner of the prestigious Aha Khan Award, is one of the finest properties in Agra. The hotel has 350 well appointed rooms including 12 Suites and 40 Executive rooms.

Jaypee Vasant Continental was renovated about a year and a half back, Jaypee Siddharth has just been reopened after renovations. The company has added Presidential Suites for the stay of distinguished dignitaries and diplomats to the hotel at Agra.

At the current market price of the stock of Jaypee Hotels, the market cap of the company is Rs.340 crores. After taking into account its term loans of Rs.46 crores, the enterprise value comes to just around Rs.386 crores. Given the rates at which the recent deals for Hotel sites has taken place, the above valuation would not even cover the value of Vasant Vihar and Pusa Road plots on which the two Delhi hotels are built.

Besides, the company manages Jaypee Residency Manor at Mussourie, which is owned by Jaiprakash Associates Ltd. on a management contract basis

Financials

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

QUARTERLY - LATEST RESULTS - Jaypee Hotels Ltd (Curr: Rs in

Cr.)

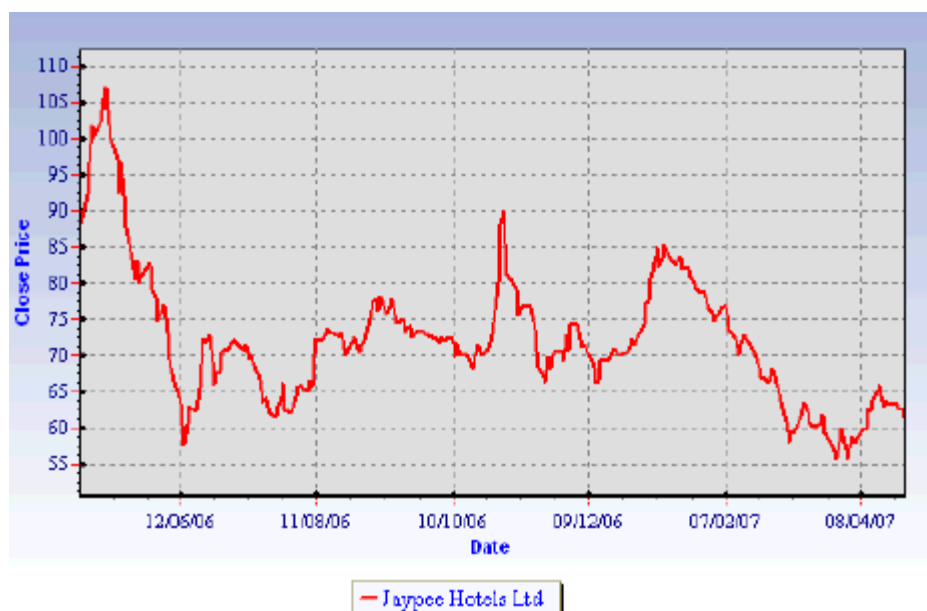
Particulars	Quarter Ended	Quarter Ended	Quarter Ended	Year Ended	Year Ended	Year Ended
	(Mar 07)	(Mar 06)	(% Var)	(Mar 07)	(Mar 06)	(%Var)
				(12)	(12)	
Sales	39.71	33.96	16.9	128.04	124.74	2.6
Other Income	0.26	10.19	-97.4	2.76	17.35	-84.1
PBIDT	12	22.23	-46	35.37	52.56	-32.7
Interest	0.88	1.1	-20	3.91	5.02	-22.1
PBDT	11.12	21.13	-47.4	31.46	47.54	-33.8
Depreciation	2.52	2.24	12.5	9.91	9.35	6
PBT	8.6	18.89	-54.5	21.55	38.19	-43.6
Tax	2.7	4.73	-42.9	8.23	6.56	25.5
Deferred Tax	0.53	-0.2	LP	-0.36	4.69	PL
PAT	5.37	14.36	-62.6	13.68	26.94	-49.2

**Latest Data As On
27/04/2007**

Latest Equity(Subscribed)	55.49
Latest Reserve	81.26
Latest Bookvalue -Unit Curr.	24.64
Latest EPS -Unit Curr.	2.47
Latest Market Price -Unit Curr.	61.5
Latest P/E Ratio	24.9
52 Week High -Unit Curr.	107.95

52 Week High-Date	5/10/2006
52 Week Low -Unit Curr.	55.2
52 Week Low-Date	3/28/2007
Market Capitalisation	341.26
Stock Exchange	BSE
Dividend Yield -%	2.93

The stock price chart is given below :-



Conclusion

Jaypee Hotels is well positioned to capitalize on the expected boom in the sector, higher occupancy rates and rising room tariffs.

Jaypee Hotels has a unique strategic advantage - with two hotels in Delhi, the company is well positioned to capture the demand explosion which is expected to happen for hotels in Delhi during the 2010 Commonwealth Games in Delhi and at the same time, no foreigner visiting India would like to go back without visiting Taj Mahal, one of the seven wonders of the world - which would give a big fillip to their Agra Hotel.

Hotels rooms are in short supply in Delhi which has led to a substantial increase in room tariffs. We believe at the current valuations, the stock looks grossly undervalued and the current valuations donot factor in the high growth prospects for Jaypee Hotels.

With very little potential downside, the stocks looks to be a clear outperformer over medium to long term.