

EVALUATION MATRIX

Evaluation Matrix for Selection of Successful Resolution Applicant in the matter of XYX Limited (Corporate Debtor)

Evaluation Matrix : As per Reg 2(a)(ha) of CIRP Reg: “evaluation matrix” means such parameters to be applied and the manner of applying such parameters, as approved by the committee, for consideration of resolution plans for its approval;

Introduction : The Evaluation Matrix is issued to all Prospective Resolution Applicants (PRAs) in accordance with Regulation 36B(1) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The purpose of Evaluation matrix is to evaluate the Resolution Plans submitted by the PRAs and make comparison based upon pre-determined parameters which should be both quantitative and qualitative. The parameters shall be approved by the committee of creditors. Any subsequent change in any parameter of Evaluation Matrix is considered as fresh issue of the RFRP/Evaluation Matrix and will be subject to timeline under Regulation 36B(3).

Reg 39(3)(a) of CIRP Reg: The COC shall evaluate the resolution plan received under Reg 39(2) as per Evaluation Matrix.

The Resolution Plans shall be evaluated after considering a defined set of quantitative as well qualitative parameters. The weightage to be assigned to the 2 categories of parameters as decided by the COC which depends upon various factors and it cannot be prescriptive:

S. No.	Section	Score
Part A	Quantitative Parameters	See Note 1
Part B	Qualitative Parameters	See Note 1
	Total	100

Note : The given parameters are suggestive in nature and can vary upon case-to-case basis. But primarily the structure of the Evaluation matrix shall remain as given below.

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XXY Limited (Corporate Debtor)**

SI	Evaluation Criteria	Score Matrix (Indicative) \$	Score	Weightage	Max Score
Part A- Quantitative Parameters					
\$ (A range has been given and it will be decided by COC based or various factors viz. Tentative Fair value/ Liquidation Value. For Example if the total resolution plan amount is Rs. 100 crores but FV/LV is Rs. 5 crores then the score matrix may start with 20% or 25% of the resolution plan amount and the getting getting maximum viz. Marks 10 in SI. No. 1)					
1	Upfront cash payment as part of resolution plan Resolution Plan involving upfront cash payment as per the Plan, to be paid within 30/60/90 days from NCLT approval of the Resolution Plan and shall specify the sources of funds, with evidence to the satisfaction of RP/CoC	>= 80% of the Resolution Plan Amount >= 70% <80% of the Resolution Plan Amount >= 60% <70% of the Resolution Plan Amount >= 50% <60% of the Resolution Plan Amount >= 40% <50% of the Resolution Plan Amount >= 30% <40% of the Resolution Plan Amount >= 20% <30% of the Resolution Plan Amount < 20% of the Resolution Plan Amount.	10 9 8 7 6 4 2 0	200%-300%	20-30
2	NPV of all payments to be made to FCs	> = 90% of the Admitted claims of the FCs	10 9	100%-200%	10-20

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	<p>This shall include computation of NPV, as on NCLT approval date, for all payments proposed to be made to the FCs by the RA over the term of the Plan</p> <ul style="list-style-type: none"> The discounting factor of NPV will be calculated @9% or at any other percentage as decided by CoC I.e. based on SBI MCLR rate. 	<p>>= 80% <90% of the Admitted claims of the FCs</p> <p>>= 70% <80% of the Admitted claims of the FCs</p> <p>>= 60% <70% of the Admitted claims of the FCs</p> <p>>= 50% <60% of the Admitted claims of the FCs</p> <p>>= 40% <50% of the Admitted claims of the FCs</p> <p>>= 30% < 40% of the Admitted claims of the FCs</p> <p>>= 20% < 30% of the Admitted claims of the FCs</p> <p>>= 10% < 20% of the Admitted claims of the FCs</p> <p>< 10% of the Admitted claims of the FCs</p>	<p>8</p> <p>7</p> <p>6</p> <p>5</p> <p>4</p> <p>3</p> <p>2</p> <p>1</p>		
3	<p>NPV of all payments made to all creditors other than FCs including Upfront payment</p> <p>For the purpose of evaluation, payments made to creditors other than FCs need to be given separate weightage or any other benchmark rate;</p>	<p>> = 25% of the Admitted claims of the OCs & Others</p> <p>>= 20% <25% of the Admitted claims of the OCs & Others</p> <p>>= 15% <20% of the Admitted claims of the OCs & Others</p> <p>>= 10% <15% of the Admitted claims of the OCs & Others</p> <p>>= 05% <10% of the Admitted claims of the OCs & Others</p> <p>< 05% of the Admitted claims of the OCs & Others</p>	<p>10</p> <p>8</p> <p>6</p> <p>4</p> <p>2</p> <p>0</p>	50%-100%	5-10

