

Shri. Girish Nayak
Vice President
Talwalkars Better Value Fitness Ltd.
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai - 400026

February 12, 2010

Confidential

Dear Sir,

IPO Grading

Please refer to your request for grading of the Initial Public Offering (IPO) of **Talwalkars Better Value Fitness Ltd.** for 60.50 lakh equity shares of face value of Rs.10 each.

2. CARE has assigned a '**CARE IPO Grade 3**' [**Grade Three**] to the proposed IPO issue of Talwalkars Better Value Fitness Ltd. (TBVF). **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 1**. The rationale for this grading will be communicated to you separately.
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 as per the existing regulations, CARE is required to disclose all IPO gradings. As such, in the absence of any request for review of grading within a week of this letter, CARE will disclose this IPO grading to the public.
8. 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.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,

A handwritten signature in black ink, appearing to read "Pooja Shastri", written over a horizontal line.

**[Pooja Shastri]
Deputy Manager**

A handwritten signature in black ink, appearing to read "Padmaja Parange", written over a horizontal line.

**[Padmaja Parange]
Senior 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



**Annexure - I
Grading Rationale**

Talwalkars Better Value Fitness Limited

IPO Grading

CARE IPO Grade 3

CARE has assigned a 'CARE IPO Grade 3' to the proposed Initial Public Offer (IPO) of Talwalkars Better Value Fitness Limited (TBVF). 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 relative assessment of the fundamentals of that issuer. TBVF proposes an IPO of 60.50 lakh equity shares of face value of Rs.10/- each, at a price which will be determined through the book-building process.

The grading factors in promoters' experience and long track record in the fitness industry, experienced Board of Directors, established brand, favourable industry prospects and pan-India presence.

However, the grading is constrained by low entry barriers and increasing competition in the fitness industry, high level of leverage, high exposure by way of corporate guarantee towards Joint Ventures and dependence on IPO proceeds for the proposed expansion.

Background of the company

Following the footsteps of his father, Late Mr. V R Talwalkar, who set up a small gym in Mumbai in 1932, Mr. Madhukar Talwalkar set up his first gym in Bandra in Mumbai in 1962. Over the past 45 years, he has been the pillar of this business and has firmly established the brand name *Talwalkars* in the fitness arena. In 2003, Mr. Madhukar Talwalkar along with Gawande's mooted the idea of expanding the brand to pan-India level as a leader in health clubs and incorporated 'Talwalkars Better Value Fitness Pvt. Ltd.'. This was converted into a Public Limited Company in October 2009 and renamed as 'Talwalkars Better Value Fitness Ltd.' (TBVF).

March 26, 2010



TBVF operated 51 gyms as on December 14, 2009, of which 37 were owned by TBVF, nine set up through Joint Ventures and Associates and five under franchisee agreements. These gyms are located in 11 states and 24 cities all across the country.

As on December 14, 2009, TBVF had one subsidiary company – Aspire Fitness Pvt. Ltd., two joint venture companies - Talwalkars Pantaloon Fitness Pvt. Ltd. (TPF) and Denovo Enterprises Pvt. Ltd. (DEPL) and one associate company - Equinox Wellness Pvt. Ltd. (EWPL).


Management

As on December 14, 2009, the Board of Directors of TBVF comprised 12 members of which six were Independent Directors. Mr. Madhukar Talwalkar serves as the Executive Chairman and Mr. Prashant Talwalkar as the Managing Director. The other Executive Directors are Mr. Vinayak Gawande (Legal), Mr. Girish Talwalkar (HR), Mr. Harsha Bhatkal (Marketing) and Mr. Anant Gawande (CFO). The Board is assisted by a team of senior executives.

