Naveen Jindal
Chairman

June 30, 2016

The Member
Jindal Steel & Power Limited

Dear Sir/Ma'am,

At the outset, we would like to thank you for your long association and undaunted confidence in JSPL.

During FY2015-16, India's steel manufacturers continued to face margin pressure due to imports from China, South Korea and other countries. Dumping of steel by these countries resulted in a decline in Net Sales Realizations (NSRs) for indigenous steel manufacturers and negatively impacted the entire steel industry.

Our net profit at JSPL, was adversely impacted on account of the additional coal levy of over Rs. 3,300 crore, arising out of the cancellation of coal blocks by the Hon'ble Supreme Court of India; and enhanced finance cost due to borrowings. The cancellation had also led to the disruption of our business model since our plants were located in close proximity to the mines. These changes necessitated additional capital expenditure, higher logistic & procurement costs, which led to higher incurred costs in our steel and power business. In response to the challenging domestic environment, the management at JSPL has recalibrated strategies to enhance operational efficiencies and remain cost competitive.

Furthermore, we appreciate timely action by G.O.I for introducing MIP, imports have started to decline, leading to a stabilization of steel prices in India. Additionally, Government's programs like Make-in-India, Power for All, Smart cities, Affordable Housing and various infrastructure development initiatives – augur well for the Steel and Power industry in India.

Similarly, in the power business, the UDAY scheme by the Government (Govt.) of India is commendable and would catalyze the PPA markets in the coming years, giving Jindal Power Limited (subsidiary of JSPL) to tie up further capacity and generate higher PLFs.

At JSPL, we are now looking towards the future with optimism and are bracing ourselves to be at the forefront of these emerging opportunities. We envisage the demand for steel & power to increase manifold, which will help us to optimally utilize our capacities and generate additional cash flows.

Over the last few months, as part of our monetization plans, we have been implementing strategic efforts to generate cash inflows through select divestments and strategic collaborations, to be in a much stronger position to meet all our liabilities and emerge financially stronger. As part of this strategy, we have been working with financial institutions/banks on rescheduling payments.

As we counter the external headwinds, we have internally introduced robust systems and processes, augmented capacities and capabilities, cost efficiencies and implemented multiple initiatives to enhance our preparedness for JSPL's resurgence in the steel and power sector.

Our endeavor for the year FY17 and beyond would be to fully utilize our capacities in Steel & Power. As steel prices appreciate globally and surge in the demand for power across India – we are confident of improving our revenues and profits substantially, while upholding the faith of our stakeholders.

We are enthused by the faith that you have always reposed in us, the management at JSPL has been working persistently and taken several initiatives to maintain cost and profitability performance. As part of this endeavor, the management at JSPL has proposed the following resolutions:

1. The recently proposed divestment of the 1000 MW Power unit of Jindal Power Ltd into a special purpose vehicle (SPV) for the purpose of transferring the same to JSW Energy Ltd., with an overarching aim of garnering value for our equity shareholders
2. Proposed transfer of 920 MW Captive power plants to Jindal Power Limited (subsidiary of JSPL), with an aim of consolidating our power assets under a single entity to reap in more operational & cost efficiencies
3. Proposed transfer of our registered office from Hisar, Haryana to Raigarh, Chhattisgarh, the area of operation for JSPL, in order to bring in more efficiency amongst all concerned stakeholders.

Annexed are the notices enlisting the resolutions, for your perusal.

The Board of Directors, considering the pros of the transactions, recommends passing of the above Resolutions.

We seek your participation in the voting process which started on 16th June' 2016 and will end by 15th July'2016.

Thanking you,
Yours sincerely,
For **Jindal Steel & Power Limited**

Naveen Jindal

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Chairman