March 23, 2015

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Security Code No. : JINDALSTEL

Sub.: Cancellation of Coal Blocks by Government of India

Dear Sir(s),

We have received a communication from the Government of India rejecting our bids for Gare Palma IV/2 and IV/3 and Tara Coal blocks in the recently concluded coal auctions. The reason cited being "the highest bidder doesn't reflect fair value".

In this regard we wish to state that, we had followed a consistent and prudent bidding strategy throughout the Coal Block Auction process. The coal block auctions for Gare Palma IV/2 and IV/3 and Tara Coal Block saw participation from 11 power producers (highest for any Schedule II Coal Blocks) and 10 power producers respectively. The effective value of our bid for Gare Palma IV/2 & IV/3 stands at Rs 808/- per ton, duly factoring the complete discount on the Ceiling Price of Rs. 700/- per ton and additional premium of Rs. 108/- per ton. The effective value of our bid for Tara Coal Block stands at Rs. 1096/- per ton, duly factoring the complete discount on the ceiling price of Rs. 970/- per ton and additional premium of Rs. 126/- per ton. We are disappointed with the decision and would make our best efforts to engage in a dialogue with the Coal Ministry and Government Authorities to present the facts.

We wish to further state that the Company has plans in place to secure enough raw material for its Steel and Power businesses which also includes participation in future auctions and the company is confident of its continued profitable operations.

Submitted for your information and needful please.

Thanking you.

Yours faithfully,
for **Jindal Steel & Power Limited**

Jagdish Patra
Vice President &
Group Company Secretary