Corporate Governance

Separation of ownership and management

As per the Corporate Governance requirements of Clause 49 of the Listing Agreement, it is mandatory to have half of the number of Board members as independent directors, if the Chairman of the Board is also the Executive Director of the company. The said clause is applicable in the case of TBVF, since Mr. Madhukar Talwalkar holds both the positions. Accordingly, as on December 14, 2009, the company had 12 members on its Board which included six Independent Non-Executive Directors. The Non-Executive Independent Directors are Mr. Manohar Gopal Bhide, Mr. Raman Hirji Maroo, Mr. Mohan Motiram Jaykar, Dr. Avinash Achyut Phadke, Mr. Abhijeet Rajaram Patil and Mr. Glenn Mario Saldanha. The Independent and Non-Executive Directors have significant experience in varied fields.

 March 26, 2010

Board Committees

Further, in order to comply with the Corporate Governance requirement, TBVF has constituted an Audit Committee, Shareholders/Investor Grievance, Share Allotment and Share Transfer Committee, IPO Committee and Remuneration Committee in November 2009 and had meetings during December 2009-February 2010.

Pending legal cases & their status

I. Litigations filed by TBVF

Tax proceedings - TBVF has filed with the Commissioner of Income Tax (Appeals) challenging the assessment order passed against it for the Assessment Year 2006-07 to the extent of Rs.0.19 crore. The company has paid the demand as asked in an order by the department amounting Rs.0.09 crore. The appeal is pending before CIT (A).

II. Litigations against TBVF

A) Consumer Cases - TBVF has a consumer case pending before Consumer Dispute Redressal Forum. In 2009, Ms. Kanika Pandey had paid an amount of Rs.15,000/- on behalf of her father as advance for Gym, which he could not join due to health reasons on advice of doctor. The complainant has alleged that TBVF has not returned her paid sum and hence has demanded for refund along with compensation of Rs.1,00,000/- and litigation charges Rs.2,000/-.

B) Money recovery and Civil Proceedings The case is related to use of leasehold office premises where Mr. Anand Reddy and others (Landlord) issued a notice to TBVF to vacate the premises failing which a total sum of Rs.0.09 crore will be payable to the Landlord. The case is pending for hearing before City Civil Court Hyderabad.

III. Cases filed against group/associate companies

Octroi proceedings - In July 2008 the Assistant Commissioner of Octroi has billed TPF for penal octroi duty amounting to Rs.0.36 crore and issued a notice of demand for the same. The demand is raised for allegedly trying to evade the octroi duty and finding five treadmills in excess of declared goods. The demand was confirmed by Additional Deputy Municipal Commissioner. In September 2008, TPF has appealed against the same which is pending before court for hearing.

March 26, 2010

3



IV. Miscellaneous Proceedings

There is one civil suit filed against TBVF and two money recovery and civil suits filed by the company the amount involved in which is not quantifiable. There is one criminal proceeding against one of the Promoter Directors and one Independent Director for being in the capacity of Owner or Director of other entity. There are 13 criminal proceedings outstanding against the group companies.

Operations

TBVF is engaged in the business of operating gyms. The *Talwalkars* provides a wide range of services to the clients, which includes Fitness Training, Nutrition Center and Value Add-Ons. Nevertheless, the basic facilities of Gym continue to be the major contributor to revenues with 53% of total sales in FY09. The Metro cities dominate with 37.06% share of total sales followed by Tier II and Tier I cities with 33.55% and 29.37% share respectively.

TBVF has gyms on both leasehold and owned properties. Out of the total 37 owned gyms, only two are operated from the owned properties, while the balance 35 are operated from the leasehold premises. The company is planning to set up 20 gyms in FY10, of which two are already operational, seven are scheduled to begin operations in March 2010 and the balance 11 are likely to begin operations by June 2010. Locations of 11 gyms have been finalised and are in various stages of implementation and scheduled to open by June 2010. In addition, the company is adding six more gyms through its JVs / franchisees and expects them to open by June 2010. Apart from 20 gyms planned in FY10, the company plans to set up additional 27 gyms from IPO proceeds.

