

POLICY ON COVENANT MONITORING INCLUDING BREACH OF COVENANT MONITORING

BACKGROUND

The Company is required to comply with various regulations and circulars issued by the Securities and Exchange Board of India (SEBI) including the SEBI (Debenture Trustee) Regulations 1993 (“DT Regulations”) as amended from time to time. As required under Regulation 15(1)(f) of DT Regulations and SEBI Master Circular No. SEBI/HO/DDHS-PoD-1/P/CIR/2025/117 dated August 13, 2025 (“Master Circular”), the Company is required to ensure effective monitoring of covenants and establish board approved internal policies with respect to proactive and effective monitoring of breach of covenants.

Accordingly, the Policy on Covenant Monitoring as adopted by the Company in October 31, 2022 is being revised with effect from 12th December, 2025 as under:

PROCESS OF MONITORING BREACH OF COVENANTS

1. The Company shall monitor the compliance of one time and/or periodic covenants as per transaction documents by the issuers for which the necessary triggers and mechanism for timely follow up with the issuer entities shall be set by recording the same in the respective transactions and setting up reminder triggers to be sent to the issuers. Such reminder triggers shall be sent one week prior, one day prior and on due date followed by the communication seeking confirmation and relevant information/documents from the issuers.
2. Category wise list of covenants applicable to the particular issuance defining the frequency of each covenant to be monitored viz. continuous, quarterly, half yearly, annual etc. shall be prepared and accordingly the triggers as mentioned above shall be captured.
3. It is to be noted that the frequency of monitoring the covenant will depend on the frequency of compliance of such covenants as specified in the Debenture Trust Deed unless due to the nature of any specific covenant it is required to be monitored on continuous basis.
4. Further, the covenants may be categorized as financial covenants, affirmative covenants, negative covenants etc. based on the guidance notes detailed in the Master Circular. Accordingly, the list of covenants required to be monitored is annexed at **Annexure I** hereto and the same are to be monitored as may be applicable on case-to-case basis. On Quarterly Basis listed issuer entity shall furnish the compliance status with respect to financial covenants of the listed debt securities certified by statutory auditor of listed entity to Debenture Trustee.
5. In case of non-receipt of information /documents or non-compliance by the issuer, the Company shall take steps in accordance with the Debenture Trust Deed including sending cure notice (if applicable under the Debenture Trust Deed) and escalations to the relevant official /higher officials to the issuer entities seeking information as well as to the Legal & Compliance Head of the issuer Company.
6. The Company shall then initiate action in case of breach of covenants viz. accelerated payment, borrowing restriction, not to declare dividend before payment, declaration of event of default etc. as may be applicable and specifically stipulated in the transaction documents

and in accordance with the terms of issue/ Offer Document/ Debenture Trust Deed. The Company shall intimate the breach of covenant, to the regulatory authorities rating agencies, depositories and Stock Exchange, as applicable.

7. The Company shall disclose the breach of covenant on its website within next working day from the notice of such breach by the Company, if applicable and take necessary action in accordance with applicable laws. The Company is required to independently monitor any breach of covenants from continuous monitoring of any public disclosure on Stock Exchange(s), company filings, news articles in electronic/ print media or any information available in public domain apart from periodical information/documents submitted by the issuer company. As such, the Company shall monitor the information available in public domain as disclosed by the Stock Exchanges, Rating Agencies, MCA and other published news/articles, if any. Currently the team members are assigned with specific topics and accordingly relevant team members checks the relevant websites/data of SEBI/RBI/MCA etc . on daily basis for any updates/news, circulars, orders etc issued / published in the public domain.
8. The Compliance team shall furnish a status report on the Company's website and to the Stock Exchange for further dissemination on a quarterly basis. Such status report shall contain the covenants breached in the preceding quarter and the actions taken by the Company for the same as per the format prescribed under Chapter VI of the SEBI DT Master Circular.
9. Compliance Team consisting of Assistant Managers shall collate and compare the data quarter on quarter and thereafter year on year basis and if there is negative variance which is below the agreed covenant as per Debenture Trust Deed then they shall report the variance immediately to Compliance and Legal Head of the Company.
10. Compliance and Legal Head of the Company thereafter on verification of the data/information intimate Debenture holders/Exchange accordingly and may take steps such as accelerated payment, borrowing restriction, not to declare dividend before payment, declaration of event of default or any other step as he/she may think fit.
11. Furnish a status report on its website and to the Stock Exchange(s) for further dissemination on a quarterly basis. Such status report shall contain the covenants breached in the preceding quarter and the actions taken by the Debenture Trustee(s) for the same as per the format prescribed vide SEBI Master circular.

Disclosures by the Company:

The Company is also required in order to enhance transparency with respect to the no -objection certificate (NOC)/ no-dues certificate/ consent/ permission (by whatever name called) issued by the Debenture Trustee, it shall make the following disclosures to the Stock Exchange:

- a. No-objection Certificate (NOC)/ no-dues certificate/ consent/ permission (by whatever name called) issued by Company to the Issuer in terms of contractual obligations arising out of offer

document/ debenture trust deed or any other transaction document related to debt securities, including the consent/ NOC for further borrowing by issuer within two working days of issuance of such consent/ no-objection certificate; and

b. Any breach of the minimum-security cover within two working days of such breach.

For the confirmation on the covenants, the list is to be sent to the company and approval is to be taken. The monitoring is to be done by taking all the relevant data required for the compliance of the above covenants and based on that, monitoring will be done. In case of breach of any covenant, the necessary action would be taken as per the transaction documents and as per chapter X on Breach of Covenants, Default and Remedies of SEBI Master Circular.

