

## **PHONOGRAPHIC PERFORMANCE LTD.**

### **Registered & Head office:**

Crescent Towers, 7<sup>th</sup> floor, B/68, Veera Estate,  
Off New Link Road, Andheri West, Mumbai 400 053

### **Bankers:**

State Bank of Mysore, Lokhandwala branch, Mumbai  
Citibank, N.A., Corporate banking, Fort, Mumbai

### **Auditors:**

Price Waterhouse, Mumbai Chartered Accountants

### **Process Review Auditors:**

Ernst & Young, Mumbai Chartered Accountants

### **Board of Directors:**

1. Mandar Thakur, *Times Music, Chairman*
2. Ajit Kumar, *Saregama*
3. Vinit Thakkar, *Universal Music*
4. Sanujeet Bhujabal, *Sony Music*
5. Bhushan Kumar, *Super Cassettes Industries*
6. Balwinder Singh, *Speed Records Entertainment.*
7. Justice (Retd.) Vidya Bhushan Gupta, *Independent Director*
8. Rajat Kakar, *Managing Director & CEO*

Company Registration no. U 74999 MH 1941 GAP 142271

Website: [www.pplindia.org](http://www.pplindia.org)

**REPORT OF THE DIRECTORS ON THE WORKING OF THE COMPANY FOR THE  
YEAR ENDED 31<sup>ST</sup> MARCH 2019**

This Report provides full and detailed account of the Company's activities during the year ended 31<sup>st</sup> March 2019, including significant developments and new initiatives.

**1. FINANCIAL RESULTS:**

(Amount in Rs.)

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Profit for the year before tax	69,89,152	75,54,233
Less: Current Tax	-	-
Minimum Alternate Tax (MAT)	13,31,783	14,39,459
Minimum Alternate Tax Credit Receivable	(13,31,783)	(14,39,459)
Deferred Tax charge / (Credit)	10,94,989	54,02,548
Profit after Tax	58,94,163	21,51,685
Add: Balance brought forward from last year	8,92,33,555	8,70,81,870
Surplus in Statement of Profit and Loss	<b>9,51,27,718</b>	<b>8,92,33,555</b>

**2. LICENCE FEE REVENUE; COSTS:**

The Company is engaged in licensing the Public Performance and Radio Broadcasting rights of its members' sound recordings to users/licensees; licences are issued for limited period and purpose, on non-exclusive, conditional, revocable/cancellable basis, wherein there is no transfer of effective title, control, possession or custody of rights. The Company does not promote or engage in marketing of any particular member's repertoire. The head office at Mumbai, Maharashtra is the sole and central office for issue of licenses, invoices, collection and accounting of royalty/license fee payments.

The Company publishes the tariff charged for various categories of users on its website and periodically updates its categories and applicable tariffs by its practice of consulting with cross-section of licensees and also taking into account industry trends alongside best global practices while recommending additions/changes to the Tariff Chart.

License fee revenue (of members) in the current year was Rs. 103.81 Crores (previous year Rs 85.94 crores, thereby achieving an overall growth of 21% over previous year. Other Income, which also includes interest earned, was Rs. 2.35 crores (Previous Year Rs. 1.04 crores). Out of this, Rs. 1.65 crores being interest earned and write-back of liabilities no longer required have been utilized/appORTioned for the benefit of members to support/reduce cost recoupments out of licence fee payments to members.

**Radio Broadcasting**

The Company ended the financial year at Rs 23.59 Cr. This is a growth of 19% compared to previous year revenues. Major players contributing to this are AIR (All India Radio), ENIL(Mirchi), Sun (Red FM), Next Radio (Radio One), HT Media (Fever FM), Reliance (Big FM), and MBL (RadioCity).

As of now, around more than 365 private FM radio stations are operational & out of which 340 are paying us. Wherever usage is found without license, the Company is initiating appropriate action. A few FM Radio broadcasters have filed applications with the Copyright

Board now merged with Intellectual Property Appellate Board (IPAB) seeking compulsory licensing, which are yet to be heard by the IPAB.

Interim or ad-hoc payments are received from litigants (eg. HT-Fever, Radio Oye/Today). The same is distributed to members, as per track-wise logs. In the event of any adverse final order by the concerned Court, the interim/adhoc payments distributed are liable to be recouped/recovered from the members. Members concerned are requested to note the same.

Being a collecting body, the Company is prudent and appropriately conservative in accruing income.

### **Public Performance**

FY 18-19 showed a 25% overall growth, to INR 80 Crore as compared to INR 64 Crore in FY 17-18. Majority of the revenue came in from events, IPL & Hockey World Cup being few of them. Major deals were closed for background music with leading players in the burgeoning retail sector. We also concluded a deal with a leading premium five-star hotel chain, for all hotels owned/controlled/managed by them throughout India.

