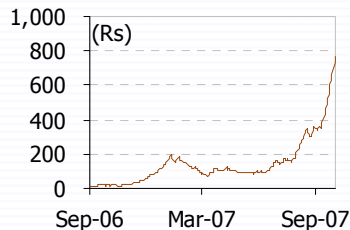


Stock Data

No. of shares	: 172.6mn*
Market cap	: Rs.138 bn
Free float	: Rs.17 bn
52 week high/low	: Rs 804/ Rs 16
Avg. daily vol. (6mth)	: 390,700 shares
Bloomberg code	: JFI IN
Reuters code	: JAIC.BO

Shareholding (%) Jun-07 QoQ chg

Promoters	: 87.7	0.0
FIIIs	: 0.7	(0.2)
MFs / UTI	: 0.2	0.0
Banks / FIs	: 0.0	0.0
Others	: 11.4	0.2

Stock Performance

Source: ENAM Research, Bloomberg

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Jai Corp

Relative to Sector: **Not-rated**

Rs.804*

Visit Note

Emerging Infrastructure Player!!!

- **Mumbai is India's hope** of having an international-quality financial magnet. Any plan to re-vitalize Mumbai WILL enjoy the patronage of the prevalent government
- However, it needs integrated planning & a concerted effort, considering EVERY possible infrastructural element: Land development, Connectivity, Utilities & Support services
- **Navi Mumbai** is inevitably the ONLY twin-city solution
- **Jai Corp**, along with **Reliance group** (co-promoter), headed by Mr. Mukesh Ambani, is the prime driver of this dream. It intends to develop **2 multi-product SEZs** (~17,500 acres), a **port** (Rewas), and shall bid for various infrastructure & connectivity linked projects
- Jai Corp to develop a **power plant & dam** which will feed the 2 SEZs
- Jai Corp to bid for development of proposed **International airport** with a JV partner

* Post stock split 10:1 (Current FV: Re.1) & issue of bonus 1:1

October 5, 2007

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➔ Project synopsis	10
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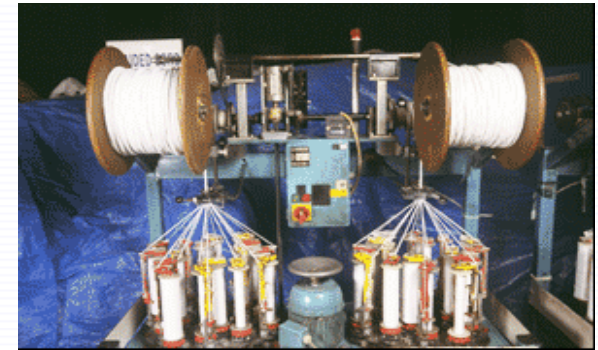


