



CREDIT ANALYSIS & RESEARCH LTD.

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Mr. Prakash Kanugo
Managing Director,
Prakash Steelage Ltd.
701, Mahalaxmi Chambers, Bhulabhai Desai Road,
Mahalaxmi, Mumbai – 400 026

July 12, 2010

Confidential

Dear Sir,

IPO Grading

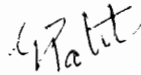
Please refer to your representation letter dated June 30, 2010, on the above subject.

2. Our Rating Committee has carefully reconsidered the IPO Grading assigned to the proposed IPO issue of your company. It has, however, not been found possible to revise the grading and the Committee has decided to retain the '**CARE IPO Grade 2**' assigned for the proposed IPO issue. 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 2**' [**Grade Two**] appears, it should invariably be followed by the definition '**CARE IPO Grade 2 [Grade Two] indicates below average fundamentals**'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure 1**.
5. In this connection, we would assure you that the facts mentioned in your letter under reference were considered by the Committee while deciding the grading.

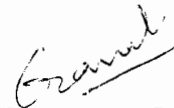
6. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



[Girish Patil]
Deputy Manager



[Shailendra Gavali]
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 1

CARE IPO grading Scale

CARE IPO grade	Evaluation
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

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