

August 4, 2010

Shri Ashutosh Agarwal
Additional Director – Finance
Electrosteel Steels Ltd.
GK Tower, 19 Camac Street,
Kolkata – 700017

Confidential

Dear Sir,

Review of rating of Bank Facilities

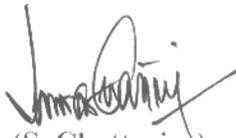
This is in supercession of our earlier letter dated Mar.24, 2010 addressed to the erstwhile Electrosteel Integrated Ltd., on the captioned subject.

2. In view of transfer of the captioned bank facilities of Electrosteel Integrated Ltd. to your company with effect from May.5, 2010 (pursuant to the change in name of the company under Section 21 of Companies Act, 1956), our Rating Committee has decided to assign the 'CARE BBB' [Triple B] rating to such transferred bank facilities (aggregating to **Rs.5,447.0 crore**). 'CARE BBB' rating is applicable to facilities having tenure of more than one year. Facilities with 'CARE BBB' rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk. (Refer Annexure 1 for details of rated facilities)
3. Our rating symbols for various ratings for long/medium term facilities and explanatory notes thereon are given in Annexure 2. The rationale for this rating will be communicated to you separately.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without reference to you.

6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.
8. If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



(S. Chatterjee)
Sr. Manager



(S. Nag)
Chief General Manager

Encl: As above

DISCLAIMER

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank

Annexure I

Details of Facilities Rated

1. Long-term facilities

1. A. Term loans

(Rs. crore)

Sr. No.	Lender	Amount rated			Total	Remarks	Debt Repayment Terms
		Snr. Debt	Sub. Debt I	Sub. Debt II			
1.	Allahabad Bank	147.0	60.0	0.0	207.0	Sanctioned	30 equal quarterly installments commencing from December, 2011
2.	Bank of India	147.0	0.0	19.3	166.3		
3.	Bank of Maharashtra	97.0	0.0	7.7	104.7		
4.	Central Bank	97.0	0.0	15.5	112.5		
5.	Corporation Bank	131.0	13.0	7.7	151.7		
6.	Dena Bank	76.0	13.0	7.7	96.7		
7.	HUDCO	295.0	0.0	0.0	295.0		
8.	Indian Bank	140.0	0.0	0.0	140.0		
9.	Indian Overseas Bank	230.0	43.0	19.3	292.3		
10.	LICI	172.0	0.0	0.0	172.0		
11.	Oriental Bank of Commerce	220.0	0.0	19.3	239.3		
12.	Punjab & Sind Bank	100.0	0.0	0.0	100.0		
13.	Punjab National Bank	438.0	43.0	0.0	481.0		
14.	State Bank of Hyderabad	97.0	21.0	0.0	118.0		
15.	State Bank of India	502.0	72.0	0.0	574.0		
16.	State Bank of Indore	72.0	0.0	0.0	72.0		
17.	State Bank of Mysore	78.0	17.0	0.0	95.0		
18.	State Bank of Patiala	79.0	21.0	0.0	100.0		
19.	State Bank of Travancore	50.0	0.0	0.0	50.0		
20.	Syndicate Bank	120.0	26.0	15.5	161.5		
21.	J&K Bank	50.0	0.0	0.0	50.0		
22.	UCO Bank	369.0	43.0	19.3	431.3		
23.	Union Bank	193.0	0.0	0.0	193.0		
24.	United Bank of India	225.0	43.0	7.7	275.7		
25.	Vijaya Bank	130.0	30.0	7.7	167.7		
26.	Canara Bank	254.0	43.0	0.0	297.0		
27.	The Bank of Rajasthan	49.0	0.0	0.0	49.0		
28.	Bank of Baroda	141.0	0.0	0.0	141.0		
29.	Andhra Bank	94.0	0.0	0.0	94.0		
30.	IL&FS	0.0	0.0	19.3	19.3		
	Total	4,793.0	488.0	166.0	5,447.0		

Annexure 2

A) Long /Medium -term facilities

Symbols	Rating Definition
CARE AAA	Facilities with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such facilities carry minimal credit risk.
CARE AA	Facilities with this rating are considered to offer high safety for timely servicing of debt obligations. Such facilities carry very low credit risk.
CARE A	Facilities with this rating are considered to offer adequate safety for timely servicing of debt obligations. Such facilities carry low credit risk.
CARE BBB	Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk.
CARE BB	Facilities with this rating are considered to offer inadequate safety for timely servicing of debt obligations. Such facilities carry high credit risk.
CARE B	Facilities with this rating are considered to offer low safety for timely servicing of debt obligations and carry very high credit risk. Such facilities are susceptible to default.
CARE C	Facilities with this rating are considered to be having very high likelihood of default in the payment of interest and principal.
CARE D	Facilities with this rating are of the lowest category. They are either in default or are likely to be in default soon.

As facility characteristics or debt management capability could cover a wide range of possible attributes whereas rating is expressed only in limited number of symbols, CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.