Company overview

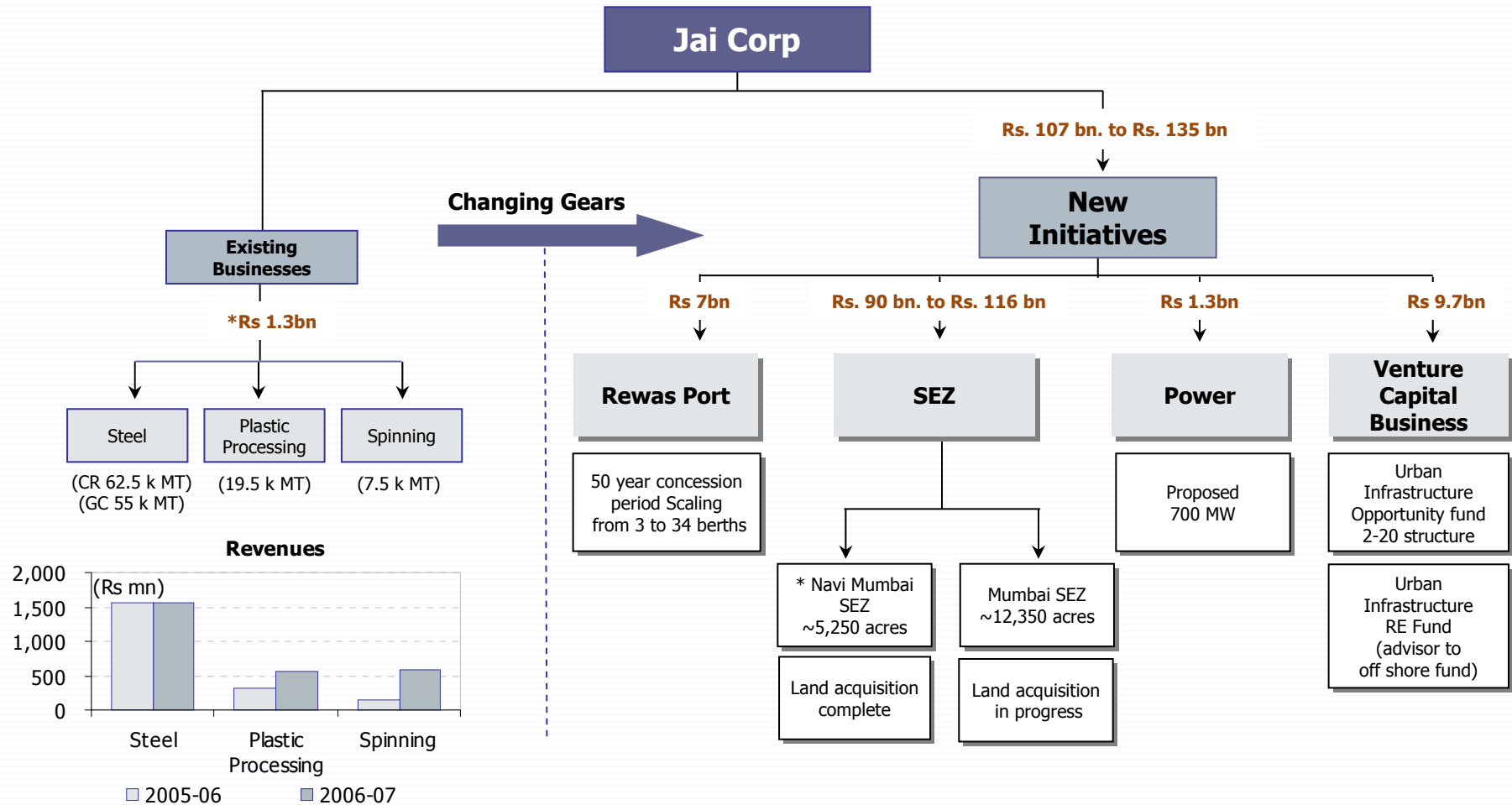
A play on Mumbai's re-vitalization

Company overview

- Established in 1985, Jai Corp (JC) is a professionally run company under leadership of J. K. Jain (Chairman), Virendra Jain (MD) & Anand Jain (Director)
 - The Jain family owns ~87% of the equity
- JC is listed on leading stock exchanges; BSE & NSE
- It's **existing business** verticals include steel, plastic processing and spinning yarn facilities. JC plans to expand its plastic processing business and may hive off its steel division
- **Initiatives** on the anvil
 - Creating & participating in Reliance group's urban revitalization plan for the Mumbai Metropolitan Region
 - ▶ Mumbai SEZ (MSEZ) & Navi Mumbai SEZ (NMSEZ) – 17,500 acres
 - ▶ Rewas Port – 14.5m depth
 - Power / Balganga Dam – 700 MW power plant
 - Real Estate development plans



Strategic shift of focus



Source: ENAM Research, * Future Effective holding of JC in NMSEZ will be 10% on fully diluted basis

Indicative valuations

Transforming itself to an integrated infrastructure player



Need to revitalize Mumbai

Jai Corp: At the forefront of change

Mumbai: Need for revitalization

MUMBAI : India's Economic Powerhouse

- Commercial & financial capital of India - Generating >5% of India's GDP
- Handles > 40% of India's foreign trade
- Generates over 30% of central & state tax revenues
- Shares ~ 38% & 26% of international & domestic passenger traffic

However...

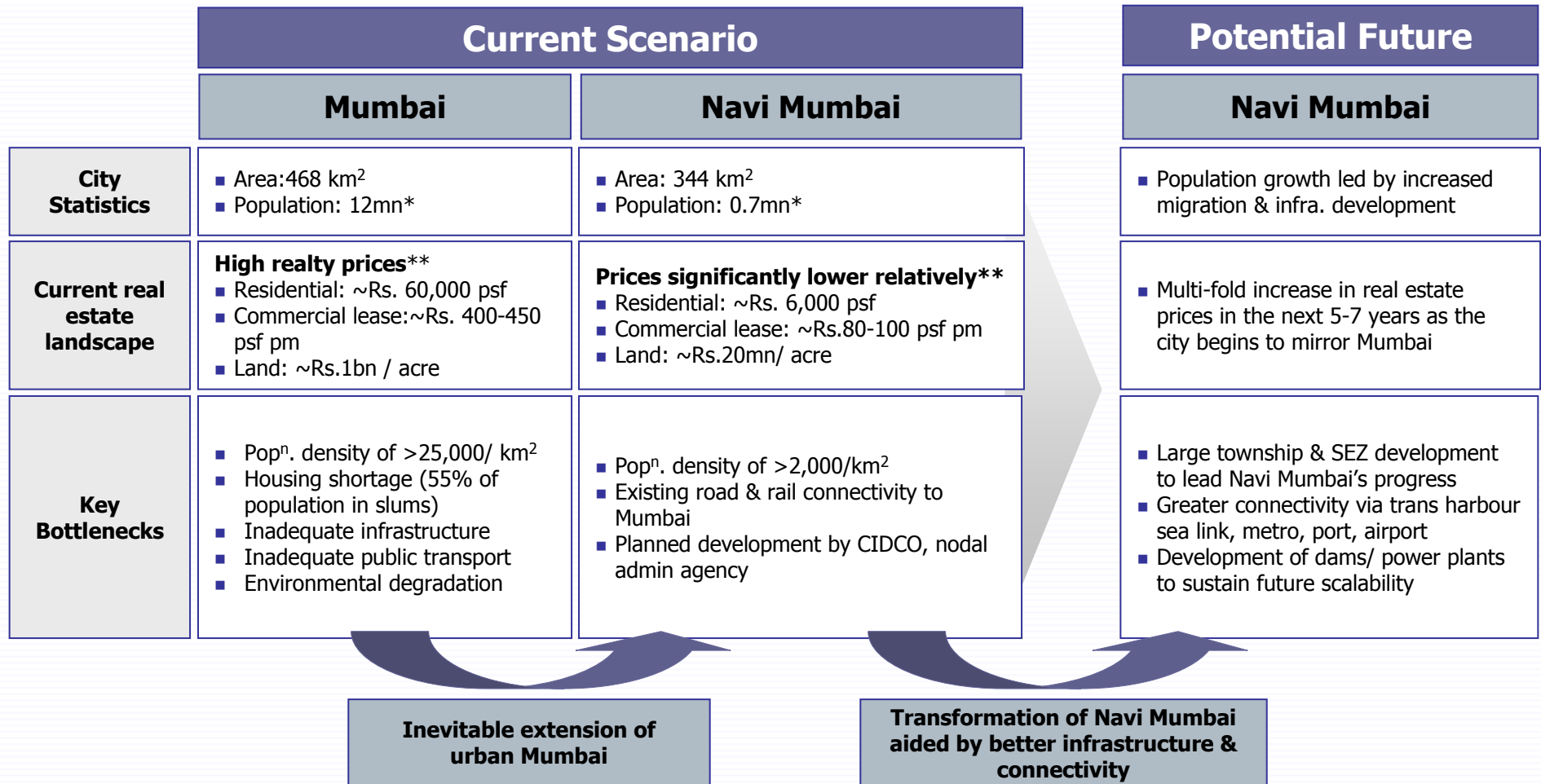
Huge gap in demand & supply of urban facilities