Total overheads were in line with the Budget. In spite of legal overheads exceeding budgets, there was a partial offset due to saving in other overheads due to effective cost management. Litigation costs were productive and beneficial, resulting in a good amount of licence fees being collected from under-litigation broadcasters and licensees. Accordingly, the Board has unanimously approved the cost incurred, as it is due to market conditions and for the benefit of members.

### **3. INFRINGEMENT, ENFORCEMENT AND ANTI-PIRACY**

Non-physical or digital piracy has taken many and varied forms such as public performance at hotels, events, shows etc. by event organisers, DJs, establishment-owners etc. without taking prior licence; illegal storage or transfer of music; playing of music by un-licensed radio stations. The effects of piracy are widespread and felt not only at your company but throughout the music industry.

### **4. COMPLIANCE WITH VARIOUS STATUTES**

The Company maintains proper accounts of license fees collected, payments made to members and other recurring and non-recurring expenditure incurred for meeting the administrative and related matters, including the cost of litigations. The complete set of books of accounts are maintained in the registered office of the Company. Financial statements are audited, annually, by the statutory auditors Price Waterhouse, Chartered Accountants. In order to further streamline our processes and adopt best corporate governance practices we have also engaged Ernst and Young, Chartered Accountants to conduct periodic process review audits.

Queries from government departments, enquiry bodies, and enforcement agency, have been promptly attended to, after obtaining legal advice, as may be required and litigation is initiated as appropriate.

Queries for assessment and other queries from Service tax and GST departments have been suitably responded to, in consultation with qualified professionals and tax lawyers.

## **5. MEMBERS, LICENCE FEE DISTRIBUTION**

PPL has 341 members as at date. Our repertoire now comprises of big hits from Regional, Bollywood and International music content.

Lahari Recording Company, one of the market leaders in South, SVF Entertainment Private Limited, market leader in East and 53 members of South Indian Music Companies Association (SIMCA) have joined PPL during the year.

Your company is actively involved in interactions with its members. Dialogue: The Indian Music Convention 2018 and our Outreach programs in Chennai, Chandigarh and Kolkata was an opportunity created for our members and all stakeholders to come together to network and learn. We have successfully renewed all member assignments in March 2019.

Pursuant to clause 8.2 of the Articles of Association, the Board of Directors have framed a set of detailed “Rules and Regulations for Members” and the last revision had been circulated to all members in 2018. Now the same has been revised and the updated Rules & Regulations is now circulated to all the members, along with the AGM papers. Members are advised to peruse and take note of the same and to ensure compliance at all times. The Company has initiated the process of KYC for all its members so as to keep its database current and updated.

The Board takes note and the members are also well aware that there is a close ‘mutuality of interest’ between the members and the Company.

## **6. INVESTMENTS, TAXES & CASH-FLOW**

Every year, being essentially functioning as a not-for-profit association, your Company is applying for and obtaining concessional TDS certificate. Cumulative amount of income tax and service tax/GST awaiting refund and set-off is approximately Rs. 13.91 Crores. All formalities for seeking the refund have been initiated by your Company on timely basis. Income-tax assessment has been completed upto Assessment Year 2015-16. There has been no scrutiny assessment for the A.Y. 2016-17 and A.Y. 2017-18.

During the year 2016-17, the company received Notice of Demand dated December 16, 2016 from the Deputy Commissioner of Income Tax for Rs.30,264,341 for non-disclosure of income of Rs.78,376,440 in the books of accounts for A.Y.2011-12 as compared with Form 26AS, based on their internal audit objection. The Company had filed an appeal against the said demand to CIT (Appeals) on January 16, 2017 and had paid 15% of the demand amounting to Rs. 4,539,650. The Commissioner of Income-tax (Appeals) vide its order dated February 26, 2018, allowed the appeal by reducing the addition made to income. The Income Tax department has filed an appeal against this order before the Tribunal. PPL has filed its Cross Objections and the appeal is listed for hearing on September 12, 2019.

Enforcement Directorate (ED) had raised a provisional attachment order number 09/2016 (File No: ECIR/05/MBZO/2015/1329) dated June 2, 2016 for an amount of Rs.130,400,000/-. As per the order, bank balance amounting to Rs.130,400,000 with respect to current account balance in SBI (formerly SBM now merged with SBI) and CitiBank amounting to Rs.120,961,770 and Rs.9,438,230 respectively, was provisionally attached under sub section (1) of Section 5 of Prevention of Money Laundering Act, 2002. The Hon’ble Bombay High Court in its detailed Order dated April 2, 2019 issued clear directions for the release of the funds lying with the banks. ED vide letter dated May 17, 2019 directed the banks, SBI and Citibank to immediately release the funds to PPL and the banks have released the funds. The company has promptly returned the funds to its members in the relevant ratio as was withheld

earlier. The ratio used for deriving withholding from amounts to members was basis the television synchronization income starting January 2008 and ending December 2013.

