

## **RESOLUTION PLAN EVALUATION FRAMEWORK**

- The Resolution Plans shall be evaluated after considering a defined set of quantitative as well qualitative parameters (detailed below). The weightage to be assigned to the 2 category of parameters shall be as follows:

| S. No. | Section                 | Marks      |
|--------|-------------------------|------------|
| Part A | Quantitative Parameters | 70         |
| Part B | Qualitative Parameters  | 30         |
|        | <b>Total</b>            | <b>100</b> |

### **PART-A – Quantitative Parameters (Total 70 marks)**

- The evaluation of Resolution Plan under this category will be with the objective of ascertaining the commercial attractiveness of the Resolution Plan.
- The key quantitative parameters that shall be considered for the purpose of evaluation are as follows:

| S. No. | Section  | Marks | Description  |
|--------|--|-------|--|
| A.1    | Upfront cash paid to lenders                               | 25    | <p>Upfront cash recovery shall be defined as the payment proposed to be made to both financial creditors as well as operational creditors at the time of Closing of the Transaction or signing of the Definitive Agreements.</p> <p>Performance Bank Guarantee (PBG) / Unconditional letter of commitment from Bank / cheques will need to be submitted by the RA, which shall be for the higher of the amount prescribed as Performance Bank Guarantee in the Request for Resolution Plan (RFRP) or the proposed Upfront Cash amount.</p>                     |
| A.2    | NPV of continuing debt (inclusive of upfront cash payment) | 35    | <p>This shall be computed by discounting the future cash flows to be paid to lenders by following a tiered discounting rate. Upfront cash payment, if any, shall be considered as part of NPV without applying any discount.</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"> <li>• 0-5 years</li> <li>• &gt;5 years up to 10 years</li> <li>• &gt;10 years up to 15 years</li> <li>• &gt; 15 years</li> </ul> |

| S. No. | Section   | Marks     | Description   |
|--------|---|-----------|---|
| A.3    | Equity / Quasi-equity infusion for improvement of business operations | 10        | <p>This shall be computed as the 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 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. If the infusion is beyond 3 years, it will not be considered for scoring purposes.</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"> <li>• Sub-ordinate to the secured loans</li> <li>• Non-interest bearing</li> <li>• No redemption without the consent of secured lenders</li> </ul> |
|        | <b>Total marks</b>  | <b>70</b> |   |

#### **PART-B – Qualitative Parameters (Total 30 marks)**

- The evaluation of Resolution Plan under this category will be with the objective of ascertaining the qualitative aspects of the Resolution Plan / Resolution Applicant.
- For the parameters pertaining to the Resolution Applicant, we shall consider the entity that is designated as the RA or in case the RA is a Special Purpose Vehicle (“SPV”) we shall consider the parameters pertaining to the largest shareholder in the SPV
- The key qualitative parameters that shall be considered for the purpose of evaluation are as follows:

| S. No. | Section  | Description  |
|--------|--|--|
| B.1    | Reasonableness of Financial Projections  | This shall be assessed based on various parameters including, <i>inter alia</i> , Sales, EBITDA, EBIT etc., and its Certainty / Likelihood / Feasibility / Eventuality of honoring proposed commitments  |
| B.2    | Ability to turnaround distressed companies   | This shall be assessed based on various financial parameters including, <i>inter alia</i> , <i>Track record / experience of RA</i> , Track record in M&A taking over and turning around distressed assets, etc.                                  |
| B.3    | Standing of Bidder / Group in sector / External Rating / adherence to financial Discipline / record of regulatory compliance | This shall be assessed based on various parameters including, <i>inter alia</i> , external credit rating, turnover & asset under management (as applicable), collateral and adherence to financial Discipline / record of regulatory compliance. |