- Population explosion & housing shortage (55% of people live in slums)
- Inadequate infrastructure & public transport
- Environmental degradation
- Sub-standard levels of social services



Lack of adequate infrastructure in Mumbai provides a key opportunity for Navi Mumbai

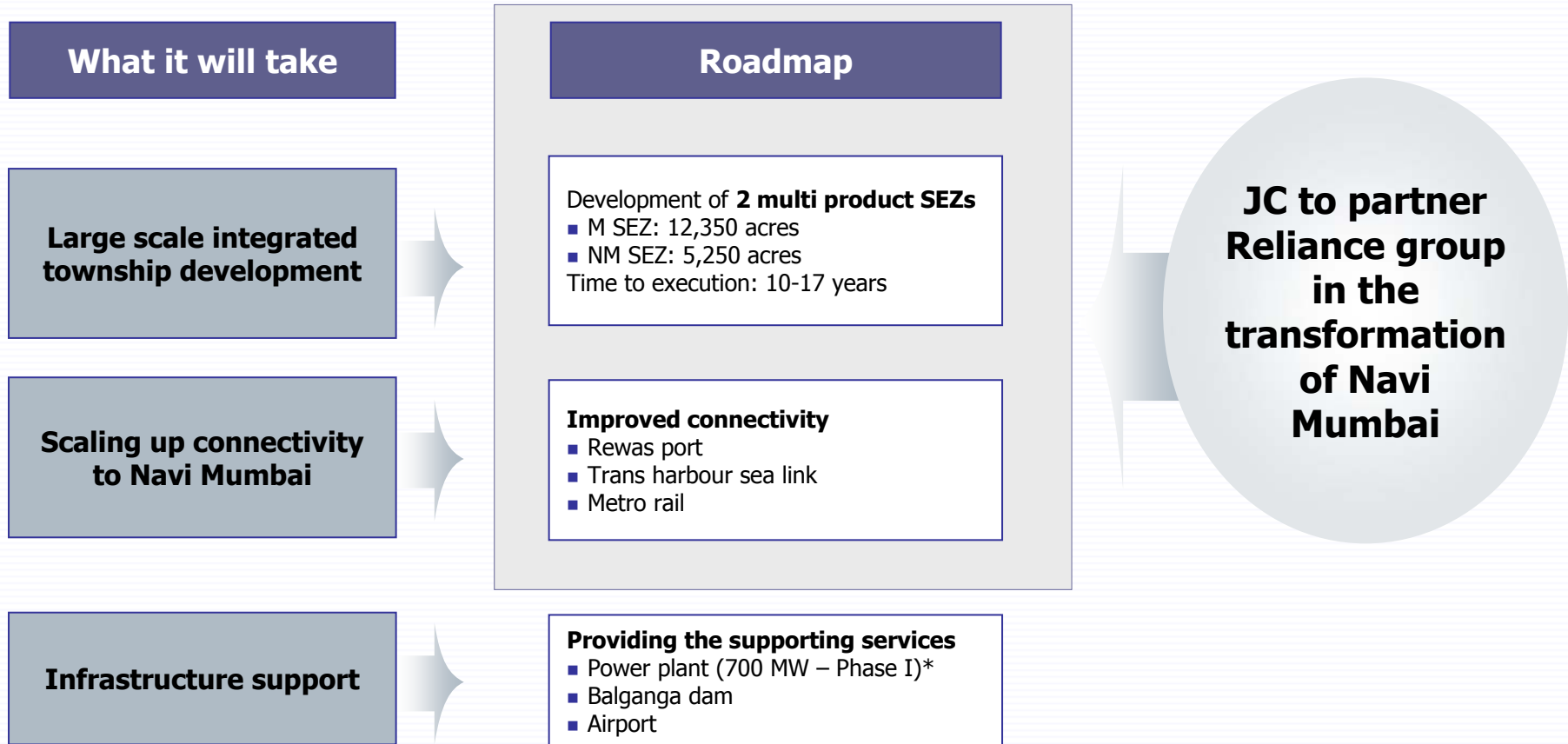
Navi Mumbai: The best alternative!



Source: ENAM Research; * Note: Census 2001, ** Estimated peak rates

Navi Mumbai: Much land available, low asset prices → Low hanging fruit for a competent integrated player

Jai Corp: Transforming Navi Mumbai



Source: ENAM Research; * Power project to be bid in conjunction with a consortium

Re-inventing Navi Mumbai !!!



Project synopsis

Navi Mumbai SEZ: The big one...

➤ One of the largest SEZs being set up in India, co-promoted by CIDCO (26%)

- Under leadership of Anand Jain, Chairman of Navi Mumbai SEZ Ltd.
- Final approval for SEZ received
- Land allotted by / in possession of CIDCO

➤ Proposed development over 5,250 acres

➤ Inherent locational advantage

- Proximity to Mumbai – India's financial & commercial capital
- Access to well developed road & rail linkages
- Access to India's largest & modern port JNPT
- Abutting Navi Mumbai International Airport to be set up by 2011
- Pune-Mumbai-Thane knowledge corridor provides access to skilled manpower
- Access to huge urban market of ~15mn population in Mumbai, Navi Mumbai & Pune
- Access to feeder industries in areas like Pune, Nashik, Ambernath, Belapur, Thane , Taloja etc

