



Recommendation: Subscribe

Issue Highlights

Issue Opens - 29th April 2010
 Issue Closes – 04th May 2010
 Face value – Rs 10
 Price Band – Rs 102-117
 Bid Size – 50 and in multiple thereof

Issue Size

Offer – 6 Cr equity shares by JAL
 Fresh Issue - Upto Rs 1650 Cr

S/H Reservation – 10% of Fresh Issue
 QIB Portion - 60% of Net Issue
 HNI Portion – 10% of Net Issue
 Retail Portion – 30% of Net Issue

Discount

5% discount on Issue Price for Retail Investors

Equity

Pre-Issue– Rs. 1226 Cr
 Post-Issue – Rs. 1367 Cr

Promoter's Holding

Pre Issue – 99.1%
 Post Issue – 84.5%

Grading

ICRA grade 3 – avg. fundamentals
 CARE grade 3 – avg. fundamentals

Book Running Lead Managers

Morgan Stanley
 BofA Merrill Lynch
 Axis Bank
 Enam
 ICICI Securities
 IDFC Capital
 JM Financial
 Kotak
 SBI Capital Market

Registrar

Karvy Computershare Private Ltd.

Listing

NSE, BSE

Object of the Issue

Jaypee Infratech, a part of Jaypee Group, is entering capital market with a public issue to partly fund its ongoing Yamuna Expressway Project.

About the Project

165 km long Yamuna Expressway

The company is developing a 165 km long access-controlled six-lane concrete pavement expressway along the Yamuna river, with the potential to be widened to an eight-lane. The project follows a Build-Operate-Transfer (BOT) model pursuant to which, the company will have the right to earn toll revenue from traffic for a period of 36 years.

6,175 acres of land for development

Further, the company has rights to develop 6,175 acres of land to be acquired by the YEA and leased to company for 90-year, in five different locations of 1,235 acre each.

Out of the five locations, three are profitably located in the high yield NCR region:

- 1 in Noida
- 2 in Gautam Budh Nagar
- 1 in Aligarh
- 1 in Agra

The company has already taken possession for 3,745 acre of land in Noida, Gautam Budh Nagar and Agra. The company has started developing land in Noida. The company target to develop these real estate for residential (50%), commercial (33%), and Institutional (17%) purposes.

Cost of the Project

The total cost associated with the project is approximately Rs 97,392.9 million with the following break-up:

Project Cost (Rs Million)	Total Required	Deployed so far
Land Acquisition	26,190.0	25,563.2
Construction Cost	53,000.0	29,959.2
Pre-operative expenses	2,400.0	1,570.7
Contingencies	2,300.0	Nil
Interest	13,502.9	5,407.3
Total	97,392.9	62,500.3

As on 28th Feb. 2010, the company has already deployed fund worth Rs. 62,500.9 million.

Funding of the Project

The company plans to meet the fund requirement from a number of sources:

Funding Pattern	Rs (Million)
IPO	15,000.0
Debt	60,000.0
Equity Contributions from Promoters	12,500.0
Contribution from Real Estate Dev.	9,892.9
Total	97,392.9

Company has entered into loan agreements with ICICI Bank Limited, Dena Bank, Punjab National Bank, and has received definitive sanction letters from Corporation Bank, UCO Bank, Oriental Bank of Commerce, State Bank of Hyderabad, Punjab and Sind Bank, Srei Infrastructure Finance Limited, State Bank of Patiala, Axis Bank Limited and Union Bank for loan facilities aggregating to the Rs. 66,500 million.

Recommendation

The company has earned a net profit of Rs 266.7 Cr during the FY09, while net profit for the 6 months ended 31st Sept. 2009 remained muted at Rs 10.3 cr. The fluctuations in profitability is due to the fact that the company is currently earning revenues from real estate development portion of the project, which is highly fluctuating. Once the revenue from toll started, after the completion of the project, that will give boost to the financials of the company.

Owing to good future prospects of the company, we recommend subscribe for the issue.

About the company

The company, part of the Jaypee Group, was incorporated on April 5, 2007 as a special purpose company to implement the Concession from the YEA to develop, operate and maintain the Yamuna Expressway in the state of Uttar Pradesh, connecting Noida and Agra. The Concession also provides for the right to develop 25 million square metres (approximately 6,175 acres) of land along the Yamuna Expressway at five locations for residential, commercial, amusement, industrial and institutional purposes.

About the group

The Jaypee Group is a diversified infrastructure conglomerate in India with interests in the areas of civil engineering and construction, cement, power, real estate, expressways, hospitality, golf courses and education.

For Further details/clarifications please contact:

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