RESPONSIBILITIES OF EMPLOYEES:

The responsibility for effective monitoring of breach of covenants lies upon the Compliance Team and Operations Team.

Compliance Team

The compliance team shall be responsible for the following:

- (a) ensuring timely receipt of periodical statements, declarations, certifications from the issuer
- (b) Scrutinizing periodical statements, declarations, certifications from the issuer and identify breach of covenants if any reflected therein.
- (c) If any breach of covenant is observed, Compliance Team shall immediately communicate such breach to the respective Relationship Manager and the Legal & Compliance Head for further action.
- (d) Quarterly status report containing covenants breached in previous quarter along with action taken / proposed to be taken by MCTSL shall be published on VTPL's website and to communicate to Stock Exchanges.

Debenture Trustee Operations Team

Based on intimation received from the compliance team or company issuing debentures, about breach the covenants, the Relationship Manager (Operations Team) shall examine the further action to be taken as per the relevant transaction documents and SEBI Regulations. Accordingly, inform to all debenture holders appearing in the latest BENPOS provided by the Issuer Company, as prescribed in the Master Circular and internal Office circulars as may be issued from time to time.

A copy of the communication made to debenture holders shall be sent to Compliance Team for maintaining records. Further course of action or approvals/waiver if any obtained by debenture holders shall be communicated to the Compliance Team.

Legal Team

The Legal team shall take all necessary further steps for enforcement of security / recovery of the dues under the outstanding debentures, as per the instructions given by the debenture holders and the relevant transaction documents / SEBI Regulations.

All the actions shall be initiated/taken/completed under the supervision of the Legal & Compliance Head. The Legal & Compliance Head will delegate any specific responsibility to any team/team member as may be required in any particular matter.

This policy may be amended from time to time as may be required under the Regulations and circulars passed by SEBI / applicable laws.

To summarise the steps to be taken on breach of covenant, we have prepared SOP for Breach of Covenant as under:

SOP for Breach of Covenant		
Sr.No	Action Item	Timeline
1	Send intimation email to SEBI, BSE, NSE, CDSL, NSDL, Rating Agency, and Debenture Holders	Immediately on T Day
2	Review transaction documents for breach actions and cure period	Within T+1
3	Upload breach status update on the stock exchange website	Within T+1
4	Upload breach information on Debenture Trustee website under "Breach-of-Covenant – Quarter Ended"	Within T+1
5	Send notice to Debenture Holders for meeting (minimum 21 clear days before meeting)	Within T+3
6	Maintain copies of all communications and documentation for recordkeeping	



Annexure I

The Covenants are categorized under following buckets Accounts/ Financial, Affirmative, negative as mentioned below; there may be additional covenant which will depend on transaction-to-transaction basis;

CATEGORY	SUB-TYPE	COVENANT AS APPLICABLE
Accounts/Funds/reserves maintained	<ul style="list-style-type: none"> Debt Service Reserve amount Interest Service Reserve Account Major maintenance reserve Escrow account/RERA account Debenture Redemption Reserve Debenture Reserve Fund Recovery Expense Fund Account details Any other Fund/Account 	<ul style="list-style-type: none"> Covenant as to amount to be maintained, manner of creation and/or funding of account, Date till required to be maintained or date on which to be created, manner of creation including period for renewal, replenishment, invocation (amount, date, period, etc.), manner of maintenance (ratio, percentage etc), bank account number (if applicable) etc
Financial	<ul style="list-style-type: none"> Debt Service Coverage Ratio (DSCR) Interest cover Net Debt to EBITDA Gross Debt to EBITDA Debt cap Debt Equity ratio Debt/Tangible Net Worth Gross Non-Performing Assets PAR 90 and write off Net Non-Performing Assets/ Tangible Net Worth Debt to Value Ratio CAR (Capital Adequacy Ratio) (Tier I CAR) Current Ratio Dividend ratio (Dividend/PAT) Liquidity Asset liability mismatch Any other ratio (state the ratio and define the formula) 	<ul style="list-style-type: none"> Covenant as to maintenance as a ratio or percentage of (____), Not less than/ Not exceeding x, Time Bucket etc.



	<ul style="list-style-type: none">• Payment of Interest on due dates• Payment of principal on due dates	
Affirmative	<ul style="list-style-type: none">• Security Cover as per terms of Issue• Title of Security/asset	<ul style="list-style-type: none">• Covenant as to Ratio or percentage, not less than,• third party interest/title, rentals,• negative lien, insurance, ROC and CERSAI filing etc
Affirmative or Restrictive	<ul style="list-style-type: none">• Credit rating• Credit downgrade	<ul style="list-style-type: none">• Covenant as to minimum rating (Rating symbol),• Standalone basis, consolidated,• CE/SO rating, notch downgrade, etc.
Negative	<ul style="list-style-type: none">• Purpose/end-use• Change in nature and conduct of business• Change in management• Fund raising/ borrowing/ encumbrance	<ul style="list-style-type: none">• Change in Key Managerial Personnel (KMP), Auditor, Board of Directors, shareholding, restriction with amount, date till which applicable, any change or restriction with specifics, modification of• charge/ creation of further charge,• indebtedness/further investment etc.
Default	<ul style="list-style-type: none">• Default of principal or interest or both• Security creation default	<ul style="list-style-type: none">• Covenant as to extra interest payable, cure period allowed,• investment allowed,• additional infusion required etc.

**Updated as on 12th December, 2025