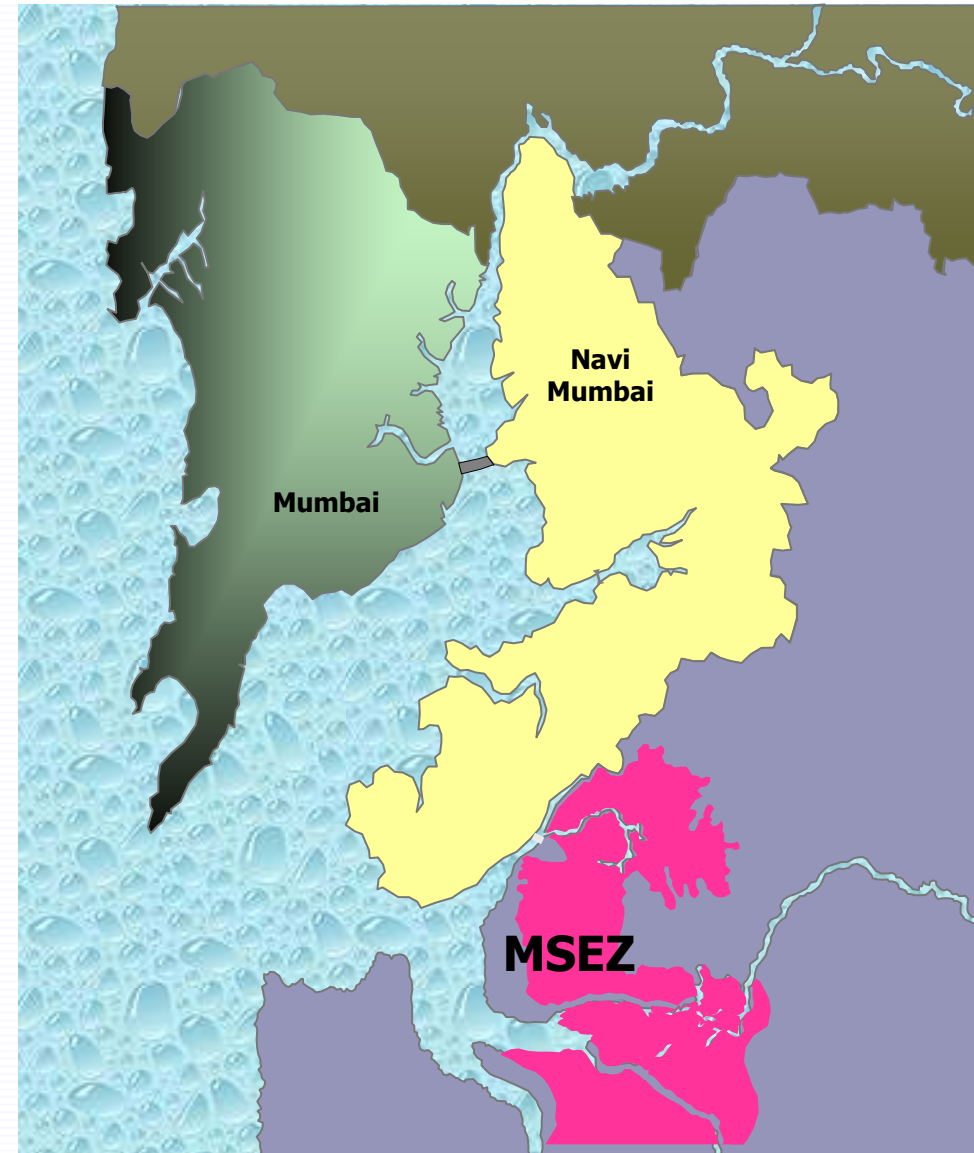
■ Navi Mumbai SEZ



Mumbai SEZ: The bigger one...

- **The largest SEZ being set up in India**
 - Promoted by Reliance group, headed by Mukesh Ambani
 - Under leadership of Anand Jain, Chairman of Mumbai SEZ Ltd.
 - In-principle approval for SEZ received
 - Land acquisition under progress
- **Proposed development over 12,350 acres**
- **Planned state-of-the-art infrastructure**
- **Inherent locational advantage**
 - **Connectivity via Mumbai Trans Harbor Link will provide** access to the SEZ from Mumbai
 - **Excellent current & proposed** rail network
- **Over 140 kms of water frontage**

■ **Mumbai SEZ** (location subject to final acquisition)





