

EVALUATION MATRIX

S. No	Parameter(s)	Weightage	Score Range/Matrix	Maximum Score	Calculation of Parameter
(A)	QUALITATIVE PARAMETERS				
1	Experience of resolution applicant in the sector in which Corporate Debtor is operating.	50%	0-10	5	Score will be awarded on the basis of performance of resolution applicant in the immediate past 5 financial years on the basis of operating experience, financial metrics, market metrics and customer metrics.
2	Acquisitions made by Resolution Applicant in the immediate past 5 financial years.	50%	0-10	5	Score will be awarded on the basis of success of resolution applicant in making acquisitions, in taking merger & acquisitions, acquiring and turning of distressed assets etc. In case of multiple acquisitions, the best case is to be considered for scoring. Past success to be judged on the basis of EBITDA improvement (both absolute and % EBITDA margin) of



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					acquired company post acquisition.
3	<p>Financial strength of resolution applicant/group (group net worth, revenue, EBIDTA)</p> <p>For Strategic Investors</p> <ul style="list-style-type: none"> Debt to EBITDA Ratio Sales Turnover <p>For Financial Investors</p> <ul style="list-style-type: none"> Fund Size (from which Investment is proposed) Assets under the management of resolution applicant <p>For Special Purpose Vehicle (SPV)</p> <ul style="list-style-type: none"> Financial strength of Group or Holding Company which has management control of SPV is to be considered. <p>For consortium senior partners to be considered.</p>	100%	0-10	10	<p>For Strategic Investors</p> <p><u>Debt to EDITDA Ratio</u> Ratio of Net Debt to EBITDA, as per audited financial statements of immediately preceding financial year.</p> <p><u>Sales Turnover</u> Total Sales Turnover, as per audited financial statements of immediately preceding financial year.</p> <p>For Financial Investors</p> <p><u>Fund Size</u> Total investment proposed (including upfront cash and capital infusion) / Fund size (from which investment is proposed, as per the last audited financial statements).</p> <p><u>Asset under Management</u> - As per the last audited Financial statement. Measured as a % of maximum value amongst resolution applicants.</p>



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					to be explicitly justified). d) Synergies with resolution applicant (e.g. use of captive mine, sales to existing customer base, etc.). e) Financing plan (e.g. environmental compliance, investment capex, etc.)
5	Risk Assessment and Mitigation Plans Risk may include sanctity of raw material sourcing contracts, compliances of corporate debtor, action plan for existing employees / union, plan to protect interests of other stakeholders viz. Statutory authorities, operational creditors etc.	20%	0-10	2	Confidence level on plan All risks mentioned by resolution applicants to be aggregated to form a complete list Feasibility of mitigation plan to be considered across each risk.
6	Availability of additional collateral security and personal/corporate guarantee and value thereof	60%	0-10	6	Additional collateral security, corporate guarantee or personal guarantee of resolution applicant, will indicate the financial credibility of resolution applicant which in turn will ensure ease to the lenders of corporate debtor.



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7	<p>External Credit Rating of the Resolution Applicant India: CARE, ICRA, CRISIL, Fitch/India Ratings International: S&P, Moody's, Fitch If resolution applicant is an SPV, then group / holding company which has management control of SPV to be considered.</p>	20%	0-10	2	<p>If multiple ratings are to be submitted, then highest rating is considered. If international rating submitted, then credit rating adjusted higher or lower as per difference in sovereign credit rating of country and India to be considered. The credit rating report should have been issued within the last 2 preceding financial years from the date of submission of the resolution plan for the external credit rating to be valid for evaluation purposes.</p> <p>(Refer Annexure 1)</p>
8	<p>Regulatory Compliances of Resolution Applicant If resolution applicant is an SPV, then group / holding company which has management control of SPV to be considered.</p>	20%	0-10	2	<p>Status of compliances of Resolution Applicant on the basis of audited financial statement of resolution applicant of the preceding financial year and on the basis of data available in public domain like MCA Portal, SEBI Portal, RBI Portal etc.</p>



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9	Track record of debt repayment of Resolution Applicant India: CIBIL, CRILIC International: Transunion If resolution applicant is an SPV, then group / holding company which has management control of SPV to be considered.	20%	0-10	2	To ascertain the credit worthiness of Resolution Applicant it is important to study their debt repayment capacity and defaults in repayment (if any) made by them. (Refer Annexure 2)
10	Technological Advancement (if any) introduced by Resolution Applicant	20%	0-10	2	Score will be based on if resolution applicant will be bringing any technological advancement to carry out operations of corporate debtor or replacing obsolete technology framework of corporate debtor or introducing innovative yet cost effective technology to ensure smooth working of corporate debtor's operations/business.
11	Future Prospects	10%	0-10	1	A review of financial statements and industry trends helps in analyzing the future prospects of a company. A SWOT analysis is



