

**EVALUATION MATRIX CRITERIA FOR EVALUATING PROSPECTIVE RESOLUTION APPLICANTS FOR EMCO LIMITED:**

<b><u>Sr. No.</u></b>	<b><u>Parameters</u></b>	<b><u>Description</u></b>	<b><u>Score Matrix</u></b>	<b><u>Weights</u></b>	<b><u>Max. Score</u></b>
1.	Quantitative	Upfront (within 60 days of Adjudicating Authority's order) cash recovery as per Resolution Plan	i. $\geq 35\%$ of the Resolution Debt Amount:10 ii. $\geq 30\% < 35\%$ of the Resolution Debt Amount:8 iii. $\geq 20\% < 30\%$ of the Resolution Debt Amount: 6 iv. $\geq 10\% < 20\%$ of the Resolution Debt Amount: 4 v. $\geq 5\% < 10\%$ of the Resolution Debt Amount: 2 vi. $< 5\%$ of the Resolution Debt Amount: 1 vii. No cash recovery: 0  Notes- 1. Resolution Debt Amount shall be reckoned as the final amount of claims of financial creditors as certified by the Resolution Professional 2. Any cash recovery proposed within 60 days of approval of plan by Adjudicating Authority shall be treated as upfront cash recovery 3. All Resolution Applicants shall be required to submit a firm Letter of Commitment from any Bank/ financial institution or cheque, for the amount committed by the Resolution Applicant as upfront cash component in the Resolution Plan. If upfront cash infusion is by way of equity, the source should be laid out in the plan.	200%	20

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<u>No.</u>					<u>Score</u>										
2.	Quantitative	NPV factoring in upfront cash recovery (based on the tiered rate of discount) <table border="1" data-bbox="443 472 800 867"> <thead> <tr> <th>Period</th> <th>Rate of Discount</th> </tr> </thead> <tbody> <tr> <td>0-3 years</td> <td>8%</td> </tr> <tr> <td>&gt;3 years upto 5 years</td> <td>10%</td> </tr> <tr> <td>&gt;5 years upto 7 years</td> <td>12%</td> </tr> <tr> <td>&gt;7 years</td> <td>20%</td> </tr> </tbody> </table>	Period	Rate of Discount	0-3 years	8%	>3 years upto 5 years	10%	>5 years upto 7 years	12%	>7 years	20%	i. $\geq 70\%$ of the Resolution Debt Amount: 10 ii. $\geq 65\% < 70\%$ of the Resolution Debt Amount: 9 iii. $\geq 60\% < 65\%$ of the Resolution Debt Amount: 8 iv. $\geq 50\% < 60\%$ of the Resolution Debt Amount: 6 v. $\geq 40\% < 50\%$ of the Resolution Debt Amount: 4 vi. $\geq 30\% < 40\%$ of the Resolution Debt Amount: 3 vii. $\geq 20\% < 30\%$ of the Resolution Debt Amount: 2 viii. $< 20\%$ of the Resolution Debt Amount: 0  Note: The projected repayments would be assessed along with reasonableness and feasibility of financial projections i.e. Sales, EBITDA, EBIT etc. - and industry benchmark may be used as reference.	350%	35
Period	Rate of Discount														
0-3 years	8%														
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3.	Quantitative	Equity Upside	<p>Equity upside, if</p> <ul style="list-style-type: none"> <li>i. <math>\geq 10\%</math> of the Resolution Debt amount: 10</li> <li>ii. <math>\geq 8\% &lt; 10\%</math> of the Resolution Debt amount: 8</li> <li>iii. <math>\geq 6\% &lt; 8\%</math> of the Resolution Debt amount: 4</li> <li>iv. <math>\geq 4\% &lt; 6\%</math> of the Resolution Debt amount: 3</li> <li>v. <math>\geq 1\% &lt; 4\%</math> of the Resolution Debt amount: 2</li> <li>vi. No upside: 0</li> </ul> <p>Based on-</p> <p>1. Lenders assessment of potential equity upside computed based on cash flows of Resolution Plans submitted;</p> <p>2. Any other assessment factors like offer for buyback, etc. as may be deemed appropriate by the Committee of Creditors / Resolution Professional.</p>	50%	5
4.	Quantitative	Fresh equity infusion for improving operations	<ul style="list-style-type: none"> <li>i. <math>\geq 15\%</math> of the Resolution Debt amount: 10</li> <li>ii. <math>\geq 10\% &lt; 15\%</math> of the Resolution Debt amount: 8</li> <li>iii. <math>\geq 5\% &lt; 10\%</math> of the Resolution Debt amount: 4</li> <li>iv. <math>\geq 1\% &lt; 5\%</math> of the Resolution Debt amount: 2</li> <li>v. No Infusion: 0</li> </ul>	50%	5

<u>Sr. No.</u>	<u>Parameters</u>	<u>Description</u>	<u>Score Matrix</u>	<u>Weights</u>	<u>Max. Score</u>
5.	Quantitative	Distribution under Resolution Plan to other stakeholders  (other than financial creditors)	i. $\geq 15\%$ of the Resolution Debt amount: 10 ii. $\geq 10\% < 15\%$ of the Resolution Debt amount: 8 iii. $\geq 5\% < 10\%$ of the Resolution Debt amount: 4 iv. $\geq 1\% < 5\%$ of the Resolution Debt amount: 2 v. No Infusion: 0	50%	5
6.	Qualitative	Reasonableness of Financial Projections i.e. Sales, EBITDA, EBIT, etc./  Certainty / Likelihood / Feasibility / Eventuality of honoring proposed commitments	Range: 0-10	100%	10
7.	Qualitative	Ability to turnaround distressed companies - managerial competence and technical abilities, key managerial personnel, track record in implementing turnaround of stressed assets, plan to protect interests of other stakeholders, including statutory liabilities, employees and operational creditors etc.	Range: 0-10	100%	10
8.	Qualitative	Standing of Bidder/ Group in sector /external rating/ adherence to financial discipline/ record of regulatory compliance/ whether non-performing asset, including Group Companies, (<12 months)	Range: 0-10  (Based on the track record of the Applicant)  If NPA (including Group Companies) < 12 months, will fetch a score of "0".	100%	10