Sea link connectivity

Proposed Trans Harbour Sea link



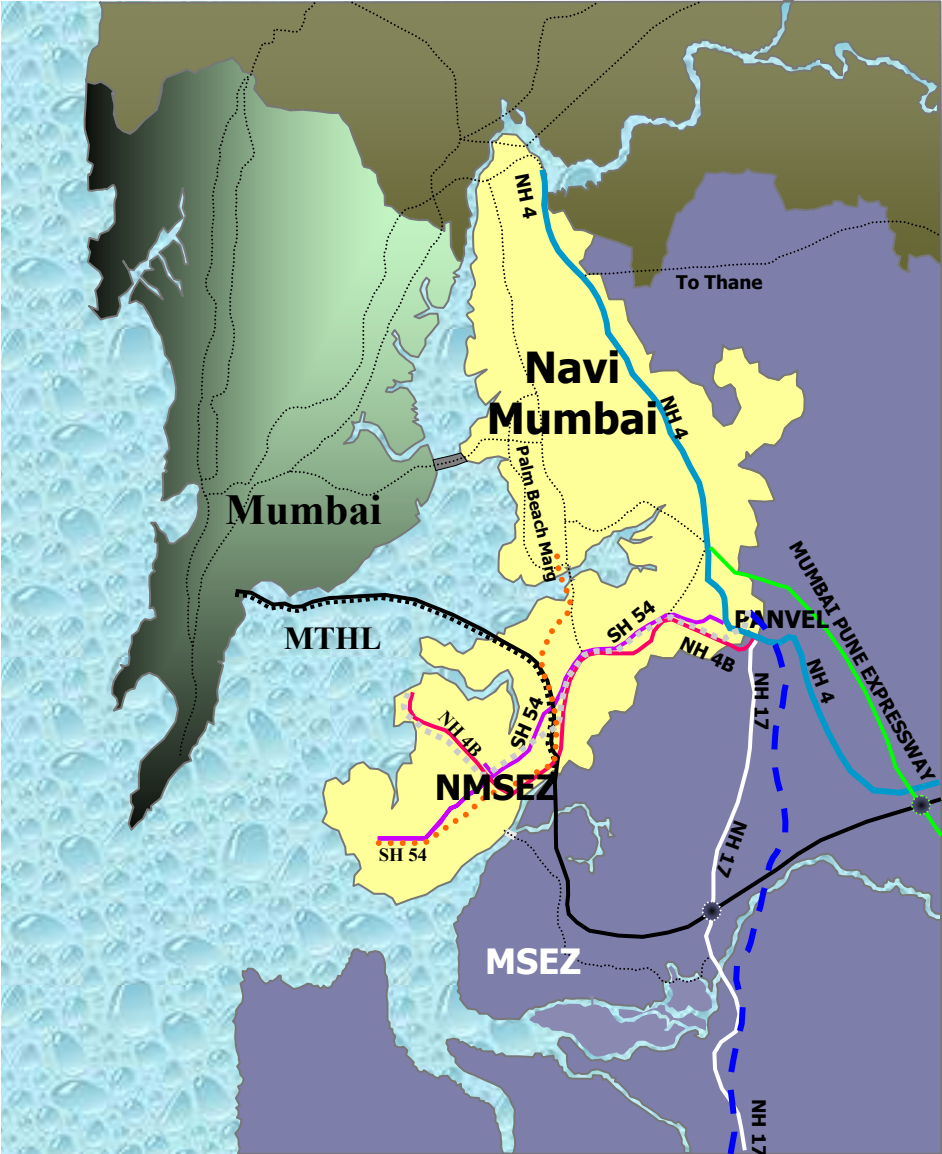
Road & rail connectivity

Road

-  National Highway 4
-  National Highway 4B
-  Mumbai Pune Expressway
-  National Highway 17
-  State Highway 54
-  Mumbai Trans Harbour Link

Rail

-  Konkan Railway
-  Freight Rail Link from Panvel to JNPT
-  Commuter Rail Link from Belapur to Uran

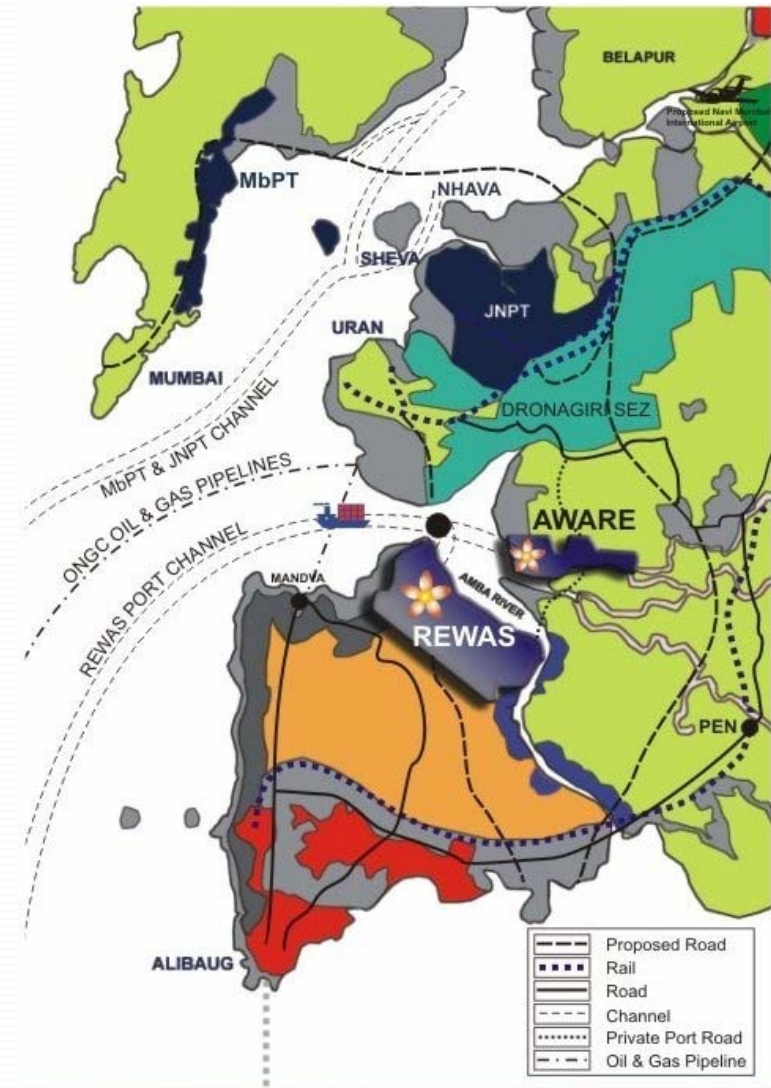


Rewas port

- Joint development effort of Maharashtra Maritime Board, Amma Lines, Reliance Logistics & JC
- Under leadership of Anand Jain, Director of Rewas Port Ltd.
- Located strategically with natural break water & draft of 14.5 meters

Strategic Importance of Rewas Port:

- Vital logistic node in logistics & supply chain of commodities & goods
- Container traffic all set to grow rapidly. The future port capacities need to be deep drafted to handle the largest container ships in the world
- Mumbai city requires another port as MBPT has started declining due to labour & congestion problems & JNPT is fast approaching its saturation point.....
- Rewas port could fill the need of a deep draft port & create economies of scale



International airport

- Total Area – 1,140 hectares
- 2 parallel runways
- Base cost - Rs 38bn
- To generate >50,000 jobs

