

ANNEXURE I

RESOLUTION PLAN EVALUATION CRITERIA

| CRITERIA | MAXIMUM SCORE |
|---|---------------|
| 1. Quantitative Criteria | 70 |
| 1.1. Upfront Cash Recovery | |
| 1.2. Net Present Value (NPV) of continuing debt (including upfront cash recovery considered in #1 above) | |
| 1.3 Fresh Equity/Quasi Equity Infusion for improving business operations | |
| 1.4 Equity Upside (Equity Offered to lenders post resolution) | |
| 2. Qualitative Criteria | 30 |
| 2.1 Reasonableness of Financial Professions i.e. Sales, EBITDA, EBIT etc. / Certainty/ Likelihood/ Feasibility /Eventuality of honouring proposed commitments | |
| 2.2 Ability to turnaround distressed companies- Managerial competence and technical abilities, key managerial personnel, track record in implementing turnaround of stressed assets, etc. | |
| 2.3 Standing of Bidder/Group in sector/ External Rating/ adherence to financial Discipline/ record of regulatory compliance (the score will be 0, if the RA, including any Group Company is NPA <12 months) | |
| Total | 100 |

1. Quantitative Parameters [Total Score – 70]

1.1. Upfront Payment as per Resolution Plan

| S No. | Parameter | Details | Scoring Methodology |
|-------|---------------------------------------|--|---|
| i. | Upfront Cash Recovery 35 marks | Upfront cash recovery shall be defined as the discounted value of payment proposed to be made to financial creditors within the period of 30 days from NCLT approval. The discounting shall be done to present value on a daily basis, at the rate 9% p.a. | The scoring shall be linked to Resolution Debt of the Corporate Debtor: <ul style="list-style-type: none"> • For the RA giving 50% or more of the Resolution Debt as Upfront Cash- 35.0 marks • For all other RAs, the score shall be proportionately |

| | | | |
|--|--|---|---------|
| | | Unconditional letter of commitment from Bank/Cheque will need to be submitted by the RA for the proposed Upfront Cash Amount before CoC votes on the Resolution Plan. | reduced |
|--|--|---|---------|

Upfront cash should be paid within 30 days from approval of NCLT or any other adjudicating authority. Resolution Plan involving upfront payment should be backed by Letter of Commitment from an Indian Scheduled Commercial Bank or Cheque.

1.2. Net Present Value (NPV) of continuing debt (including upfront cash recovery considered in #1 above)

| S No. | Parameter | Details | Scoring Methodology |
|-------|--|---|---|
| ii. | NPV of continuing debt (inclusive of upfront cash payment) 23 marks | <p>This shall be computed by discounting the future cash flows to be paid to lenders by following a tiered discounting rate.</p> <p>The discounting rate shall vary depending on the age bucket in which the cash flow falls. The age buckets that shall be considered are as follows:-</p> <ul style="list-style-type: none"> • 0-5 years: 9% discount rate per annum for all the years • >5 years up to 10 years: 15% discount rate per annum for all the years • >10 years: 30% discount rate per annum for all the years | <p>The scoring shall be linked to the Resolution Debt of the Corporate Debtor:</p> <ul style="list-style-type: none"> • For the RA giving highest %age of the Resolution Debt as NPV-23 marks • For all other RAs, the score shall be proportionately reduced |

1.3. Equity/Quasi-equity infusion for improvement of business operations

| S No. | Parameter | Score Matrix | Scoring Methodology |
|-------|-----------|--------------|---------------------|
|-------|-----------|--------------|---------------------|

| | | | |
|------|---|---|---|
| iii. | Equity/Quasi-equity infusion for improvement of business operations 7 marks | <p>This shall be computed as the discounted value of actual cash proposed to be infused by the RA in the Corporate Debtor for improvement of business operations in the form of Equity or Quasi Equity within first 2 years from closing of the Transaction. Discounting of cash flows shall be on an annual at a discount rate of 9% p.a. If the infusion is beyond 2 years, it will not be considered for scoring purpose.</p> <p>Equity shall be defined as investment by way of Common Shares.</p> <p>Quasi equity shall mean fund infusion by RA in the form of instruments, other than common shares, which meet the following criteria:</p> <ul style="list-style-type: none"> • Sub ordinate to the secured loans • Interest shall be cumulative but not paid before secured lenders are repaid fully • No redemption without the consent of secured lenders | <p>The scoring shall be linked to the Resolution Debt of the Corporate Debtor:</p> <ul style="list-style-type: none"> • For the RA giving highest %age of the Resolution Debt as infusion- 7 marks • For all other RAs, the score shall be proportionately reduced. |
|------|---|---|---|

1.4. Equity upside (Equity issued to lenders post resolution)

| S No. | Parameter | Score Matrix | | Scoring Methodology |
|-------|--|--|---------------------|---------------------|
| 1. | Equity Upside (Percentage of Equity offered to lenders post resolution) | Expected Upside | Graded Score | 5 |
| | | > 30% of Equity post Resolution | 5 | |
| | | >25% -<=30% of Equity post Resolution | 5 | |
| | | > 20% -<=25% of Equity post Resolution | 4 | |
| | | > 15% -<=20% of Equity post Resolution | 3 | |

| | | | |
|--|--|---|--|
| | > 10% -<=15% of Equity post Resolution | 2 | |
| | > 0% -<=10% of Equity post Resolution | 1 | |
| | 0% of Equity post Resolution | 0 | |

- If there are multiple SPVs, then minimum equity % from all the SPV shall be considered
- In case where graded score for a particular parameter consists of slabs, the scoring shall be done on pro-rata, based on the lower and upper end of the range and the graded score specified.

2. Qualitative Parameters [Total Score -30]

| S No. | Parameter | Max Score |
|-------|---|-----------|
| 2.1 | Reasonableness of Financial Projections i.e. Sales, EBITDA, EBIT etc. / Certainty/ Likelihood/ Feasibility /Eventuality of honouring proposed commitments | 10 |
| 2.2 | Ability to turnaround distressed companies- Managerial competence and technical abilities, key managerial personnel, track record in implementing turnaround of stressed assets, etc. | 10 |
| 2.3 | Standing of Bidder/Group in sector/ External Rating/ adherence to financial Discipline/ record of regulatory compliance (the score will be 0, if the RA, including any Group Company is NPA <12 months) | 10 |