

TERMS AND CONDITIONS OF SERIES 2 OPTIONALLY CONVERTIBLE REDEEMABLE DEBENTURES (“SERIES 2 DEBENTURES”)

The terms of Series 2 Debentures shall be as set forth in Part B of this Schedule I and shall be an integral part of the Series 2 Debentures.

1. Definitions

“**Accounting Standards**” the accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, together with any pronouncements issued under Applicable Law thereon from time to time;

“**Annual Business Plan**” shall have the meaning ascribed to it in the articles of association of the Company.

“**Applicable Law**” means any statute, law, regulation, ordinance, rule, judgment, order, decree, by-law, approval from the concerned authority, Government resolution, order, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication, having the force of law, of any of the foregoing, by any concerned authority having jurisdiction over the matter in question;

“**Business Plan**” means the initial business plan as set out in Schedule 7 of the Shareholders Agreement, the Project Business Plan and the Annual Business Plan, as may be applicable;

“**Company**” means Mahindra Happinest Developers Limited, a company incorporated under the Companies Act, 2013 of India, having its registered office at 5th floor, Mahindra Towers, Worli, Mumbai 400 018.

“**Conversion Date**” means the date on which the Series 2 Debentures are converted into equity shares of the Company in accordance with the terms hereof;

“**Development Management Agreements**” means each of the development management agreements entered into between the Company and the Promoter for each of the Projects, on terms and conditions as may be agreed between the Parties;

“**Distributable Cash**” means for a particular half yearly period ending September 30 or March 31, as the case may be, cash and cash equivalents of the Company and its Subsidiaries on a consolidated basis as determined in accordance with the Accounting Standards;

less the aggregate of:

- (a) any amounts payable to the Investor or the Promoter under Clause 4.9 or Clause 4.10 of the Shareholders Agreement ;
- (b) any expenditure including development costs, capital expenditure and other costs as per the Business Plan and the annual budget, due and payable during the immediately succeeding 6 (six) months from the end of half yearly period ending September 30 or March 31, as the case may be for which no long term funding arrangements are made;
- (c) amounts that would become due and payable by the Company during the immediately succeeding 6 (six) months from the end of the half yearly period ending September 30 or March 31 in relation to the outstanding debt (which includes principal amount and interest accrued) that has been incurred by the Company in accordance with the Business Plan;
- (d) Taxes that would become due and payable by the Company during the immediately succeeding 6 (six) months from the half yearly period ending on September 30 or March 31;
- (e) reserves (including statutory reserves) maintained during such quarter for costs or liabilities relating to contingent liabilities, litigation and other disputes, reserves to be maintained under the Real Estate (Regulation and Development) Authority Act, 2016 or for other provisions as determined by the auditor and for such amounts and time period as may be determined by the auditor;
- (f) amounts maintained to make payments for any refund, indemnities, statutory payments or liquidated damages by the Company during such half yearly period ending September 30 or March 31, as the case may be, as may be determined by the auditor;
- (g) a minimum cash balance required to fund expenses of the Company as may be determined by the Distribution Committee;
- (h) payments to be made to an Governmental Authority towards applicable goods and services tax or any other similar taxes levied by any Authority from time to time under Applicable Law;
- (i) fee payable by the Company during the immediately succeeding 6 (six) months from the end of the half yearly period ending September 30 or March 31 pursuant to the terms of the Development Management Agreements;

It is hereby clarified that: (I) the Distribution Committee shall have the right to modify the items set out above while determining the "Distributable Cash", and (B) while determining "Distributable Cash" there shall be no double counting of any of the items/ line items set out above;

"Distributions Committee" means a committee constituted to decide on matters relating to Distributable Cash in accordance with the terms of the articles of association of the Company;

"Final Redemption Date" means the date falling at the end of 9 (nine) years from the date of allotment;

"Governmental Authority" means any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof;

"Interest" means the interest on the face value of the Series I Debentures calculated at 15% per annum compounded annually;

"Investor" means HDFC Capital Affordable Real Estate Fund - I, represented through its trustee Vistra ITCL India Limited;

"Promoter" means Mahindra Lifespace Developers Limited, a company incorporated under the Companies Act, 1956 of India, having its registered office at 5th Floor, Mahindra Towers, Worli, Mumbai – 400 018.