To adhere to the quality standard, most of the fitness equipment, which form majority portion of the total cost to set up the gym, is imported from USA, Europe and China. TBVF has a residential training academy at Thane where gym staff is trained for 4-6 weeks in soft skills and service delivery. Under marketing schemes, the company has seven regular promotional schemes launched throughout the year on periodic basis. TBVF has also been the official trainer in Standard Chartered Mumbai Marathon for the past three years and Official Fitness Partner in Femina Miss India 2009.

March 26, 2010

4

A handwritten signature in black ink, appearing to be "PB" or similar, located below the date.

IPO Details

Size of the Issue

TBVF is proposing to make an Initial Public Offer (IPO) of 60,50,000 equity shares of face value of Rs.10/- each for cash at a premium to be determined through a book-building process.

Terms of the issue

At least 50% of the net issue to public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (QIBs). In addition, 5% of the QIB Portion shall be available for allocation on a proportionate basis to mutual funds only and the balance shall be available for allotment on a proportionate basis to QIBs and mutual funds. Further, not less than 15% of the net issue to public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the net issue to public shall be available for allocation on a proportionate basis to Retail Individual Bidders.

Purpose of the issue

TBVF plans to fund opening of 27 new gyms (all over the country) from the issue proceeds to the tune of Rs.50.22 crore, repayment of existing interest-bearing unsecured loans from the promoter group and others (Rs.20.59 crore) for balance for general corporate purposes and issue expenses. The major cost in setting up of a new health center is cost of gym equipment and interior designing costs.

Industry Outlook

The Fitness Industry in India is a nascent industry in India and is a fast growing industry. The increased awareness along with changing lifestyles has created a vast scope for its growth. The industry comprises rejuvenation centers (like Spa and Yoga), beauty services (Salons and treatment clinics), personal health counselling and fitness segment (Gyms). The industry is dominated by local units in the unorganized sector. The fitness industry, in specific, is highly untapped market with not even 1% population in the top seven cities having fitness club membership as against USA where 16% have the same. The International health fitness market is mainly dominated by the organized players with high market share of few entities.

March 26, 2010

5

A handwritten signature in black ink, appearing to be "S. K." or similar, located at the bottom left of the page.A small, dark, stylized mark or logo located at the bottom right of the page.

The following are the characteristics of the fitness industry in India:

- Changing demographic profile of the country, with more youth who are fitness-aware, resulting in increasing affinity towards health clubs.
- Rise in number of people suffering from diabetes and other lifestyle disorders and higher disposable income, resulting in more people opting for health centers.
- Additional services such as spa, yoga, and aerobics attract more customers.
- Shortage of professional and skilled trainers in the industry and absence of accredited training institutes for the same.
- The industry is unregulated and has low entry barriers due to little capital investment to set up new gyms. As a result, there exists severe competition from the unorganised/local players.

Financials

As per the Auditors' report for FY09, TBVF has not complied with the Accounting Standard-22- Accounting for Taxes on Income, regarding non-provision of Deferred Tax Liability due to which the profit for the period and the reserves were overstated by Rs.2.39 crore.

(Rs. Crore)

For period ended/As on March 31,	2007	2008	2009
Working results			
Net Sales	18.76	33.15	51.78
Total Operating Income	19.87	34.13	53.36
PBILDT	6.05	13.32	17.45
Depreciation	1.46	2.26	4.58
Interest	2.71	4.17	8.00
PAT (As per Annual Report)	0.92	5.98	6.73
<i>PAT (After deducting Deferred Tax)</i>	<i>0.92</i>	<i>3.54</i>	<i>4.33</i>
Net Cash Accruals	2.99	8.23	11.29
Financial position			
Gross Fixed Assets	34.71	69.73	105.23
Net Fixed Assets	31.42	64.39	95.13
Net Working Capital	(1.20)	(4.09)	(11.15)
Equity Share Capital	1.90	1.97	1.97
Tangible Net worth	5.19	9.14	14.90
Total Debt	38.45	65.72	81.26
Total Capital Employed	43.64	74.86	96.16