Source: ENAM Research





Funding the vision

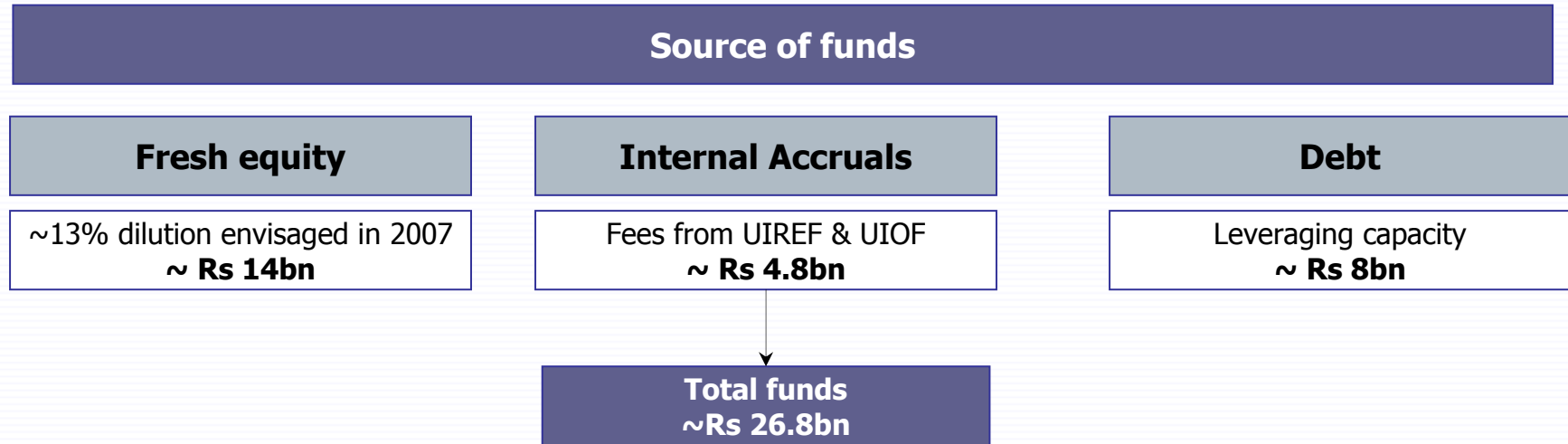
Estimated funding requirement

(Rs bn)					
Navi Mumbai Revitalization Projects	Project awarded	Project to be bid for	Jai Corp's Holding %	Outlay envisaged	Jai Corp's share
SEZ					
Land acquisition & development cost	Yes	-	10%	228	22.8
Connectivity Support					
International Airport	Not Yet	Yes	*Option of 10%	??	??
Metro Rail	Not Yet	Yes	*Option of 10%	??	??
Trans Harbour Sea link**	Not Yet	Yes	*Option of 10%	20	0.7
Infrastructure Support					
Rewas Port**	Yes	-	10%	51	1.7
Balganga Dam**	Not Yet	Yes	10%	10	0.3
Power Plant **	Not Yet	Yes	10%	28	0.8
Total	-	-	-	337	26.3

* - JC has option to invest 10%, if Reliance group wins the project; ** Assuming a Debt: Equity of 2:1

Source: ENAM Research

Our first cut: Financing possibilities



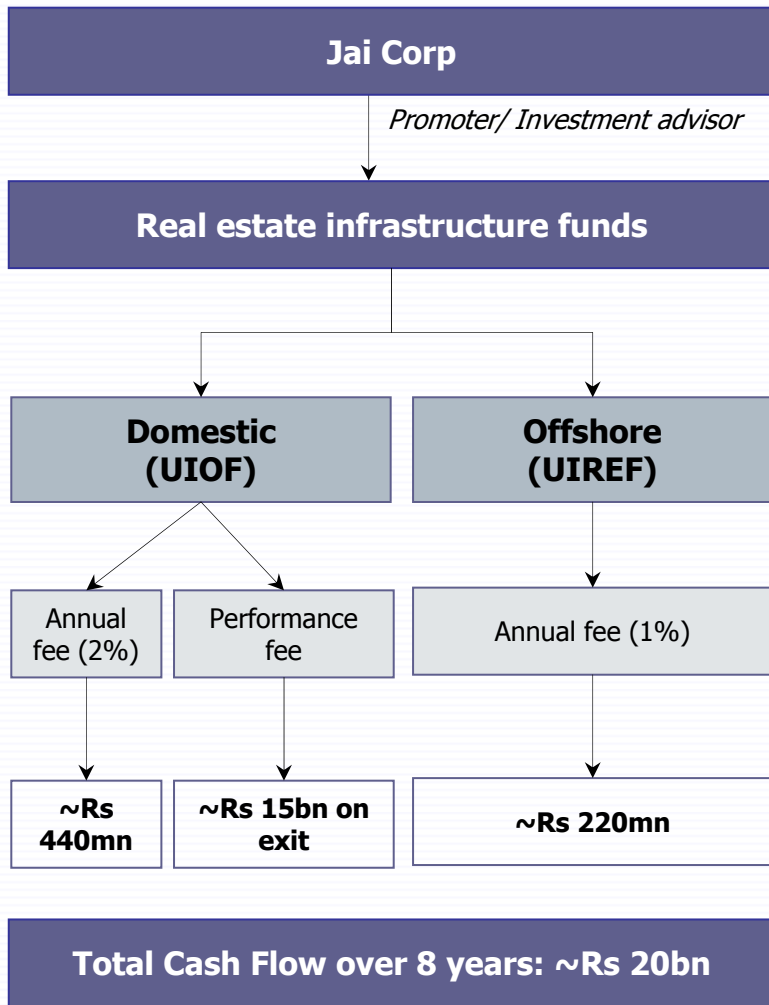
Source: ENAM Research

Recent announcements showing visible intent

- Proposed issuance of further securities by way of QIP, FPO and/ or raising of funds in international market
- Limit for investment by FIIs increased to 49% of the paid-up equity capital
- Stock split (from face value of Rs 10 to Re 1) – Ex-split date 5-Oct-07; Record date 12-Oct-07
- Issue of bonus shares in the ratio of 1:1 – Ex-bonus date 5-Oct-07; Record date 12-Oct-07

Well placed to execute, with the funding gap bridged

Venture Capital: Cash cow business



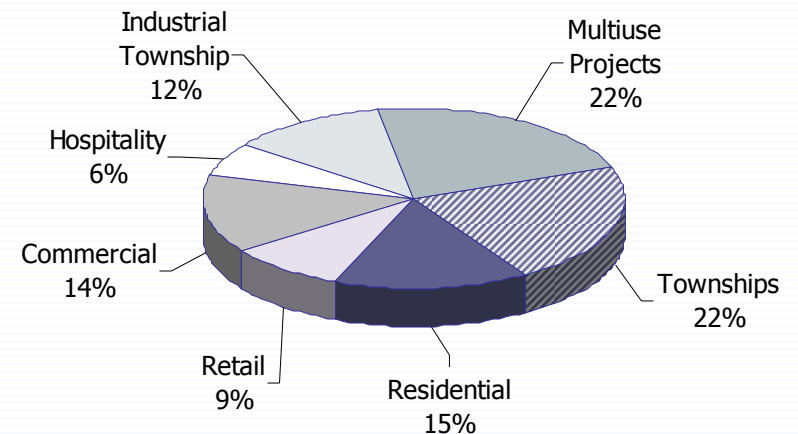
Source: ENAM Research

Current Status

(Rs.)

