

# **EVALUATION MATRIX**

## **FOR CONSIDERATION OF RESOLUTION PLAN(S) in the CORPORATE INSOLVENCY RESOLUTION PROCESS (“CIRP”) of CARNATION AUTO INDIA PRIVATE LIMITED (“CAIPL”)**

[Regulation 36A of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“CIRP Regulations”)]

In accordance with Regulation 2(ha) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 “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.

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

<b>S. No.</b>	<b>Section</b>	<b>Total Weightage</b>
<b>Part A</b>	<b>Quantitative Parameters</b>	<b>70%</b>
<b>Part B</b>	<b>Qualitative Parameters</b>	<b>Additional 30%</b>

**PART-A – Quantitative Parameters (Total 70% Weightage)**

- 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.	Parameter	Weight (%)	Description
A.1	Upfront cash recovery	20	<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 / cheque will need to be submitted by the RA, which shall be for the higher of the amount prescribed as Performance Bank Guarantee in the Process Document or the proposed Upfront Cash amount.</p>
A.2	'Net Present Value' of continuing debt (inclusive of upfront cash payment)	35	<p>This shall be computed by discounting the future cash flows to be paid to financial creditors 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: 8%</li> <li>• &gt;5 years up to 10 years: 10%</li> <li>• &gt;10 years up to 15 years: 15%</li> <li>• &gt; 15 years: 30%</li> </ul>

S. No.	Parameter	Weight (%)	Description
A.3	Equity upside for the financial creditors	05	This shall be computed based upon the amount of equity infused and factoring the extent of shareholding proposed to be offered to financial creditors.
A.4	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 <u>plus</u> 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 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 financial creditors</li> </ul> <p>For the parameter to be considered in scoring, the RA (as defined below) has to clearly provide all the details relating to the sources of available funds being used for the proposed equity infusion.</p>
	<b>Total Weight</b>	<b>70%</b>	

**PART-B – Qualitative Parameters (Additional 30% Weightage on calculation arrived at after applying quantitative parameter weightages)**

- 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 all material shareholders in the SPV.
- The key qualitative parameters that shall be considered for the purpose of evaluation are as follows:

S. No.	Parameter	Additional Weightage	Description
B.1	Reasonableness of Financial Projections and feasibility of honoring proposed commitments	additional 10%	<p>This shall be assessed based on various parameters including, <i>inter alia</i>, Sales, EBITDA, EBIT etc., and its Certainty / Likelihood / Feasibility / Eventuality of honouring proposed commitments.</p> <p>This shall also refer to the reasonableness of the assumptions in the business plan submitted by the RA and the assessment of risks and mitigations related to the implementation of the resolution plan including the plan for other stakeholders, viz. statutory authorities, employees and operational creditors.</p> <p>An additional weightage of 10% on the amount arrived at after applying quantitative parameters shall be assigned to this parameter.</p>

S. No.	Parameter	Additional Weightage	Description
B.2	Ability to turnaround distressed companies	additional 10%	<p>This shall refer to the years of operating experience that the RA has in similar industry. In case of an RA who is a financial investor, the assessment shall be made based on the entities in which the RA has a management control.</p> <p>Further, this shall be assessed based on various financial parameters including, <i>inter alia</i>, Track record / experience of RA, Track record in M&amp;A taking over and turning around distressed assets, etc.</p> <p>An additional weightage of 10% on the amount arrived at after applying quantitative parameters shall be assigned to this parameter.</p>
B.3	Standing of Bidder / Group in sector / External Rating / adherence to financial Discipline / record of regulatory compliance	additional 10%	<p>This shall be assessed based on various parameters including, <i>inter alia</i>, external credit rating, turnover &amp; asset under management (as applicable), collateral and adherence to financial Discipline / record of regulatory compliance.</p> <p>The credit rating report should have been issued within the last 15 months from the date of submission of the resolution plan for the external credit rating to be valid for evaluation purposes.</p> <p>An additional weightage of 10% on the amount arrived at after applying quantitative parameters shall be assigned to this parameter.</p>
	<b>Total Additional Weight</b>	<b>30%</b>	