March 26, 2010

6



For period ended/As on March 31,	2007	2008	2009
Ratios:			
Growth (%)			
Growth in Total Income	114.52	71.76	56.34
Growth in PBILDT	86.97	120.36	30.95
Growth in PAT	(6.25)	551.29	12.47
Profitability (%)			
PBILDT /Total Operating Income	30.43	39.03	32.69
PAT / Total Income	4.62	17.53	11.95
<i>PAT/Total Income (After deducting def tax)</i>	<i>4.62</i>	<i>10.38</i>	<i>7.69</i>
ROCE (Total Capital Employed)	13.27	18.68	18.49
RONW	20.60	83.53	56.00
EPS	4.84	30.43	34.22
Solvency (Times)			
Long Term Debt Equity ratio	7.41	7.19	5.40
Overall Gearing ratio	7.41	7.19	5.45
Interest Coverage	1.69	2.65	1.61
Term Debt / Gross Cash Accruals	12.25	7.97	7.12
Liquidity (times)			
Current Ratio	0.22	0.12	0.17
Quick Ratio	0.22	0.12	0.17
Turnover (times)			
Capital Turnover Ratio	0.70	0.68	0.68
Fixed Asset Turnover Ratio	0.76	0.71	0.67

Driven by addition of new gyms, increasing health awareness among consumers and attractive promotional schemes resulting in higher membership, TBVF reported increase in net sales at a Compounded Annual Growth Rate (CAGR) of 66.12% in the past three years to Rs.51.78 crore in FY09. The number of gyms gradually increased from five in FY04 to 35 in FY09.

Increase in net sales of TBVF has led to increasing PBILDT through the years, although PBILDT margin declined to 32.69% in FY09 on account of increase in electricity charges, staff costs and rent on leased premises. PBILDT margins were in the range of 30% to 39% during FY07-09.

Over the years, PAT of TBVF increased in line with PBILDT. However, PAT margins widely fluctuated from 4.62% in FY07 to 11.95% in FY09. This was mainly due to increase in the depreciation and interest charges on account of debt-funded expansions.

March 26, 2010

7



Similarly, the Return On Net Worth (RONW) also saw wild fluctuations and settled at 56% for FY09. Although RONW seems to be high, it has to be seen in light of low networth as on March 31, 2009. However, sustainability of the RONW remains to be seen, going forward.

The fixed assets of TBVF increased during the last three years in line with increase in the number of gyms. As on March 31, 2009 the equity share capital and tangible network stood at Rs.1.97 crore and Rs.14.90 crore respectively. The increase in tangible network as on March 31, 2009 was on account of retention of profits partially offset by increase in intangible assets. Over the years, the promoters and group companies have funded the capex by way of interest-bearing unsecured loans from the promoters.

TBVF operates on advance basis, wherein, the company receives upfront fees from the members.

Since TBVF is in capex mode with addition of new gyms every year, the stabilizing of the gyms by way of generating revenue takes time resulting in low fixed assets turnover ratio during the last three years.

Historically, TBVF's gearing levels have been high on account of debt-funded expansions and low network base. Although the long-term debt-equity and overall gearing ratios declined to 5.40x and 5.45x as on March 31, 2009, they are still high.

As on March 31, 2009, TBVF's contingent liabilities stood at Rs.12.46 crore, including corporate guarantees of Rs.12.27 crore in favour of Joint Ventures and Associates. Contingent liabilities formed a high 83.62% of TBVF's tangible network as on March 31, 2009.

During H1FY10, TBVF's net sales grew by 8.66% YoY to Rs.35.78 crore, backed by higher number of gyms. The PBILDT margin stood at 35.51% due to lower operating overheads. However, PAT margin was lower at 8.89% as compared to 11.95% for FY09 on account of higher interest charges.

