

**POLICY ON**  
**IDENTIFICATION OF**  
**GROUP COMPANIES,**  
**MATERIAL**  
**CREDITORS AND**  
**MATERIAL**  
**LITIGATIONS**

**A. INTRODUCTION**

This Policy has been formulated to define the materiality for identification of group companies, outstanding litigation and outstanding dues to creditors in respect of Identical Brains Studios Limited (the "**Company**"), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("**SEBI ICDR Regulations**").

**B. APPLICABILITY AND OBJECTIVE**

This policy shall be called the 'Policy on Identification of Group Companies, Material Creditors and Material Litigations' ("**Policy**").

The Board of Directors of the Company ("**Board**") at their meeting held on August 17, 2024, discussed and approved this Policy. This Policy shall be effective from the date of approval of this Policy by the Board.

The Company has adopted this Policy for identification and determination of: (i) material creditors; (ii) material litigations and (iii) Group Companies pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the Offer Documents.

"Offer Documents" means the Draft Red Herring Prospectus and the Prospectus to be filed by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, Registrar of Companies, Mumbai ("RoC") and stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

In this Policy, unless the context otherwise requires:

- (i) Words denoting the singular shall include the plural and vice versa.
- (ii) References to the words "include" or "including" shall be construed without limitation.

**C. POLICY PERTAINING TO THE IDENTIFICATION OF MATERIAL GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS**

The Policy with respect to the identification of the group companies, material creditors and material litigation shall be as follows:

**Identification of 'Material' Group Companies:**

Requirement:

As per the requirements of the SEBI ICDR Regulations, Group Companies include (i) such companies as covered under the applicable accounting standards (i.e. Accounting Standard 18 ("AS 18"), as applicable) as per the restated financial statements

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for three (3) financial years and any subsequent stub period preceding the date of the Offer Document, which is included in such Offer Document and also (ii) any other companies as considered material by the board of directors of the Company.

In respect of point (ii) above if a company (other than our Promoters and our Company's Subsidiary) (a) is a member of the Promoter Group; and (b) has entered into one or more transactions with our Company during the last completed Financial Year and the most recent stub period included in the Restated Financial Information, which individually or in aggregate in value exceeds 10% of the revenue from operations of the Company as per the Restated Financial Information of the last completed financial year, it shall be considered material and disclosed as a 'group company'

Policy on Materiality:

A company shall be considered material and disclosed as a Group Company if a material adverse change in such company, can lead to a material adverse effect on the Company, and its revenues and profitability. Other than companies which constitute part of the related parties of the Company in accordance with the applicable accounting standards (AS 18) as per the latest audited and restated financial statements of the Company included in the Offer Documents.

For avoidance of doubt, it is hereby clarified that the Subsidiaries shall not be considered as Group Companies for the purpose of disclosure in the Offer Documents.

**Identification of Material Creditors**

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents for outstanding dues to creditors:

(i) Based on the policy on materiality defined by the Board and as disclosed in the Offer Document, disclosure for such creditors;

(ii) information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved; and

(iii) Complete details about outstanding dues to creditors as per (i) and (ii) above shall be disclosed on the webpage of the Company with a web link thereto in the offer document Policy on materiality:

For identification of material creditors, in terms of point (1) above, a creditor of the Company, shall be considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor exceeds 10 % of the total trade payables as on the date of the restated financial statements for the last completed fiscal year included in the Offer Documents.

Disclosures in offer document regarding creditors and SSIS and MSMES

(i) For creditors identified as 'material' based on the abovementioned Policy, information on outstanding dues to such material creditors shall be disclosed in the Offer Documents along with details of number of creditors and amount involved on an aggregate basis, as of the date of the latest restated financial statements included in the Offer Document.

(ii) For outstanding dues to small scale undertakings ("SSI") or a micro small or medium enterprise ("MSME"), the disclosure will be based on information available with the Company regarding the status of the creditors as an SSI or MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the statutory auditors in preparing their audit report. Information for such identified SSI or MSMEs creditors shall be provided in the Offer Documents in the following manner:

- a. aggregate amounts due to such creditors; and
- b. aggregate number of such creditors.

as of the date of the latest restated financial statements included in the Offer Document

(iii) In respect of all creditors of the Company, information on outstanding dues to the creditors shall be disclosed in the Offer Documents comprising the number of creditors and amount involved on an aggregate basis, as of the date of the latest restated financial statements included in the Offer Document

The Company shall make relevant disclosures before the Audit Committee/ Board of directors as required by applicable law from time to time.

**Identification of Material Litigation**

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its subsidiaries, joint ventures, directors and group companies related to:

- (i) All criminal proceedings;
- (ii) All actions by statutory / regulatory authorities;
- (iii) Taxation separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (iv) Other pending litigations as per policy of materiality defined by the Board and disclosed in the Offer Documents.

**Policy on materiality:**

Other than litigations mentioned in point (i) to (ii) above, any other pending litigation involving the Company, its directors, subsidiaries and joint ventures and group companies shall be considered "material" for the purpose of disclosure in the Offer Documents if: -

1. All litigations/arbitration pertaining to the company, its directors/ promoters/ group companies/ subsidiaries which are in the nature of criminal, statutory/ regulatory disciplinary actions including penalty imposed by SEBI or stock exchanges, claims related to direct and indirect taxes are deemed material by the Board. Further the Board considers all other litigation pertaining to the company, its directors'/promoters/ group companies/ subsidiaries which exceeds 10% of the net worth of our Company as per the audited previous full year financial statements; or
2. Any pending litigation / arbitration proceedings involving the Relevant Parties wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (i) above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of our Company; or
3. Any pending litigation / arbitration proceedings involving the Relevant Parties where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed 10% of the Company's net worth, derived from the most recently completed fiscal year as per the Restated Financial Information.

**D. AMENDMENT**

The Board (including its duly constituted committees wherever permissible), shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

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