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						a commonly used tool for evaluating businesses. When the CoC votes to approve a resolution plan, it must not only consider the monetary value of the fund infusion offered by a resolution applicant, but also keep in mind a multitude of other factors to decide as to which resolution plan is best for the “future prospects” of the enterprise in question. This approach best serves the creation of a “rescue culture” in the legal system.
	Total score of qualitative parameters	100%			100	
	Total weight of qualitative parameters (A)	40%			40	
(B)	QUANTITATIVE PARAMETERS					
1	Upfront cash recovery as per Resolution Plan a) Resolution plan involving upfront cash should be backed by Letter of	200%	>=35% of the Resolution Debt Amount	10	20	Measured as percentage of the total claims admitted by IRP/RP (as the case may be).



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<p>Commitment from a bank/cheque.</p> <p>b) At the time of acceptance of the Letter of Intent, the resolution applicant is to provide the higher of either the performance guarantee or Letter of Commitment / cheque for the upfront cash.</p> <p>c) Upfront cash will be encashed at the time of signing a definitive agreement with the lenders.</p> <p>d) If upfront cash infusion is by way of equity, the source should be laid out in the plan.</p> <ul style="list-style-type: none"> • <i>Preference to be given to the resolution applicant who is willing to fund employees pay and pay outstanding and applicable statutory dues of the corporate debtor.</i> 	>=30% < 35% of the Resolution Debt Amount	8	
	>=20% < 30% of the Resolution Debt Amount	6	
	>=10% < 20% of the Resolution Debt Amount	4	
	>=5% < 10% of the Resolution Debt Amount	2	
	< 5% of the Resolution Debt Amount	0	



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			No cash recovery	0		
2	<p>Net Present Value (NPV) of continuing portion of debt inclusive (both interest and principal). Cash Flows to include upfront cash payment.</p> <p>Tiered Discount Rate to be used:</p> <ul style="list-style-type: none"> • <= 5 years: 8% (<=1 years:8%) • >5,<=10 years: 10%(>1,<=2years:10%) • >10, <=15 years : 15%(>2years,<=3years :125) • >15 years :30%(To be removed) 	70%	>=70% of the Resolution Debt Amount >=65% < 70% of the Resolution Debt Amount >=60% < 65% of the Resolution Debt Amount >=50% < 60% of the Resolution Debt Amount >=40% < 50% of the Resolution Debt Amount >=30% < 40% of the Resolution Debt Amount	2 3 4 6 8 9	7	Measured as percentage of the total claims admitted by IRP/RP (as the case may be).



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			>=20% < 30% of the Resolution Debt	10	
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			Amount		
3	Discounted Value of Cash Flows from lender's equity and equity-like instruments	50%	100% (maximum amongst all resolution)	10	5
			90%	9	
			80%	8	
			70%	7	
			60%	6	
			50%	5	
			40%	4	
			30%	3	
			20%	2	
			10%	1	
			0% (no equity or like instruments given to lenders)	0	
4	Term of resolution plan (number of	100%	0-10		10
					Resolution Applicant offering

Measured as a percentage of maximum value amongst all resolution plans.

Cash flow from equity is assumed to be all in FY21 (which is then discounted). Cash flow from equity is calculated as per the following formula:
 % equity stake proposed for lenders * [(Projected FY21 EBITDA as per resolution plan * Multiple)
 - Outstanding debt in FY21
 - Minority interest (if any)
 + Cash & cash equivalents]

Proposed multiple is:
 EV/EBITDA = 7



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	years after approval of resolution plan by NCLT)				minimum number of years after approval of resolution plan by Adjudicating Authority will get highest								
					score and for other bidders the score will reduce by 20% against every year difference with highest bidder.								
5	Fresh Equity Infusion for improving operations, only if the lenders are continuing. Measured as % of the total financial creditor claims admitted by RP. In case not applicable to a resolution plan, the overall scores to be normalized without the parameter.	50%	<table border="1"> <tr> <td>>30% of the Resolution Debt Amount</td> <td>10</td> </tr> <tr> <td>>=20% < 30% of the Resolution Debt Amount</td> <td>8</td> </tr> <tr> <td>>=10% < 15% of the Resolution Debt Amount</td> <td>6</td> </tr> <tr> <td>>=5% < 10% of the Resolution Debt</td> <td>4</td> </tr> </table>	>30% of the Resolution Debt Amount	10	>=20% < 30% of the Resolution Debt Amount	8	>=10% < 15% of the Resolution Debt Amount	6	>=5% < 10% of the Resolution Debt	4	5	<p>Assessment shall be made on the basis of actual cash proposed to be infused by the Resolution Applicant along with the disclosure of source of funding in the Corporate Debtor in the form of Equity or Quasi-Equity within first 6 months from the date of signing of the Definitive Agreements plus discounted cash flows for infusion beyond 6 months, but up to 3 years, at a discount rate of 8% p.a. If the infusion is beyond 3 years, it will not be considered for scoring purposes.</p> <p>“Equity” shall mean investment by way of</p>
>30% of the Resolution Debt Amount	10												
>=20% < 30% of the Resolution Debt Amount	8												
>=10% < 15% of the Resolution Debt Amount	6												
>=5% < 10% of the Resolution Debt	4												



