

## Evaluation Matrix

The Resolution Plans shall be scored based on the following parameters

S No.	Description	Maximum Marks																		
<b><u>Quantitative Parameters (70 marks)</u></b>																				
<b>1</b>	<p><b>Upfront Cash Recovery for financial creditors</b></p> <p>Resolution Plan involving upfront cash recovery should be backed by unconditional Letter of Commitment from a Bank or Cheque. If Upfront Cash infusion is by way of Equity, the source should be laid out in the plan. Upfront payment shall be done within 30 days from date of approval of the Resolution Plan by Adjudicating Authority</p>	<b>30</b>																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Score Matrix</th> <th style="width: 30%;">Marks</th> </tr> </thead> <tbody> <tr> <td>&gt;=60% of the Resolution Debt* Amount</td> <td style="text-align: center;">24 - 30</td> </tr> <tr> <td>&gt;=50% &lt;60% of Resolution Debt Amount</td> <td style="text-align: center;">18 – 24</td> </tr> <tr> <td>&gt;=40% &lt;50% of Resolution Debt Amount</td> <td style="text-align: center;">15 – 18</td> </tr> <tr> <td>&gt;=30% &lt;40% of Resolution Debt Amount</td> <td style="text-align: center;">12 – 15</td> </tr> <tr> <td>&gt;=20% &lt;30% of Resolution Debt Amount</td> <td style="text-align: center;">9 – 12</td> </tr> <tr> <td>&gt;=10% &lt;20% of Resolution Debt Amount</td> <td style="text-align: center;">6 – 9</td> </tr> <tr> <td>&gt;=5% &lt; 10% of the Resolution Debt amount</td> <td style="text-align: center;">3 -6</td> </tr> <tr> <td>&lt; 5% of the Resolution Debt Amount</td> <td style="text-align: center;">0 - 3</td> </tr> </tbody> </table>			Score Matrix	Marks	>=60% of the Resolution Debt* Amount	24 - 30	>=50% <60% of Resolution Debt Amount	18 – 24	>=40% <50% of Resolution Debt Amount	15 – 18	>=30% <40% of Resolution Debt Amount	12 – 15	>=20% <30% of Resolution Debt Amount	9 – 12	>=10% <20% of Resolution Debt Amount	6 – 9	>=5% < 10% of the Resolution Debt amount	3 -6	< 5% of the Resolution Debt Amount	0 - 3
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<p><i>*Resolution Debt Amount (RDA) = Summation of claims admitted of Financial Creditors and Operational Creditors, , including any un-invoked bank guarantees not already admitted</i></p> <p><i>For scoring resolution plans falling within the same bracket, linear interpolation will be carried out</i></p>																				

**2 NPV of cash recovery to financial creditors****20**

<b>Score Matrix</b>	<b>Marks</b>
>=60% of the Resolution Debt* Amount	18 - 20
>=50% <60% of Resolution Debt Amount	16 – 18
>=40% <50% of Resolution Debt Amount	14 – 16
>=30% <40% of Resolution Debt Amount	12 – 14
>=20% <30% of Resolution Debt Amount	10 – 12
>=10% <20% of Resolution Debt Amount	6 – 10
>=5% < 10% of the Resolution Debt amount	2 – 6
< 5% of the Resolution Debt Amount	0 – 2

*\*Resolution Debt Amount (RDA) = Summation of claims admitted of Operational Creditors and Financial Creditors, including any un-invoked bank guarantees not already admitted*

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:

30 days – 6 months – Rate of discount 8%

Period of 6 months – 1 year – Rate of discount 10%

Period of 1 year - 3 years – Rate of discount 12%

Period of 3 years – 5 years - Rate of discount 14%

Period of 5 years – 7 years - Rate of discount 17%

*For scoring resolution plans falling within the same bracket, linear interpolation will be carried out*

*The upfront cash payment to financial creditors proposed in the resolution plans shall be awarded score on both Parameter 1 and Parameter 2*

**3 NPV of all payments made to all creditors other than Financial Creditors****10**

Discounting for NPV (if applicable) shall be as per the age bracket mentioned in Parameter 2 above.

Maximum marks to be given to the resolution plan offering highest payment to creditors other than financial creditors. Marks to other resolution plans shall be awarded on pro-rata basis.

*E.g. Assuming two resolution plans received with RP1 with NPV of INR 100 and RP2 with NPV of INR 80 payable to all creditors other than financial creditors,*

*Marks allocated to RP1: 10*

*Marks allocated to RP2: 8*

**4 Fresh equity infusion for improving operations**

**5**

Committed infusion of funds shall be within 90 days of obtaining approval from the Adjudicating Authority. Marks for any proposed infusion beyond 90 days shall be awarded only if existing lenders continue with the Company post 90 days. NPV to be calculated for Equity infusion and the discounting shall be as per the age bracket mentioned in Parameter 2 above

Score Matrix	Marks
$\geq 15\%$ of the Resolution Debt* Amount	4 – 5
$\geq 10\% < 15\%$ of Resolution Debt Amount	2 – 4
$\geq 5\% < 10\%$ of Resolution Debt Amount	1 – 2
$< 5\%$ of Resolution Debt Amount	0 – 1
No infusion	0

