

MAHINDRA LIFESPACE DEVELOPERS LIMITED

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POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

TITLE:

This Policy shall be called 'Policy on materiality of and dealing with Related Party Transactions'.

OBJECTIVE:

Mahindra Lifespace Developers Limited (hereinafter referred to as "the Company") is engaged in the Real Estate Sector, in the development of Residential Projects and Integrated Cities & Industrial Clusters. As a part of its business activity, the Company deals with entities which are related parties. The Company recognizes that Related Party Transactions (as defined below) may have potential or actual conflict of interest and may raise questions whether such transactions are consistent with the Company's and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013 ("the Act") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")(including any statutory any amendments thereto or reenactment thereof).

The Company does not encourage, nor does it endorse entering into any transaction with any other person or entity with the intent of benefiting a Related Party, as envisaged under the definition of Related Party Transaction.

In this regard, the Audit Committee of the Company may require the Directors and/or Personnel of the Company /its subsidiaries and/or any other person as it may, at its sole discretion, deem fit or expedient, to provide such confirmation(s) and /or undertaking(s) as the Audit Committee may deem necessary.

The Board of Directors (the "Board") of the Company has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold

and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of the Act and Listing Regulations as amended from time to time.

DEFINITIONS:

“**Arm’s length transaction**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Audit Committee**” or “**Committee**” means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the listing agreement and the Companies Act, 2013.

“**Board**” means the Board of Directors of Mahindra Lifespace Developers Limited.

“**Company**” or “MLDL” means Mahindra Lifespace Developers Limited.

“**Key Managerial Personnel**” in relation to a Company means KMP as defined in the Act.

“**Listed Subsidiary**” means a subsidiary of the Company which is a listed entity under the Listing Regulations and to which Regulations 15(2) and 23 of the Listing Regulations are applicable.

“**Material Related Party Transaction**” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered Material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Material Modifications means any change in the approved terms which has a financial implication of 25% or more of the contract/transaction value or Rs 5 crore, whichever is lower.

“Policy” means this Policy, as amended from time to time.

“Related Party” means a related party as defined under the Companies Act, 2013 or rules made thereunder and under Regulation 2(1)(zb) of Listing Regulations as amended from time to time.

“Related Party Transactions” or “RPTs” shall mean such transactions as specified under Act or rules made thereunder and under Regulation 2(1)(zc) of Listing Regulations, as amended from time to time.

“Relative” means a relative as defined under Section 2(77) of the Companies Act, 2013 and under Regulation 2(1)(zd) of Listing Regulations, as amended from time to time.

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

IDENTIFICATION OF RELATED PARTIES & TRANSACTIONS:

Every Director will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or a Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;

5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions (other than advice, directions or instructions obtained in professional capacity); and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).
7. He / She will not cause or solicit any person or entity to enter into any transaction with the Company or any of its subsidiaries the purpose and effect of which is / will be to benefit him/her and/or any other person who is a related party of the Company and/or its subsidiaries through him/her.
8. In case he/she comes to know of any transaction entered into by any person or entity with the Company and/or its subsidiaries, the purpose and effect of which is to benefit him/her and/or any other person who is a Related Party of the Company and/or its subsidiaries through him/her, he/she shall immediately inform the Company and/or the concerned subsidiary of the Company, of such transaction and declare his/her interest or concern therein.

Every Key Managerial Personnel of the Company will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a Partner;

Every Director, Key Managerial Personnel, officers authorized to enter into contracts/ arrangements will be responsible for providing prior Notice to the Chief Financial Officer with a copy to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board;

Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013 and under Listing Regulations, as amended from time to time.

Any transaction by the Company with a Related Party will be regulated as per this Policy.

APPROVAL OF RELATED PARTY TRANSACTIONS:

1. All Related Party Transactions and subsequent modifications shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder.
2. Only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.
3. A Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
4. Prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which the Listed Subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI (LODR) Regulation, 2015 are applicable to such Listed Subsidiary.

For Related Party Transactions of unlisted subsidiaries of a Listed Subsidiary of the Company as referred above, the prior approval of the Audit Committee of the Listed Subsidiary shall suffice.

5. Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI (LODR) Regulations.
6. The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of Regulation 23(1) of SEBI (LODR) Regulations;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the Audit Committee:

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

Further, in case of transaction, other than transactions referred to in Section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

Where the Company and/or any of its subsidiaries enters into a contract / transactions with a Related Party, which stipulates details of every transaction like nature of the transaction, period of transaction, contract price or methodology of price determination, maximum amount of transaction , credit terms etc., prior approval once given by the Audit Committee of the Company would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any additional approval of the Audit Committee unless the Company proposes to enter into Modification of the referred contract/transaction with a Related Party or the concerned subsidiary proposes to enter into Material Modification of the referred contract/transaction with a Related Party.