"Project Business Plan" shall have the meaning ascribed to it in the articles of association of the Company.

"Projects" means the Qualifying Projects which are developed by the Company in accordance with the terms of articles of association of the Company.

"Qualifying Project" means a project focusing on affordable housing in the (i) Mumbai Metropolitan Region or; (ii) Pune Metropolitan Region or (iii) any other territory mutually agreed to by the Parties, which is eligible to receive foreign direct investment, and has a proposed launch sale price of not more than INR 60,00,000 (Rupees Sixty Lakhs) per unit exclusive of stamp duty charges, registration fees, Taxes or any other statutory levies; The term Qualifying Project shall not include land parcels which have been acquired by the Promoter in respect of which documents have been executed under which Promoter has, as of the date hereof, the right to acquire such land parcel.

"Redemption Date" means, as applicable:

(a) the Final Redemption Date; or

(b) any earlier date on which the Series 2 Debentures or any part thereof, as the case maybe, are redeemed in accordance with the terms hereof and the articles of association of the Company.

"Tax" or collectively **"Taxes"** means (a) any and all taxes, assessments, cess, levy, duties, impositions, liabilities and other governmental charges imposed by any Governmental Authority in India, including taxes on income, profits, service, sales, wealth, use and occupation, and value added, ad valorem, transfer, franchise, withholding, capital gains, distribution taxes, payroll, employment, excise, stamp duty and property taxes, together with all interest, penalties and additions imposed with respect to such amounts; (b) any liability for the payment of any amounts of the type described in clause (a).

2. **Status**

Each Series 2 Debenture shall constitute a direct obligation of the Company and shall at all times rank *pari passu* inter se (without any preference or priority of one over the other or others of them).

3. **Form**

Each Series 2 Debenture shall be unsecured, unlisted, redeemable, optionally convertible debenture. The Series 2 Debentures shall not be listed or traded on any stock exchange.

4. **Face Value and Issue Price**

The face value and issue price of each Series 2 Debenture is INR 10/- (Rupees ten).

5. **Interest**

(a) Interest on each Series 2 Debenture shall be accrued, due and payable to the holders of Series 2 Debentures subject to availability of Distributable Cash and on obtaining an approval from the Distributions Committee and the board of directors of the Company. The Interest on the Series 2 Debentures shall be payable on the date on which the Distributions Committee approves the payment of the Interest (each an Interest **Payment Date**) *provided that* if the Interest Payment Date is not a Business Day, then the interest shall be paid on the immediately succeeding Business Day.

(b) At the time of redemption of Series 2 Debentures on a Redemption Date, the Company shall pay the holders of Series 2 Debentures an Interest determined by the Distributions Committee and such Interest shall become due and payable on the date of which it is determined by the Distributions Committee without the need for an approval from the Board.

6. **Security**

The Series 2 Debentures shall be unsecured.

7. **Redemption**

Unless redeemed earlier on any Redemption Date or converted in accordance with the paragraph 11 of this Schedule, all outstanding Series 2 Debentures shall be redeemed in full by the Company on the Final Redemption Date in accordance with paragraph 8 below.

8. **Redemption Payment**

On the Redemption Date, the Company shall redeem the relevant Series 2 Debentures.

9. **Variation of Terms**

The terms of Series 2 Debentures may be amended, varied or modified by the Company only pursuant to the unanimous approval of all the holders of the Series 2 Debenture holders.

10. **Stamp Duty**

All stamp duty/ stamp taxes payable on Series 2 Debentures shall be paid and borne by the Company.

11. **Conversion**

At the option of the holder of the Series 2 Debentures, if the then outstanding Series 2 Debentures cannot be redeemed in full then, with the prior written unanimous approval of all the holders of the Series 2 Debentures, the Series 2 Debentures shall be converted into equity shares of the Company, in accordance with such formula as may be determined between the Company and the holder of the Series 2 Debentures, but at a price which is not less than fair market value of the equity shares at the time of such conversion. For the avoidance of doubt, it is clarified that, at the time of conversion, the holders of Series 2 Debentures will be entitled to equity shares of the Company only up to the principal amount (i.e. the issue price) of the outstanding Series 2 Debentures.