The Company has invested 30,000 Euros (INR equivalent ~ 23 lakhs) towards subscription of one ordinary share in Soundsys Private Limited, a Company being incorporated in Singapore. This investment is made in accordance with the prevailing Overseas Direct Investment (ODI) regulations laid down by RBI in this regard. Soundsys Private Limited is actively working with BMAT, a Barcelona based tech company, to adopt global best practices in the development, operation, repertoire database management and effective distribution systems.

## **7. DIRECT & INDIRECT TAXES**

a. In respect of non-provision for Service Tax for the ten Show cause-cum-demand notices received from the service tax department amounting to Rs.347,995,047/- (March 31, 2018: Rs.337,369,979) for the taxable value of services rendered under the category of "Club or Association" for the period June 16, 2005 to June 30, 2017, the Auditor's remarks in their Report, read along with Note 18, are self explanatory.

i) The Commissioner of Service Tax, Mumbai-II vide Order in Original No. 21-23/ST-II/KKS/2010 dated November 30, 2010 confirmed service tax for the period June 16, 2005 to March 31, 2010 amounting to Rs. 60,170,407 along with interest and imposed penalty of equivalent amount, for the taxable value of services rendered under the category of "Club or Association". However, the Company had challenged the Order by filing an appeal before the Customs Excise and Service Tax Appellate Tribunal, Mumbai ("CESTAT"). CESTAT vide its Order no. A/86369-86371/17/STB dated 16.03.2017 rejected the appeal of the Revenue and allowed the PPL appeal. Subsequently, the Department has appealed against the said order before the Hon'ble Supreme Court and the same has been admitted in the month of November 2017. The Company is expecting a favorable outcome.

ii) The Company received Order in Original No. 64-66/ST-II/RS/2014 dated August 28, 2014 passed by the Commissioner of Service Tax, Mumbai-II confirming demand of Rs. 83,217,806 in the matter of Show cause-cum-demand notices for the period April 1, 2010 to March 31, 2013. The Company has filed an appeal against this Order on December 3, 2014 before the Customs Excise and Service Tax Appellate Tribunal ("CESTAT") and has also paid the mandatory pre-deposit of Rs.6,241,336 as per the provisions of the Act. The hearing has concluded on April 4, 2019. CESTAT vide its Order no. A/86194-86195/2019 dated April 4, 2019 has allowed PPL appeal and demand is set aside.

iii) The Company also received Order in Original No. 08/ST-VI/RS/2014 dated December 31, 2014 passed by the Commissioner of Service Tax - VI confirming demand of Rs. 42,053,684 in the matter of Demand Notice for the period April 1, 2013 to March 31, 2014. The Company has filed an appeal against this Order on March 3, 2015 before the Customs Excise and Service Tax Appellate Tribunal ("CESTAT") and has also paid the mandatory pre-deposit of Rs.3,154,027 as per the provisions of the Act. The hearing has concluded on April 4, 2019. CESTAT vide its Order no. A/86194-86195/2019 dated April 4, 2019 has allowed PPL appeal and the demand is set aside.

iv) The Company during F.Y. 2015-16 has received another show cause cum

demand notice for F.Y. 2014-15 for Rs.44,637,052 dated January 29, 2016 in relation to taxable value of services under the category 'Club or Association' service. The Company has filed its reply and personal hearing also has been granted. The Company is expecting a favorable Order.

- v) The Company during F.Y. 2017-18 received another show cause cum demand notice for F.Y. 2015-16 and F.Y. 2016-17 for Rs.87,757,327 dated February 15, 2018 in relation to the matter referred to in (iv) above i.e., the taxable value of services under the category 'Club or Association' service. The Company has filed its reply and personal hearing also has been granted. The Company is expecting a favorable Order.
- vi) The Company during F.Y. 2018-19 received another show cause cum demand notice for the period April 1, 2017 to June 30, 2017 for Rs. 10,625,068 dated February 21, 2019 in relation to the matter referred to in (iv) above i.e., the taxable value of services under the category 'Club or Association' service. The Company is yet to file its reply.
- vii) Subsequent to audit conducted by Service Tax department for F.Y.2010-11 and 2011-12, the Company received three Show cause-cum demand notices of Rs.106,594 dated January 22, 2014, Rs.152,259 dated January 13, 2014 and Rs.125,288 dated February 2, 2014 respectively based on audit observations. The Company had disputed the demands amounting to Rs.384,141 and filed its written replies to the said notices and also attended personal hearings called for from time to time. The Commissioner of Service tax, Mumbai vide Order in Original Nos. 04, 05 and 06 all dated May 28, 2015 received by the Company on June 17, 2015, confirmed service tax amounting to Rs.106,594, Rs.152,259 and Rs.125,288 respectively and imposed interest and penalty on the said amounts as adjudicated in the Order. The Company has filed an appeal against these Orders on August 14, 2015 before the Hon'ble Commissioner of Central Excise - Appeals challenging the Orders and has also paid the mandatory pre-deposit of Rs.19,414 as per the provisions of the Act. The hearing has not yet commenced in the matter.