The Audit Committee may grant omnibus approval for the proposed Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions:

1. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
2. The Audit Committee shall satisfy for following criteria while making omnibus approval and that such approval is in the interest of the Company:
 - a. Such omnibus approval shall specify the following:
 - i. Name(s) of Related Party
 - ii. Nature of transaction
 - iii. Period of transaction
 - iv. Maximum amount of transaction that can be entered into;
 - v. The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - vi. Such other conditions as the Audit Committee may deem fit.

In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. One Crore per transaction or such amount as may be prescribed from time to time.

All Omnibus approvals granted pursuant to Companies Act, 2013 and Listing Regulations shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year. However, the Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.

These provisions shall not apply to a transaction, other than a transaction referred to in section 188, between a holding Company and its wholly owned subsidiary Company.

A member of the Committee who has a potential interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered.

The Board would approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or Listing Regulations and/or transactions referred to it by the Audit Committee. The recommendation of the Board of Directors, along with the rationale on each of the specific items, will be required to be provided in the statement to be annexed to the notice as referred to in sub-section (1) of section 102 of the Companies Act, 2013 for RPTs that are material in terms of the provisions of Regulation 23(1) of SEBI (LODR) Regulations.

Where any director is interested in any Related Party Transaction, such director will not remain present at the meeting when such Related Party Transaction is considered.

Information to be reviewed by the Board/Audit Committee for approval of Related Party Transaction(s)

To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the Related Party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided).
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, nature of indebtedness; cost of funds; and tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.

- g. Justification as to why the Related Party Transaction is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;
- j. Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring Related Party Transaction(s) on an annual basis.

In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:

- Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis as if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
- Whether the Related Party Transaction would present a conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Audit Committee deem fit to consider.

Further, in terms of the provisions of the Listing Regulations all Material Related Party Transactions and subsequent material modifications, as may be prescribed from time to time, shall require requisite approval of shareholders of the Company (unless it is exempted pursuant to the provisions of Listing Regulations) and no Related Parties shall vote to approve on such resolution(s) whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which the Listed Subsidiary is a party, but the Company is not a

party, if Regulations 15(2) and 23 of the Listing Regulations are applicable to such Listed Subsidiary.

Explanation: For Related Party Transactions of unlisted subsidiaries of a Listed Subsidiary of the Company as referred above, the prior approval of the shareholders of the Listed Subsidiary shall suffice.

Transactions exempted from prior approval of the Audit Committee and Shareholders

As provided in the Listing Regulations, the transactions entered into between:

- i. the holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- ii. two wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval, shall not be required to follow the provisions related to prior approval of Audit Committee of the Company or prior approval of shareholders of the Company, as the case may be.
- iii. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

shall not be required to follow the provisions related to prior approval of Audit Committee of the Company or prior approval of shareholders of the Company, as the case may be.

Information to be provided to shareholders for consideration of Related Party Transaction(s)

The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the Company to the Audit Committee as specified above;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified above.
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis;
- f. Any other information that may be relevant.

All Related Party Transactions pursuant to Section 188 of the Companies Act, 2013 which are not in the ordinary course of business and / or not an Arms' length basis and which crosses the threshold limits prescribed under Companies Act, 2013 from time to time, shall also require the requisite approval of shareholders of the Company through resolution.

The voting rights of the interested and non-interested Related Parties shall be governed by the applicable provisions of the Act, Listing Regulations and any other applicable law, from time to time.

"Ordinary course of business" would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per the Memorandum & Articles of Association of the Company.

In case, the shareholders do not approve a Related Party Transaction, the Board / Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

The Company shall submit to the stock exchange(s) disclosures of Related Party Transactions in the format and timeframe(s) as specified by the SEBI, from time to time and the same will be published on website. The remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure, as mentioned herein, provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI (LODR) Regulations.

Every Related Party Transaction / contracts or arrangements that are:- (i) material or (ii) not at arm's length basis and/ or ordinary course of business, shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction as per the requirement of the Companies Act, 2013.

The various business heads, department heads or any person authorized to enter into any transaction on behalf of the Company shall in case of a related party transactions, first consult the CFO and obtain his confirmation that the transaction is both in the ordinary course of business and at Arm's length basis and requisite approvals are in place.

AMENDMENTS

The Audit Committee may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, from time to time.

The Board may also make any amendments to the Policy from time to time, based on the recommendations of the Audit Committee.

Further, the Board will review this Policy from time to time as prescribed under the Act or Listing Regulations.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / SEBI Act, 1992 / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Acts, rules, regulations or statutory enactments thereof shall prevail over this Policy.

DISSEMINATION OF POLICY

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

Mahindra Lifespace Developers Limited

Policy on Materiality of and on dealing with Related Party Transactions

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