

DCS/AMAL/PB/R37/1888/2020-21

“E-Letter”

January 29,2021

The Company Secretary,
Music Broadcast Limited.
RNA Corporate Park, 5th Floor, Off Western Express Highway,
Kalanagar, Bandra (East), Mumbai, Maharashtra, 400051

Dear Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between Music Broadcast Ltd and its Shareholders

We are in receipt of the Draft Scheme of Arrangement of Music Broadcast Limited and their respective shareholders filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated January 29,2021 has inter alia given the following comment(s) on the draft scheme of arrangement: :

- **“Company to ensure compliance with the said Circular”**
- **“Company shall ensure that suitable disclosure about the latest financials of the companies being not more than 6 months old is done before filing the same with the Hon’ble NCLT “**
- **“Company shall ensure that it obtains credit rating of the non convertible redeemable preference shares in terms of the provisions of SEBI (Issue and Listing of Non Convertible Redeemable Preference Shares) Regulations, 2013 before listing of the same with the stock exchanges.”**
- **“Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”**
- **“Company shall duly comply with various provisions of the Circular.”**
- **“Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”**
- **“It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon’ble NCLT.

However, the listing of Non-Convertible Non-Cumulative Redeemable Preference Shares (NCRPS) of Music Broadcast Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CIR/IMD/DF/50/2017 dated May 26, 2017. Further, Music Broadcast Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of NCRPS of Music Broadcast Limited is at the discretion of the Exchange. In addition to the above, the listing of NCRPS of Music Broadcast Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions and submitting the detailed compliance report of the same as per the format specified in Annexure VI as per SEBI Circular No SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 :

- 1) The NCRPSs proposed to be issued pursuant to the scheme will be issued only to the shareholders of the listed entity which has listed its specified securities on the Exchange.
- 2) The minimum tenure of the NCRPSs shall be one year
- 3) The NCRPSs proposed to be listed have been assigned such minimum credit rating as specified for public issue of NCRPSs in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, as the case may be a credit rating agency registered with the Board. Kindly also mention the actual rating obtained.
- 4) The valuation report has been prepared after considering the valuation of NCRPSs to be issued pursuant to the scheme.
- 5) The draft scheme contains all the disclosures, as specified under para 5(A)(V) of the SEBI circular CIR/IMD/DF/50/2017 dated May 26, 2017.
- 6) Company shall ensure the following for the proposed issue of NCRPSs under the scheme:
 - a) The captioned issue of NCRPSs is in compliance with all the applicable provisions of the Companies Act, 2013 including the provisions related to creation and maintenance of Capital Redemption Reserve.
 - b) All such NCRPSs shall be issued in dematerialised form only.
 - c) All the provisions of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 have been/ shall be complied with except the provisions related to making a public issue, or making a private placement, or filing of offer document, etc.
- 7) The following provisions shall be incorporated in the scheme:
 - i. The NCRPSs allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange.”
 - ii. “There shall be no change in the shareholding pattern of Music Broadcast Limited between the record date and the listing which may affect the status of this approval.”

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of Arrangement.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the **validity of this Observation Letter shall be Six Months from the date of this Letter**, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

Sd/-

Nitinkumar Pujari
Senior Manager