Total capital commitment	22 bn.
Draw down	16 bn.
Funds drawn down	70%
Investment commitments	17 bn.
Funds committed	80%
No. of cities where commitments made	12
UIOF Share	10-50% equity share
Tenure of investment	4 to 7 years

Segment wise distribution of Committed investments



Source: UIOF Quarterly Update – Jun 07

Internal accruals to be driven by investment management fees generated



Valuation discussion

Key assumptions for valuation

MSEZ & NMSEZ

Variable	Assumptions
Land Acquisition & Development Cost Phasing	8 yrs starting from FY'07
Sales Phasing	
- Residential	FY'11 to FY'21
- Non Residential	FY'11 to FY'17
Escalation in selling price (%)	5
Construction Cost Phasing - Residential	FY'12 to FY'23
Escalation in construction costs (%)	4
Contingency costs	2%
Cash Inflow Phasing (Spread over 3 years from the year of sale)	
- Residential (%)	50, 25, 25
-Non Residential (%)	40, 40, 20
WACC	14%

Rewas Port

Variable	Assumptions
No. of Berths (Scaling over 50 yrs starting from FY'12)	3 to 34
TEU Traffic (Mn.) (Scaling over 50 yrs starting from FY'12)	1.2 to 27

Assets Under Mgmt.

Variable	Assumptions
Leverage on Fund	100%
Leverage Cost	12%
CAGR% Y-o-Y	25%

Power

Variable	Assumptions
Cost of Construction (Rs mn per MW)	40
Debt Component	70%
Fixed ROE%	16%
Capitalization rate	10%

Source: ENAM Research

SOTP valuation

Sum of Parts Valuation (Rs mn)	% Equity Stake	Scenario 1	Scenario 2	Scenario 3
MSEZ & NMSEZ	10%	90,000	108,018	116,000
Income from asset management	100%	9,223	9,709	10,194
Rewas Port	10%	6,684	7,036	7,388
Power	10%	1,277	1,344	1,411
Existing business	100%	1,232	1,297	1,362
Total	-	108,416	127,403	136,355

Source: ENAM Research

SEZ Valuation Sensitivity

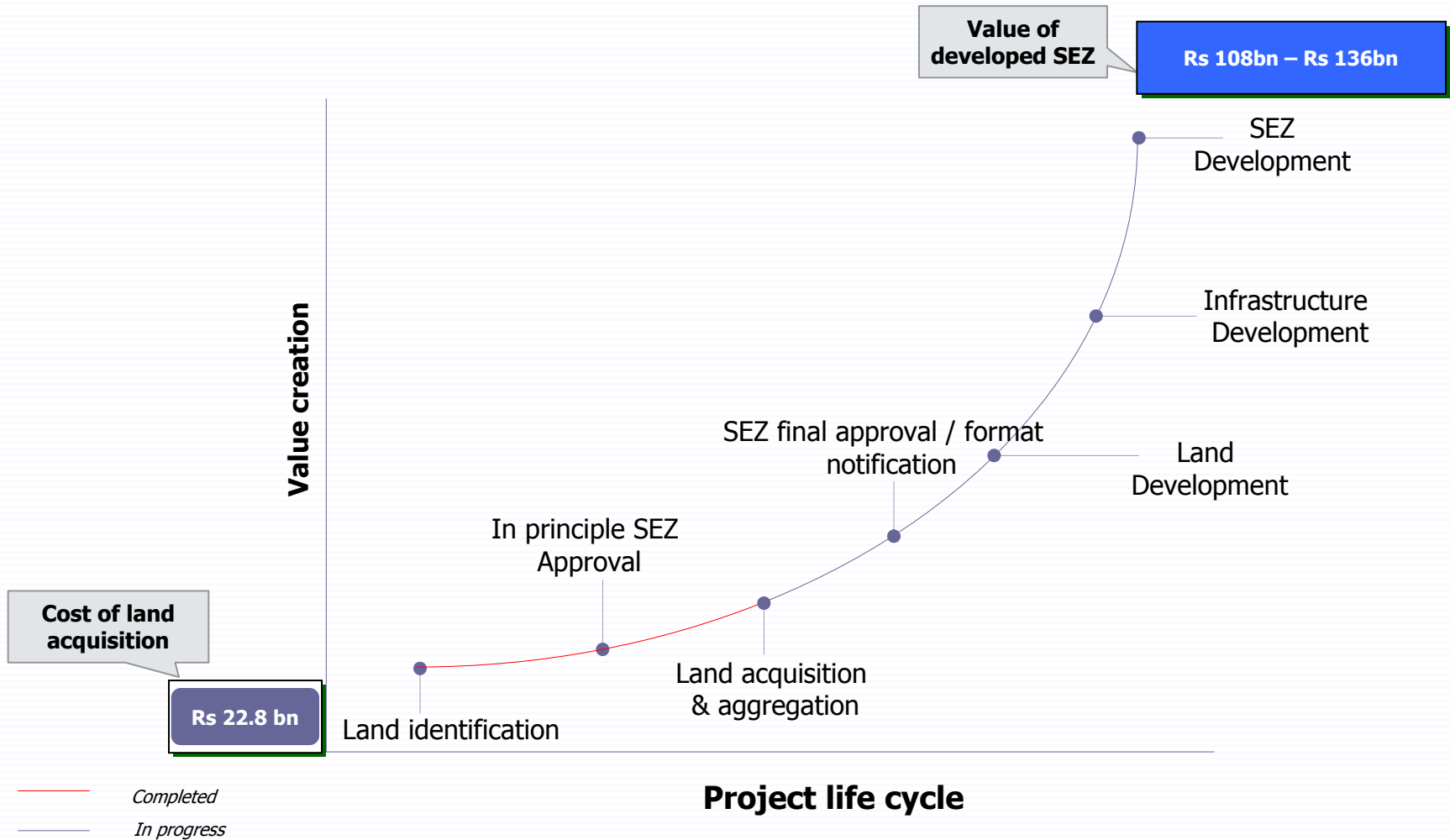
(Rs bn)		SEZ Project cycle		
		14 years	17 years	22 years
Avg blended selling prices (Rs/ psf)*	7,500	146	136	114
	7,000	131	122	101
	6,500	116	108	90
	6,000	101	94	78
	5,500	86	80	66