*\*Resolution Debt Amount (RDA) = Summation of claims admitted of Operational Creditors and Financial Creditors, including any un-invoked bank guarantees not already admitted*

*For scoring resolution plans falling within the same bracket, linear interpolation will be carried out*

*Source of funds should be clearly outlined in the plan*

**5 Equity upside – stake offered to lenders****5**

Value of Equity Upside = (Percentage of equity holding in the Company being offered to Lenders x Amount being infused in the Company by the Resolution Applicant for the equity stake it proposes to hold in the Company) / Percentage of equity holding in the Company proposed to be held by the Resolution Applicant

*For E.g. Let's say, equity shares being offered to lenders by Resolution Applicant is 10% and equity infusion in the company by Resolution Applicant is INR 500 for 90% stake in the company, then Value of equity =  $10\% * 500 / 90\% = 55.555$ . For the purpose of scoring, the ratio of the Value of Equity to the Resolution Debt Amount (RDA) shall be considered.*

<b>Score Matrix</b>	<b>Marks</b>
<i>&gt;=10% of the Resolution Debt* Amount</i>	<i>3 – 5</i>
<i>&gt;=5% &lt;10% of Resolution Debt Amount</i>	<i>1 – 3</i>
<i>&lt;5% of Resolution Debt Amount</i>	<i>0 – 1</i>
<p><i>*Resolution Debt Amount (RDA) = Summation of claims admitted of Operational Creditors and Financial Creditors, including any un-invoked bank guarantees not already admitted</i></p> <p><i>For scoring resolution plans falling within the same bracket, linear interpolation will be carried out</i></p>	

**Qualitative Parameters (30 marks)****6 Reasonableness of financial projections/ Eventuality of honoring proposed commitment 10****a) Reasonableness of financial projections (5 marks)**

The above shall be assessed only for the plans which have a deferred payment spanning more than 1 year. For plans where the entire payment is to be received within 1 year shall be awarded full marks on sub-parameter (a).

**b) Conditions precedent to the implementation of the Resolution Plan (5 marks)**

Various Conditions Precedent (“CPs”) proposed by the RA for the implementation of the Resolution Plan, to be assessed by the CoC and accordingly allocate the marks. Higher the number of CPs lower the marks.

<b>7</b>	<b>Ability to turnaround distressed companies - Managerial competence and technical abilities, key managerial personnel, track record in implementing turnaround of stressed assets, etc.</b>	<b>10</b>
	To be assessed based on the information to be provided by the Resolution Applicant (with supporting documents) in the resolution plan	
<b>8</b>	<b>Standing of Resolution Applicant / Financial discipline</b>	<b>10</b>
	To be assessed based on the information to be provided by the Resolution Applicant (with supporting documents) in the resolution plan such as credit rating, past financials, etc. If NPA > 12 months (including any group company), will fetch score of "0"	
<b>TOTAL</b>		<b>100</b>

**Explanation on the methodology for calculation of scores through linear interpolation for evaluation under parameter 1, 2, 4 and 5 of the Evaluation Matrix**

The scoring methodology is illustrated below by taking example of evaluation parameter 1 i.e. Upfront Cash Recovery

<b>Score Matrix</b>	<b>Marks</b>	<b>Bracket</b>
>=60% of the Resolution Debt Amount (RDA)	24 - 30	A
>=50% <60% of Resolution Debt Amount	18 – 24	B
>=40% <50% of Resolution Debt Amount	15 – 18	C
>=30% <40% of Resolution Debt Amount	12 – 15	D
>=20% <30% of Resolution Debt Amount	9 – 12	E
>=10% <20% of Resolution Debt Amount	6 – 9	F
>=5% < 10% of the Resolution Debt amount	3 -6	G
< 5% of the Resolution Debt Amount	0 - 3	H

The scoring with linear interpolation shall be calculated as below:

- Multiplication factor (M) = (Max score of Bracket C – Min Score of Bracket C) / (Max RDA of Bracket C – Min RDA of Bracket C)
- Score = Minimum Score of Bracket C + (Upfront Cash Amount - Minimum RDA of Bracket C) x M

Illustration (assuming the RDA = INR 1,000)	Scoring
<p><b><u>ILLUSTRATION 1 – WHERE THE RESOLUTION APPLICANT INVESTS INR 400 AS UPFRONT CASH</u></b></p> <ul style="list-style-type: none"> <li>Upfront Cash as a percentage of RDA = <math>400/1000 = 40\%</math></li> <li>It falls under Bracket C</li> </ul>	<p>As per the illustration:</p> $M = (18 - 15) / (500 - 400) = 0.03$ $\text{Score} = 15 + (400 - 400) \times 0.03 = \mathbf{15}$
<p><b><u>ILLUSTRATION 2 – WHERE THE RESOLUTION APPLICANT INVESTS INR 450 AS UPFRONT CASH</u></b></p> <ul style="list-style-type: none"> <li>Upfront Cash as a percentage of RDA = <math>450/1000 = 45\%</math></li> <li>It falls under Bracket C</li> </ul>	<p>As per the illustration:</p> $M = (18 - 15) / (500 - 400) = 0.03$ $\text{Score} = 15 + (450 - 400) \times 0.03 = \mathbf{16.5}$