

**STATEMENT OF SPECIAL TAX BENEFIT**

Date: May 13, 2025

To,

**The Board of Directors**  
**Mahindra Lifespace Developers Limited**  
5th Floor, Mahindra Towers, Worli  
Mumbai – 400 018  
Maharashtra, India

Dear Sir(s)/Madam(s),

**Sub: Statement of possible special Tax Benefits available to Mahindra Lifespace Developers Limited (the ‘Company’), its material subsidiaries and the shareholders of the company in connection with the proposed rights issue of equity shares of face value of Rs. 10 each (the ‘Issue’)**

1. We, B. K. Khare & Co. Chartered Accountants (firm registration number:105102W), are independent chartered accountants and have received a request from the management of the Company to certify the accompanying Statement (hereinafter referred to as “the Statement”) showing the possible special direct and indirect tax benefits available to the Company, Subsidiaries whose turnover or net worth exceeds 10% of the consolidated turnover or net worth of our Company in the immediately preceding accounting year, i.e., Financial Year 2025, being: Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra Industrial Park Chennai Limited, and Mahindra Happinest Developers Limited (hereinafter referred to as “the material subsidiaries”) and its shareholders of the Company under the Income-tax Act, 1961 (read with Income Tax Rules, regulations, circulars, notifications) as amended from time to time (hereinafter referred to as “IT Act”), and the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, as amended, including the relevant rules, notifications and circulars issued there under, (collectively referred as "Indirect Tax Regulations") as on the signing date for inclusion in the Draft Letter of offer and Letter of Offer (“Offer Documents”) prepared in connection with the Issue.
2. This statement is issued in accordance with the terms of our Engagement Letter dated February 17, 2025 with the Company in the context of the Issue in accordance with Chapter III of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”) and applicable provisions of the Companies Act, 2013, as amended (the “Companies Act”).



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3. We hereby report that the enclosed Annexure prepared by the Company, states the possible special tax benefits available to the Company, its material subsidiaries or the shareholders under the IT Act and Indirect Tax Regulations presently in force in India.
4. Several of these benefits are dependent on the Company, its material subsidiaries and the shareholders fulfilling the conditions prescribed under the relevant statutory provisions of the IT Act and Indirect Tax Regulations. Hence, the ability of the Company, its material subsidiaries or the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Company faces in the future, the Company, material subsidiaries or the shareholders may or may not choose to fulfil.

#### **Management's Responsibilities**

5. The preparation of the Annexure stating the possible special tax benefits available to Company, its material subsidiaries or its shareholders in India as per the provisions of the IT Act and Indirect Tax Regulations as presently in force is the responsibility of the management of the Company including the maintenance of all accounting and other relevant supporting records and documents.
6. The preparation of the accompanying statements, being accurate, complete, and free from misstatement is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents.
7. The Management is also responsible for ensuring that the Company complies with the relevant requirements of the SEBI ICDR Regulations and the Companies Act in connection with the Issue and provides all relevant information that is complete, accurate and timely instructions or information relevant to the engagement.

#### **Auditor's Responsibilities**

8. We conducted our examination for this certificate in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI") and Standards on Auditing issued by the ICAI, which include the concept of test check and materiality. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.
10. The benefits discussed in the enclosed Annexure cover only special benefits available to the Company, its material subsidiaries and the shareholders and are not exhaustive to cover any general tax benefits available to the Company, its material subsidiaries and the shareholders. Further, the preparation of the Annexure and its contents is the responsibility of management of the Company. We are informed



that Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue by the Company. Neither are we suggesting nor are we advising the investor to invest in the Issue based on this statement.

11. We do not express any opinion or provide any assurance as to whether:
- i) the Company, its material subsidiaries or the shareholders, will continue to obtain these benefits in the future; or
  - ii) the conditions prescribed for availing of the benefits have been / would be met.

The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company, its material subsidiaries and its shareholders, and on the basis of our understanding of the business activities and operations of the Company.

12. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and their interpretation, which are subject to change from time to time. We do not assume responsibility to update this Annexure consequently to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Annexure, except under applicable law.

#### **Conclusion**

13. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available to the Company, its material subsidiaries and the Company shareholders, in accordance with the IT Act and Indirect Tax Regulations as at the date of our report.