Source: ENAM Research, * Plot prices not considered

Value not captured:

- Investment of Rs 100mn in HDFC India Real Estate Fund
- Investment of ~Rs 300mn in UIOF

Value creation in SEZs



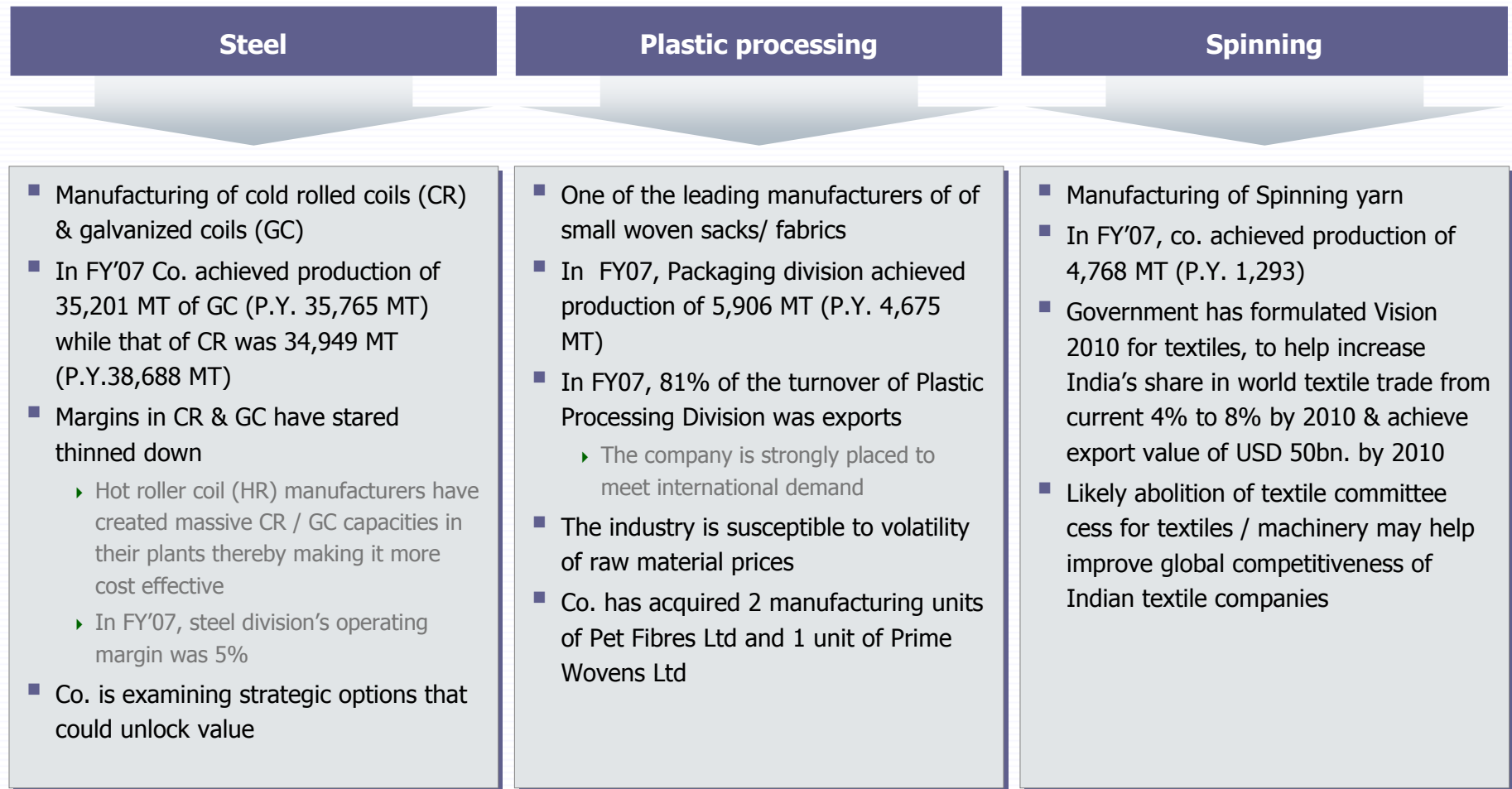
Source: ENAM Research

Execution will be crucial to unlock value



Annexures

Existing business summary



Source:ENAM Research

Company financials

Income statement (Rs mn)

Y/E March	2006	2007
Net sales	1,935	2,664
Other operating income	0	0
Total income	1,935	2,664
Cost of goods sold	1,663	2,101
Advt/Sales/Distrn O/H	308	418
Operating Profit	(36)	145
Other income	200	793
PBIDT	164	938
Depreciation	82	100
Interest	10	51
Pre-tax profit	72	787
Tax provision	(2)	66
(-) Minority Interests	0	0
Associates	(0)	16
Adjusted PAT	73	737
E/o income / (Expense)	0	0
Reported PAT	73	737

Balance sheet (Rs mn)

Y/E March	2006	2007
Total assets	3,049	4,282
Gross block	2,143	2,423
Net fixed assets	921	1,106
CWIP	130	150
Investments	1,201	1,912
Wkg. cap. (excl cash)	767	932
Cash / Bank balance	30	181
Others/Def tax assets	0	0
Capital employed	3,049	4,282
Equity capital	86	86
Reserves	2,609	3,346
Borrowings	251	721
Others	103	129

Source: Annual Report

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2. Firm ownership of the stock	No
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