

August 14, 2023

The Head/Chief General Manager
Corporate Finance Department
The Securities and Exchange Board of India
SEBI Bhavan,
Plot No. C4-A, 'G' Block
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400051

Sub: Request for Informal Guidance by way of an Interpretative Letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 (Informal Guidance Scheme) in connection with Regulation 30(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”)

Dear Sir/Madam,

We submit this application seeking informal guidance from the Securities and Exchange Board of India (“SEBI”) by way of an Interpretative Letter under the Informal Guidance Scheme in connection with of Regulation 30(4) – Determination of materiality of events/information under SEBI LODR.

Context

1. Eureka Forbes Limited (formerly Forbes Enviro Solutions Limited) (“the Company”) is a Company incorporated under the provisions of the Companies Act, 1956 bearing Corporate Identity Number (CIN): L27310MH2008PLC188478 and is a BSE listed entity since March 16, 2022. The main business of the Company is manufacturing, selling and servicing of water filter-cum-purifiers, vacuum cleaners, air purifiers, water treatment plants and other household appliances etc. with a legacy of four decades.
2. We wish to inform your good office that a Composite Scheme of Arrangement under Section 232 read with Section 230 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder was entered between Aqaignis Technologies Private Limited (“ATPL”), Euro Forbes Financial Services Limited (“EFFSL”), erstwhile EFL (“Erstwhile EFL”), Forbes & Company Limited (“FCL”) and Forbes Enviro Solutions Limited (“FESL”) and their respective Shareholders (“Composite Scheme of Arrangement”).

Based on the light of the prevalent circumstances, the Scheme of Arrangement has been summarized for an enhanced understanding:

Sr. No.	Part of the Scheme	Particulars
1.	Part II	Amalgamation and vesting of ATPL and EFFSL with and into Erstwhile EFL
2.	Part III	Amalgamation and vesting of Erstwhile EFL into FCL
3.	Part IV	Demerger and vesting of Demerged undertaking of FCL into FESL on a going concern basis

The record and effective date of the Composite Scheme of Arrangement was February 16, 2022.

- To re-iterate, the main business of erstwhile Eureka Forbes Limited (erstwhile EFL) was merged into Forbes Enviro Solutions Limited (FESL) and the FESL entity was then named as Eureka Forbes Limited L pursuant to this scheme of arrangement, which continued as a going concern. The erstwhile EFL was the entity which had the main business under it compared to FESL. However, given that the erstwhile EFL was merged into FESL, the previous year's numbers shown in our Annual report for FY'22 relate to FESL entity which has relatively non material numbers. The same fact has been disseminated to the stakeholders by emphasizing in the Financial Statements for FY 2021-22 that numbers may not be comparable with those of the previous year. The trend of the revenue from operations and profit after tax has been reproduced below for your easy reference and perusal:

(INR in Lakhs)

Sr. No.	Particulars	Revenue from Operation	Profit after tax
1.	FY 20-21	788.53*	(163.03)
2.	FY 21-22	38,100.13*	280.30
3.	Q1FY'22	52,513.64	1783.37
4.	Q2FY'22	57,511.93	(2693.45)
5.	Q3FY'22	47,201.85	979.57
6.	FY 22-23	2,08,041.88	1,708.02
7.	Q1FY'24	50,527.44	2,208.51

**Based on the Scheme of Arrangement the figures for the Financial Year 20-21 are not comparable as pertains to FESL and not erstwhile EFL.*

Regulatory Provisions

- Extracts of Regulation 30(4) of SEBI LODR:

(a)

(b)

(c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:

- (1) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;*
- (2) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;*
- (3) 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 listed entity*

2. Proviso to Regulation 30(4)(d) of SEBI LODR

(d).....

Provided that any continuing event or information which becomes material pursuant to notification of these amendment regulations shall be disclosed by the listed entity within thirty days from the date of coming into effect of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023.

3. Extracts of Annexure- IV of the SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023

1.....

2. In respect to the above, it is clarified that the average of absolute value of profit or loss is required to be considered by disregarding the 'sign' (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for 'materiality' of the event and not for any commercial consideration.....

3. Further, it is clarified that in case a listed entity does not have a track record of three years of financials, say, in case of a demerged entity, the aforesaid average may be taken for the period / number of years as may be available.

Our Interpretation and submissions

1. Our threshold limits of “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 listed entity” is Rs. 11,443,799.
2. We would also like to bring to your notice that the Company is professionally managed and governed by an Independent Board.
3. With the objective of ensuring transparency, the Company does a quarterly earnings call and shares an investor relations presentation. The Company intends to keep its stakeholders well-informed and apprised at all times.
4. We appreciate the intent of the new regulations and believe it will enable further transparency. However, we would like to bring to your notice that due to our scheme of merger, it is leading to an extremely low materiality threshold. As a reference, we

reported a revenue of Rs 5,05,27 Lakhs in Q1'FY24 and basis the LODR guidelines, a threshold of 1.14 crore will be excessively low. Reportable items at such a low threshold will not have any major impact on the business and will only cause an upsurge in the volume of intimations to the Stock Exchange, thereby leading to excessive dissemination of non-material information to various stakeholders of the Company, thereby defeating the objective of the new regulation.

Following guidance is sought from SEBI in the form of an Interpretative Letter under the Informal Guidance Scheme, 2002 on the following matter

Given our circumstances, we would request for our reporting thresholds to be considered basis revenue criteria and not Profit After Tax criteria. We request you to provide your guidance.

Fee

As per the requirements prescribed under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 we are enclosing along with this application, details of NEFT payment transaction, for an amount of Rs. 25,000/- towards the fees for seeking the informal guidance-interpretative letter as per the following:

Name of the payer	Pragya Kaul (on behalf of Eureka Forbes Limited)
Date of payment	August 14, 2023
Amount Paid	INR 29523.6
Transaction No./Receipt	112973161701
Name of the Bank in which payment is made	Through online mode available on the SEBI homepage
IFSC Code	

We urgently seek your considered informal guidance to this effect and will extend our full cooperation in case you require any further information. Any request for further information/clarification may be addressed to:

Contact Person	Contact No.	Email ID
Pragya Kaul, Company Secretary and Compliance Officer	8108426222	pragya.kaul@eurekaforbes.com

Thanking you,

For Eureka Forbes Limited
(formerly Forbes Enviro Solutions Limited)

Pragya Kaul
Company Secretary & Compliance Officer