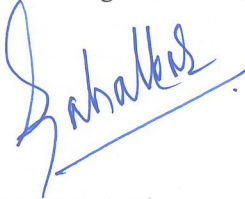


**Restriction of Use**

14. This report is issued for the sole purpose of the Issue and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than the purpose stated above. We, however, hereby, consent to this statement being used in the Offer Documents and in any other material used in connection with the Issue and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the equity shares of the Company are listed, Registrar of Companies, Maharashtra situated in Mumbai in connection with the Issue, as the case may be. This report should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Yours faithfully

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W



Shirish Rahalkar  
Partner  
Membership No. 111212  
UDIN: 25111212BMKYCT9436  
Place: Mumbai



## **ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO MAHINDRA LIFESPACE DEVELOPERS LIMITED (THE "COMPANY"), ITS MATERIAL SUBSIDIARIES AND COMPANY'S SHAREHOLDERS ("SHAREHOLDERS")**

List of Material Subsidiaries:

<b>Sr No</b>	<b>Name of Material Subsidiary</b>
1	Mahindra World City Developers Limited
2	Mahindra World City (Jaipur) Limited
3	Mahindra Industrial Park Chennai Limited
4	Mahindra Happinest Developers Limited

The information provided below sets out the possible special direct and indirect tax benefits available to Mahindra Lifespace Developers Limited (the "Company"), Subsidiaries whose turnover or net worth exceeds 10% of the consolidated turnover or net worth of our Company in the immediately preceding accounting year, i.e., Financial Year 2025, being: Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra Industrial Park Chennai Limited, and Mahindra Happinest Developers Limited (hereinafter referred to as "the material subsidiaries") and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current Tax Laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company, its material subsidiaries or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor advising the investor to invest money or not to invest money based on this statement.

The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

**INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL IN THEIR PARTICULAR SITUATION.**

**STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARIES AND SHAREHOLDERS OF THE COMPANY Under prevailing The Income Tax Act, 1961 (hereinafter referred to as "the Act")**



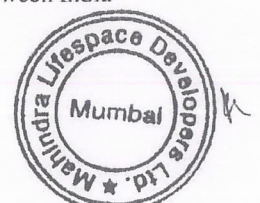


**1. Income tax benefits available to the Company and its material subsidiaries under the Act**

- Section 115BAA, as inserted by the Taxation Laws (Amendment) Act, 2019 w.e.f. April 1, 2020, grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA, it can pay corporate tax at a reduced rate of 22 % (plus applicable surcharge and education cess). Section 115BAA further provides that domestic companies availing of the option will not be required to pay Minimum Alternate Tax (MAT) on their book profits under section 115JB of the Act.
- However, the said company will no longer be eligible to avail specified exemptions/ incentives under the Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim set-off of any brought forward loss arising on account of additional depreciation and other specified incentives.
- Subject to the fulfilment of prescribed conditions, for the year, the company is entitled to claim deduction under section 80JJAA of the Act of an amount equal to 30% of the additional employee cost (as specified in the said section) incurred in the course of business in the year, for three assessment years including the assessment year relevant to the year in which such employment is provided.
- As per section 80M that was introduced to eliminate the cascading effect of taxes on inter-corporate dividends, where the gross total income of a domestic company for any year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the due date of filing of income-tax return for the relevant year. (S 200 of the Income Tax Bill 2025, as tabled in Parliament, however, does not allow deduction for intercorporate dividend in the case of a domestic company opting for lower tax regime)

**2. Income tax benefits available to the equity shareholders of the Company under the Act**

- Dividend income earned by shareholders would be taxable in their hands at the applicable tax rate. Deduction under section 80M, as discussed above, shall be available to resident corporate shareholders in accordance with and subject to the provisions of the said section (subject to above remarks).
- Section 112A of the Act provides that long term capital gains exceeding INR 1,25,000 arising from the transfer on or after 23 July 2024, of equity shares held for twelve months or more on which Securities Transaction Tax ('STT') has been paid on both acquisition and transfer, shall be charged to tax at a rate of 12.50% (plus surcharge and education cess) without giving effect to indexation.
- Section 111A of the Act provides for concessional tax rate of 20% (plus surcharge and education cess) in respect of short-term capital gains (provided the short-term capital gains exceed the basic threshold limit of exemption, where applicable) arising from the transfer on or after 23 July 2024, of equity shares held for less than twelve months on which STT has been paid on both acquisition and transfer.
- In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable double taxation avoidance agreement, if any, between India and the country in which the non-resident shareholder has fiscal domicile.



## STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARIES AND SHAREHOLDERS OF THE COMPANY

List of Material Subsidiaries:

Sr No	Name of Material Subsidiary
1	Mahindra World City Developers Limited
2	Mahindra World City (Jaipur) Limited
3	Mahindra Industrial Park Chennai Limited
4	Mahindra Happinest Developers Limited

The Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively referred to as "Indirect tax").

### 1. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS MATERIAL SUBSIDIARIES

#### A. Concessional rate of GST for affordable residential schemes

A concessional GST rate of 1.5% has been notified under Notification No. 11/2017 - Central Tax (Rate) dated June 28, 2017 for services by way of construction of affordable residential apartments by a promoter in a Residential Real Estate Project (RREP) or Real Estate Project ('REP') which commences on or after April 01, 2019 and subject to other conditions prescribed in such Notification. Further, as per Paragraph 2 of the said Notification, 1/3<sup>rd</sup> amount of total consideration would be attributed towards value of land and the same would be deducted for arriving at the value of supply of construction services.

Further, vide the above Notification, the following terms are defined:

- The term Real Estate Project (REP) means the development of a building or a building consisting of apartments or converting an existing building or a part thereof into apartments, or the development of land into plots or apartments, as the case may be, for the purpose of selling all or some of the said apartments or plots or building.
- The term Residential Real Estate Project (RREP) refers to a REP in which the carpet area of the commercial apartments is not more than 15% of the total carpet area of all the apartments in the REP.
- The term 'affordable residential apartments' would mean a residential apartment in a project which commences on or after April 01, 2019, or in an ongoing project where carpet area does not exceed 60 sqm in metropolitan cities or 90 sqm in other cities / towns and gross amount charged does not exceed Rs. 45 lakhs.

#### B. Abatement of 1/3<sup>rd</sup> amount of total consideration attributable towards value of land

As per Paragraph 2 of Notification No. 11/2017 - Central Tax (Rate) dated June 28, 2017, in case of construction services involving transfer of land or undivided share of land, the value of land or undivided share of land would be equivalent to 1/3<sup>rd</sup> of the total amount charged and such amount is required to be deducted for arriving at the value of supply of construction services. This means that abatement of 1/3<sup>rd</sup> amount of total consideration is granted towards value of land and therefore, no GST would be levied on such value of land.





**C.No levy of GST in case of sale of land and completed building**

We understand that the Company is inter-alia engaged in sale of land with plotted development and buildings post obtaining occupancy certificate. As per the Goods and Services Tax (GST) legislation, in order to levy tax on a specific transaction, the same should be regarded as 'supply'. Further, a list of supplies is prescribed under Schedule III which are neither treated as supply of goods nor a supply of service. One of the supplies is sale of land and sale of building after issuance of completion certificate or first occupancy, whichever is earlier. This means that no GST would be levied on such transactions.

**D. Exemption from levy of GST under reverse charge on transfer of development rights ('TDR') for residential projects**

As per Entry No. 5B of Notification No. 13/2017 - Central Tax (Rate) dated June 28, 2017, the recipient of service i.e. promoter is required to discharge GST under reverse charge in case of supply of services by any person by way of transfer of development rights for construction of a project.

However, by virtue of Entry No. 41A of Notification No. 12/2017 - Central Tax (Rate) dated June 28, 2017, exemption from levy of GST has been granted to services by way of transfer of development rights on or after April 01, 2019, for construction of residential apartments by a promoter in a project. Such an exception is not available where the entire consideration is received after issuance of completion certificate or first occupancy, whichever is earlier.

**2. SPECIAL INDIRECT TAX BENEFITS FOR SHAREHOLDERS OF THE COMPANY**

There are no special indirect tax benefits available to the shareholders of the Company.

