

August 4, 2010

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

Confidential

Dear Sir,

Revalidation of Grading of Initial Public Offering (IPO)

Please refer to your request on the captioned subject.

2. Our rating Committee has revalidated the 'CARE IPO Grade 3' to the proposed IPO issue of Electrosteel Steels Ltd (erstwhile Electrosteel Integrated Ltd.) of 4240.9 lakh equity shares (including Green Shoe portion of 553.1 lakh equity shares) having a face value of Rs.10 each. CARE IPO Grade 3 indicates Average Fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever 'CARE IPO Grade 3' [Grade Three] appears, it should invariably be followed by the definition 'CARE IPO Grade 3 [Grade Three] indicates Average Fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in Annexure.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.
6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
7. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.

8. CARE's IPO grading does not take cognizance of the price of the security, **it is not a recommendation to buy, sell or hold shares/securities**. It is not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud.
10. 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 IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE does not 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. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading

Annexure

**CARE IPO grading Scale**

<b>CARE IPO grade</b>	<b>Evaluation</b>
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

