

ELIGIBILITY CRITERIA
FOR
PROSPECTIVE RESOLUTION APPLICANTS
FOR
RESOLUTION PLANS

***RAINBOW* DENIM LTD**

**REGISTERED OFFICE : VILLAGE CHAUNDHERI, PORT OFFICE DAPPAR,
CHANDIGARH-AMBALA NATIONAL HIGHWAY, TEHSIL RAJPURA, DISTRICT
S.A.S.NAGAR (MOHALI),**

PUNJAB LALRU – 140 506

(CIN No. L18101PB1999PLC0022452)

**UNDER CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER THE
PROVISIONS**

OF

INSOLVENCY AND BANKRUPTCY CODE, 2016

ELIGIBILITY CRITERIA FOR POTENTIAL RESOLUTION APPLICANTS

The eligibility criteria for prospective resolution applicants shall be –

1. Prospective Resolution Applicant

1.1. A prospective resolution applicant may include any individual (resident of India, foreign national, non-resident Indian or a person of Indian origin, as defined under Foreign Exchange Management Act, 1999 and any related amendments thereto), trust, co-operative society, private limited company, public limited company, sole proprietary firm or a partnership firm, whether registered in India or outside India, which is eligible to invest in India under the laws of India.

2. Financial Capacity

2.1. For Private / Public Limited Company / LLP /Body Corporate, whether incorporated in India or outside / any other applicant:

- Minimum Consolidated Tangible Net Worth */Net Owned Funds (NOF) of INR 20 Crores or more as of March 31, 2019 or based on the latest audited financial statements of the entity and as certified by a Chartered Accountant.
- For fulfilling the Group criteria, the entities should be part of Group either must have controlling interest or controlled by or under common control with the PRA, Control means at least 26% ownership. The entities must have been part of the Group for at least 3 years.

* *Net Worth shall be computed as per Companies Act, 2013*

2.2. For Private Equity Funds, Venture Capital Funds, Investment Funds, Non-banking Finance Companies, Asset Reconstruction Companies, Banks, Foreign Investment Institutions etc:

2.2.1. Minimum Asset Under Management (“AUM”) of INR 100 Crores as of March 31, 2019 or latest available and in any case, not prior to December 31,2018;

2.2.2. The Prospective Resolution Professional shall be required to pay a **refundable** deposit of Rs. 5,00,000/- (Rupees Five Lakhs) for submission of expression of interest.

3. Prospective Resolution Applicants forming Consortium / Joint Ventures

3.1. The consortium shall consist of not more than 3 (three) members with shareholding of an individual member not being less than 10% (ten percent). Members having participation interest of at least 20% (twenty percent) in the consortium shall only be considered for evaluation and such members shall further commit that the combined participation interest of all the members whose experience have been evaluated for the purpose of submission of the EOI and / or the Resolution Plan shall be at least 51% (fifty one percent) and further, shall have a lock-in period of 3 (three) years from the date of transfer of shares of the Corporate Debtor to the consortium. The lock-in shall not be applicable in One Time Settlement (OTS) proposals. The consortium would be required to have a lead consortium member.

3.2. In the event the consortium is made up of body corporates, the net worth of the consortium shall be calculated as the weighted average of the consolidated net worth of the individual member (value of any negative parameter shall be considered as nil). Provided that only such portion of their net worth as is proportionate to their shareholding in the consortium will be considered towards this eligibility criteria.

3.3. In the event the Consortium is made up of FI / funds / private equity investors / non-banking financial companies / any other such applicants, the minimum AUM of the consortium shall be calculated as weighted average of individual member's AUM or committed funds available for investment/deployment in Indian companies. Provided that only such portion of their AUM / committed funds as is proportionate to their shareholding in the consortium, will be considered towards this eligibility criteria.

3.4. In the event the consortium is made up of a mix of SIs and FIs viz. comprising body corporates, FIs / funds / private equity investors / non-banking financial institutions / any other applicants, the

eligibility criteria applicable to the lead member shall be considered.

3.5. No change in the members of the consortium shall be allowed after the submission of the proposal by the consortium.

Any prospective resolution applicant can participate in only 1 (one) Consortium and / or can submit only 1 (one) EOI / resolution plan.

DISQUALIFICATION CRITERIA

Without prejudice, a prospective resolution applicant may be disqualified and its EOI or Resolution Plan may be excluded from further consideration for non-compliance with the terms hereof or for any of the reasons (including without limitation) listed below. Where the prospective resolution applicant is a consortium, none of the members should be subject to disqualification under the terms of this document. The disqualification criteria shall include:

1. Ineligibility in terms of Section 29A of the Code;
2. Material mis-representation in the EOI or the proposal or failure to provide the information required to be provided in accordance with the terms of the detailed invitation or request for resolution plans;
3. The IRP/RP is of the view that the prospective resolution applicant has not satisfied the eligibility criteria approved by the CoC. Without prejudice to the generality of the above, the criteria may include among others, the track record (financial, operational strength, turnaround experience or otherwise) of the interested party, its financial strength, etc;
4. Any information regarding the prospective resolution applicant which becomes known to the IRP/RP or the CoC which is detrimental to the proposed transaction and / or to the interests of the Corporate Debtor and its stakeholders.

The RP, acting on the instructions of the CoC and in accordance with the provisions of India's The Insolvency and Bankruptcy Code, 2016 ("IBC") and the rules and regulations thereunder, reserves the right to cancel or modify the process/criteria without assigning any reason and without any liability whatsoever.