On October 5, 2009, TBVF made preferential allotment of 2.91 lakh equity shares [FV of Rs.10/- each, with a premium of Rs.625/- per share] aggregating Rs.18.50 crore to its promoters/HNIs. Further, the company made a bonus issue of 1.58 crore equity shares with FV of Rs.10/- per share (ratio of 7:1) in November 2009.

March 26, 2010

8



Prospects

TBVF plans to set up gyms every year across India. The capex would be mainly funded through equity infusion/internal accruals. Thus, TBVF's future growth prospects depend on successful execution of the expansion plans which in turn are dependent on successful completion of the IPO.

With the increase in health awareness and young population, demand for fitness center is envisaged to go up. However, there is intense competition from local gyms (unorganised sector) and international and national health chains.

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.

March 26, 2010

9

A handwritten signature in black ink, appearing to be "K. S. Srinivasan".

Annexure - II

Press Release

CARE assigns 'CARE IPO Grade 3' to Talwalkars Better Value Fitness Ltd.

CARE has assigned a 'CARE IPO Grade 3' to the proposed Initial Public Offer (IPO) of Talwalkars Better Value Fitness Ltd. (TBVF). '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 relative assessment of the fundamentals of that issuer. TBVF proposes an IPO of 60.50 lakh equity shares of face value of Rs.10/- each, at a price which will be determined through the book-building process.

Rating Rationale

The grading factors in promoters' experience and long track record in the fitness industry, experienced Board of Directors, established brand, favourable industry prospects and pan-India presence.

However, the grading is constrained by low entry barriers and increasing competition in the fitness industry, high level of leverage, high exposure by way of corporate guarantee towards Joint Ventures and dependence on IPO proceeds for the proposed expansion.

Company Profile

TBVF is engaged in operating gyms with various amenities, at 51 health centers spread over 24 cities all across the country. TBVF operated 51 gyms as on December 14, 2009, of which 37 were owned by TBVF, nine through Joint Ventures and Associates and five under franchisee agreement. The company's Board comprises 12 members, of whom six are Independent Directors, with Mr. Madhukar Talwalkar - Chairman, who has almost five decades of experience in the Fitness Industry.

The proceeds from the proposed issue of shares are intended to be deployed for opening of 27 new gyms, repayment of the unsecured loans from promoters and group companies, general corporate purposes and issue expenses.

On a total income of Rs.53.36 crore, TBVF earned a PAT of Rs.4.33 crore in FY09. TBVF's leverage has been high on account of debt-funded expansions and low networth base.



During H1FY10, TBVF's net sales grew by 8.66% YoY to Rs.35.78 crore, backed by higher number of gyms. PAT margin was lower at 8.89% as compared to 11.95% for FY09 on account of higher interest charges.

Analyst Contact

Name: Ms. Padmaja Parange

Tel # 6754 3433

Mobile # 99875 75584

Email: padmaja.parange@careratings.com

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.

A handwritten signature in black ink, appearing to be "P. Parange".

Shri. Girish Nayak
Vice President
Talwalkars Better Value Fitness Ltd.
801-813, Mahalaxmi Chambers,
22, Bhulabhai Desai Road,
Mumbai - 400026

April 05, 2010

Confidential

Dear Sir,

IPO Grading

Please refer to our IPO Grading letter dated February 12, 2010 and your subsequent letter dated April 01, 2010 requesting us to revalidate the grading assigned to your Initial Public Offering (IPO) of 60.50 Lac equity shares of face value of Rs.10 each.


2. It has been decided to reaffirm the grading of '**CARE IPO Grade 3**' [**Grade Three**] to the proposed IPO issue of Talwalkars Better Value Fitness Ltd. (TBVF). **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 1**.
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 as per the existing regulations, CARE is required to disclose all IPO gradings.
8. 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.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,


[Pooja Shastri]
Deputy Manager


[Padmaja Parange]
Senior 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

1982