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4	Only in case involving Home Buyers Time frame within which the Home Buyers are going to get their property/dues	< = 3 Months from the date of approval by AA < = 6 Months from the date of approval by AA < = 1 Year from the date of approval by AA < = 18 Months from the date of approval by AA < = 2 Years from the date of approval by AA More than 2 years	5 4 3 2 1 0	100%	5
5	NPV of cash for delay penalty for home buyers including commercial allottees / Interest payment to Financial Creditors (Banks & FIs) and also Refund Seekers (Home Buyers including commercial allottees) and repayment of FD Holders			50%-100%	5-10
6	Honoring all terms of original/ additional agreements with Real Estate Allottees by whatsoever names and agreed under whatsoever circumstances including but not restricted to Pre EMI schemes etc				5

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7	Fresh fund Infusion for improving operations (Capex and working capital funding over and above the repayment to the creditors)	=> 100% of the Resolution Plan Amount >=75% <100% of the Resolution Plan Amount >= 50 %<75% of the Resolution Plan Amount >= 25% < 50% of the Resolution Plan Amount Less than 25%	10 8 4 2 0	50%-100%	5-10

Part B- Qualitative Parameters

8	Reasonableness of financial projections/ Eventuality of honoring proposed commitment/ Financial strength of resolution applicant/ group (group net worth, revenue, EBIDTA)	RP/ Advisor shall present analysis of reasonableness of financial projections on items such as revenue growth, profitability, market share, etc., by using benchmarks available in the public domain or financial projections used by valuer to arrive at fair value, if available	Range : 0-10	50%-150%	5-15
	This shall refer to reasonableness of assumptions in the business plan submitted by the RA and assessment of risks and mitigations related to implementation of the Resolution Plan. The analysis shall be made of assumptions	A key parameter related to “eventuality of honouring proposed commitment” is the conditions precedent (CPs) submitted as a part of the plan. The fewer the number and higher the simplicity of the CPs, the higher the likelihood of the plan reaching successful closure.			

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	with respect to, but not limited to, revenue growth rate, gross margin, asset turnover ratio and net working capital.				
9	<p>Ability and track record to turnaround distressed companies / Standing of Bidder/ External Rating/ adherence to financial discipline/ record of regulatory compliance/ Real Estate Experience or related industry experience in which CD belongs to</p> <p>a) Track record / Experience of the Resolution Applicant</p> <p>b) Track record in M&A /taking over and turning around distressed assets</p>	<p>9(a) This shall refer to the years of operating experience that the RA has in the sector or in a industry of similar size.</p> <p>In case of a RA who is financial investor, the assessment shall be made based on the entities in which RA has a management control.</p> <p>9(b) This shall refer to evaluating RA's track record in successfully acquiring companies under IBC and successfully implementing plans.</p> <p>Also if the RA has undertaken any undertaking through M&A and post-acquisition if it has turned around distressed assets/ enhanced profitability.</p> <p>Successful turnaround could be evaluated based on RoI, improvement in key metrics, ratio of repayment of debt etc. after acquisition.</p>	Range : 0-10	50%-150%	5-15

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Notes:

1. The Scoring will differ from case-to-case basis and it will be at the wisdom of CoC to decide the score: (a) The score generally for **Quantitative Criteria** shall vary from 70% to 90% of total score of 100%; (b) The score generally for **Qualitative Criteria** varies from 10% to 30% of total score of 100%.
2. For intermediate values, the scores shall be based on interpolation
3. Bid evaluation 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.
4. The bid evaluation matrix is normally used to compare in case resolution plans are received from more than one resolution applicants. However, the CoC may evaluate even a single Resolution Plan based on EM.
5. Resolution Plan amount for the evaluation purpose shall mean the total amount proposed to be paid to the Creditors and CIRP Cost in the Resolution Plan.
6. Financial Debt amount means total admitted claim of Financial Creditors including both Secured and Unsecured Financial Creditors and home buyers and deposit holders, if any.
7. Operational Debt means total admitted claim from creditors other than financial creditors.
8. Resolution Plan involving upfront cash recovery should be backed by Letter of Commitment in a form and a manner acceptable to the CoC from a Bank/NBFC/Holding Company/Group company or any other entity acceptable to the CoC. If upfront cash infusion is by way of equity, source should be laid out in the plan.
9. Cash infusion shall be through Equity or Preferential Shares or Promoters/Holding Company Funding only. CoC may consider also allowing infusion of cash through debt subordinated in payment priority and security.
10. Resolution Debt Amount (RDA) for Evaluation **Criteria 4 shall mean** the total amount of claims of Financial Creditors (Banks, Financial Institutions & FD Holders) admitted by the Resolution Professional till the date of evaluation.
11. Since the Committee of Creditors is having the absolute right to assess the feasibility and viability of a Resolution Plan, it can also evaluate any conditions, assumptions or other terms in the Resolution Plan which may have a bearing on the performance

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and implementation of the parameters stated in the evaluation matrix above, and accordingly:

- (i) discount the quantitative and qualitative scoring on this basis; and/or
 - (ii) to conform to a specific set of conditions / assumptions and / or any other terms in order to continue to consider the Resolution Plan.”
12. Any committed infusion of funds towards operations or cash recovery for lenders shall, in addition to the funds required for mandatory payments under the Resolution Plan as per CIRP Regulations/ Code, be made within such time period as is satisfactory to the lenders.
 13. Any infusion of funds proposed under the resolution plan should be demonstrated adequately by the Resolution Applicant to the CoC.
 14. The applicant(s) hold at least 26% equity and voting rights in the company for a minimum period of 1 years from the date of commencement of the resolution plan from implementation. Further, any transfer of equity/ quasi equity instruments (including by way of conversion into equity or voting rights) by the applicant, whether in whole or in part, shall not be made to any person/ entity that is ineligible under Section 29A of the Insolvency & Bankruptcy Code, 2016 at the time of such transfer being made by the applicant.
 15. Present Value of debt would be calculated based on quarterly repayment schedule as provided by the Resolution Applicant.
 16. Any Resolution Plan, factoring in any condition that is not explicitly mentioned in the above mentioned criteria including additional security, charge on assets, additional debt, issues relating to contingent liabilities and taxation, etc., shall be considered at the time of evaluation by the CoC.
 17. In case the Resolution Applicant has successfully acquired any other assets/ company between the submission of EOI to submission of Resolution Plan, it should provide a certificate specifying that its financial capability is sufficient for implementation of proposed Resolution Plan.
 18. As per Regulation 39(3) the Committee shall evaluate the plans as per EM and vote upon all the compliant Resolution Plans. However, nothing contained herein shall be construed as being binding on the COC for approval of a Resolution Plan which has the highest Bid Value or the highest score as per EM and may differ depending upon the commercial wisdom of the CoC.
 19. The Qualitative/ Quantitative parameters may be further divided and sub-divided in more parameters or merged, as required.
 20. The above criteria is linear method of evaluation and there are other methods which is called proportionate method and the

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COC may choose any of the methods.