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			Amount		shares. "Quasi Equity" shall mean
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			>=1% < 5% of the Resolution Debt Amount	2		fund infusion other than by way of shares subject to following criterias: a) Sub-ordinate to the secured loans. b) Non-interest bearing. c) No redemption without the consent of secured financial creditors.
			No Infusion	0		
6	Fresh Equity Infusion for financial creditors.	100%	>=10% of the Resolution Debt Amount	10	10	This shall be computed based upon the amount of equity infused and factoring to the extent of shareholding proposed to be offered to financial creditors.
			>=8% < 10% of the Resolution Debt Amount	8		
			>=6% < 8% of the Resolution Debt Amount	6		
			>=4% < 6% of the Resolution Debt Amount	4		



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			>=1% < 4% of the Resolutio	2	
			n Debt Amount		
			No Infusion	0	
7	Arrangements with regard to sale or transfer of all or part of assets of the corporate debtor.	70%	0-10	7	Assessment shall be based on arrangements made by Resolution Applicant to sell unencumbered assets of the corporate debtor other than in the ordinary course of the business if such sale is yielding better realisation of value under the facts and circumstances of the case.
8	Corporate Restructuring of corporate debtor by way of Merger or Acquisition of corporate debtor with one or other person.	40%	0-10	4	Assessment shall be based on restructuring plan (if any) for corporate debtor proposed by Resolution Applicant by way of merger or amalgamation/demerger/debt restructuring etc.
9	Arrangement with the creditors of corporate debtor	40%	0-10	4	Arrangement with creditors with regard to: a) Reduction of interest rate levied on the loan. b) Reduction with regard to the net amount payable by corporate debtor to



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					the creditor. c) Extension of maturity date of a loan advanced
					to the corporate debtor. d) Curing or waving of any breach of the terms of any debt due from corporate debtor. e) Satisfaction or modification of any security interest.
10	Change in portfolio of goods or services produced or rendered by the corporate debtor.	40%	0-10	4	Assessment shall be based on plans proposed by Resolution Applicant with regard to horizontal or vertical expansion of product line or services rendered by corporate debtor thereby creating more market and customer base for corporate debtor.
	Total score of quantitative parameters	100%		100	
	Total weight of quantitative parameters (B)	60%		60	
	Total score of resolution applicant (A+B)				



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NOTES

- 1) Bid evaluation matrix is required for making comparison between bids received during resolution process. It is not meant for taking a decision on acceptance or rejection of the offer.
- 2) The bid evaluation matrix would only be used in case resolution plans are received from more than one resolution applicants.
- 3) Resolution debt for the evaluation purposes shall mean the total admitted claims in the Company as on Form G uploaded, (*amount of total admitted debt in Rupees*) which may undergo change based on admission/rejection of claims.
- 4) Upfront Cash shall mean the cash payable by the Resolution Applicant to the Committee of Creditors on the transfer date as per the Resolution Plan.

[Registration Number, Name, Address and E-Mail of Resolution Professional]



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Annexure 1

Agency	SCORE				
	0	2.5	5	7.5	10
CARE	D, C, B, BB	BBB	A	AA	AAA
ICRA	D, C, B, BB	BBB	A	AA	AAA
CRISIL	D, C, B, BB	BBB	A	AA	AAA
India rating	D, C, B-, B, B+, BB-, BB, BB+	BBB+ to BBB-	A+ to A-	AA+ to AA-	AAA
S&P	D, C, B, BB	BBB	A	AA	AAA
Moody's	D, C, B, BA	Baa	A	AA	AAA
Fitch	D, C, B, BB	BBB	A	AA	AAA

Annexure 2

Agency	SCORE				
	0	2.5	5	7.5	10
CIBIL	< 700	>= 700, < 750	>= 750, < 800	>= 800, < 850	>= 850
Transunion	< 700	>= 700, < 750	>= 750, < 800	>= 800, < 850	>= 850



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