



Policy on Identification of Material Creditors, Group Companies and Material Litigations

Regd. Off. Add.: 2403,24th Floor, Signature, Suresh Sawant Road, Off. Veera Desai Road, Andheri West 400053, Mumbai, Maharashtra, India | email id: investors.relation@monikaalcobev.com | Phone No. 91 2265781111/ 6236 3155 | CIN: U15490MH2022PLC375025

MONIKA ALCOBEV LIMITED

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

A. INTRODUCTION

This Policy has been formulated to define the materiality for identification of outstanding material litigation, identification of group companies and outstanding dues to material creditors in respect of Monika Alcobev Limited and its Directors (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 may be amended from time to time ("**SEBI ICDR Regulations**").

B. APPLICABILITY AND OBJECTIVE

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

The Board of Directors of the Company ("**Board**") at their meeting held on March 12, 2025 discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of this Materiality Policy by the Board.

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

In this Materiality Policy, the term "**Issue Documents**" shall mean the Draft Red Herring Prospectus, the 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, Maharashtra at 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 Materiality Policy shall have the same meanings ascribed to such terms in the Issue Documents.

In this Materiality 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 CREDITORS, GROUP COMPANIES AND MATERIAL LITIGATIONS

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

Identification of Material Creditors

Requirement:

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

- (i) Based on the policy on materiality defined by the Board of Directors of the Company and as disclosed in the Issue Document, disclosure for such creditors which include the consolidated number of creditors and the aggregate amount involved;
- (ii) Consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved; and
- (iii) Complete details about outstanding over dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the Company with a web link thereto in the Issue Documents.

Policy on materiality:

- (i) For identification of material creditors, in terms of point (i) above, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Issue Documents, if amounts due to such creditors exceed 5 % of the total consolidated trade payables of the Company as per the latest restated financial statements of the Company, as disclosed in the Issue Documents.
- (ii) For outstanding dues to micro, small and medium enterprises (“MSMEs”), the disclosure will be based on information available with the Company regarding the status of the creditors as MSMEs as defined under Section 2 read with Section 7 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.

Identification of Group Companies

Requirement:

As per Regulation 2(1)(t) of the SEBI ICDR Regulations, Group Companies shall include “*such companies (other than promoter(s) and subsidiary(ies)) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer*”.

Policy on Materiality:

For the purpose of disclosure in the Issue Documents, a company shall be considered and disclosed as a Group Company if:

- a. such companies (other than promoter) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and

- b. any other companies considered material by the Board of Directors of the relevant issuer company.

Accordingly, for (a) above, all such companies (other than our Subsidiary) with which there were related party transactions during the periods covered in the Restated Consolidated Financial Statement, as covered under the applicable Accounting Standards (“AS 18”) issued by the Institute of Chartered Accountants of India, shall be considered as Group Companies in terms of the SEBI (ICDR) Regulations.

Information about Group Companies, identified based on the above approach, shall be disclosed in the Offer Documents in accordance with SEBI ICDR Regulations.

Identification of Material Litigation

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its material subsidiaries, Promoters, Directors of the Company related to:

- (i) All criminal proceedings (including matters at FIR stage where no/some cognizance has been taken by any court);
- (ii) All outstanding actions by statutory / regulatory authorities;
- (iii) Claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (iv) Other material pending litigations - as per policy of materiality defined by the Board and disclosed in the Issue Documents.

Pre-litigation notices received by any of the Relevant Parties from third parties (excluding those notices issued by statutory / regulatory / governmental / tax / judicial/ quasi-judicial authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as litigation and accordingly not be disclosed in the Offer Documents until such time that Relevant Parties, as applicable, are impleaded as defendants in litigation proceedings before any judicial or arbitral forum.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose any outstanding litigation involving the Group Companies, which may have a material impact on the Company. For the purposes of determining the outstanding litigation involving the Group Companies, which may have a material impact on the Company, the criteria specified under "*Policy on materiality*" herein below shall apply.

Policy on materiality:

For the purpose of point number (iv) above, any other pending litigation involving the Company, Subsidiaries, Promoters and its Directors and shall be considered “material” for the purpose of disclosure in the Issue Documents if:-

The omission of an event or information, whose value or the expected impact in terms of value exceeds the limits as prescribed under the SEBI Listing Regulations (as amended from time to time) i.e.

- a. two percent of turnover, as per the last audited consolidated financial statements of the Company; or
- b. two percent of net worth, except in case of the arithmetic value of the networth is negative, as per the last audited consolidated financial statements of the Company;
- c. five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company.

Accordingly, any transaction exceeding the lower of i, ii or iii above, will be considered for the above purpose.

D. GENERAL

It is clarified that this Policy is solely for the purpose of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents, and should not be applied towards any other purpose, including for disclosure of material information by listed entities pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder or by SEBI and/ or such other regulatory or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or additional disclosures that may arise on account of any investor or other complaints.

E. AMENDMENT

The Managing Director of the Company in consultation with the Board of Directors shall have the power to amend any of the provisions of this Materiality Policy, substitute any of the provisions with a new provision or replace this Materiality Policy entirely with a new Policy. This Materiality Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.