The Company is confident of winning the appeals, based on legal opinion obtained; hence no provision has been made in books of account.

During the year 2016-17, the Company received another Show Cause Cum Demand Notice on September 30, 2016 for Rs.19,149,562 for the period 2011-12 to 2012-13. The Company has disputed the demand and filed its written reply to the Show Cause Cum Demand Notice. Personal hearing is awaited.

The Company is of the view that these demands have been erroneously made by the department and is confident of a favorable outcome; hence no provision has been made in books of account.

- b. During the year 2016-17, the company received Notice of Demand dated December 16, 2016 from the Deputy Commissioner of Income Tax for Rs.30,264,341 for non-disclosure of income of Rs.78,376,440 in the books of accounts for A.Y.2011-12 as compared with Form 26AS. The Company had filed an appeal against the said demand to CIT (Appeals) on January 16, 2017 and had paid 15% of the demand amounting to Rs. 4,539,650. The Commissioner of Income-tax (Appeals) vide its order dated February 26, 2018, allowed the appeal by reducing the addition made to income. The Income Tax department has filed an appeal against this order before the Tribunal. PPL has filed its

Cross Objections and the appeal is listed for hearing on September 12, 2019.

- c. During the year 2018-19, the company received intimation u/s 143(1) of the Income Tax Act, 1961 wherein it was noticed that Employee Contribution to Provident Fund amounting to Rs. 1,318,189 has been disallowed, being paid after the due date prescribed u/s 36(1)(va), but before the due date of filing the Return of Income. The Company believes that it has a very good case, as the same has been allowed in all earlier assessments and there are judgements favouring the Company and hence, the Company has preferred an appeal on April 18, 2019 before CIT (A) challenging the disallowance.

**8. REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:**

During the year under review, your Company did not have any subsidiary, associate and joint venture company.

**9. INTERNAL CONTROL SYSTEMS:**

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place and has been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected. During the year Ernst and Young (EY) were engaged to conduct Process Review Audits in certain core areas of operations. Their suggestions have been noted and are being implemented.

**10. MATTERS RELATED TO DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES:**

During the year under review, the following were the changes in the Directors of the Company:

Sr. No	Name of the Director	DIN	Appointment/Resignation	Effective date
1	Ganesh Jain Chhaganlal	00332372	Resignation	01/04/2018
2	Mr. Sanujeet Bhujabal	01915460	Appointment	16/04/2018
3	Mr. Ajit Kumar	08105941	Appointment	29/05/2018
4	Ghanashyam Bhagwan Aayeer	00087760	Resignation	29/05/2018
5	Mr. Bhushan Kumar Dua	00126614	Appointment	17/07/2018
6	Kumar Sadhuram Taurani	00555831	Resignation	29/08/2018
7	Mr. Bhushan Kumar Dua	00126614	Regularisation of appointment of additional directors by shareholders at the AGM	26/09/2018
8	Mr. Vinit Thakkar	08050943		26/09/2018
9	Mr. Ajit Kumar	08105941		26/09/2018
10	Mr. Sanujeet Bhujabal	01915460		26/09/2018
11	Mr. Rajat Kakar	01592740	Appointment	21/11/2018
12	Mr. Balwinder Singh	02807439	Appointment	21/11/2018
13	Justice( Retd.)Vidya Bhushan Gupta	08313443	Appointment	26/12/2018

The Board places on record its deep appreciation for the services rendered by Mr. G. B. Aayeer, Mr. Ganesh Jain and Mr. Kumar Taurani during their respective tenure as Directors of the Company.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vinit Thakkar (DIN: 08050943), Mr. Sanujeet Bhujabal (DIN: 01915460) and Mr. Ajit Kumar (DIN: 08105941) shall retire by rotation at the ensuing Annual General Meeting of the Company who being eligible, have offered themselves for re-appointment. The Board recommends their appointment.

Mr. Rajat Kakar (DIN 01592740) was appointed as a Managing Director and Chief Executive Officer of the Company with effect from 21<sup>st</sup> November 2018 and is not liable to retire by rotation. The necessary resolutions for regularisation of his appointment as director and approval for his appointment as Managing Director & C.E.O. have been included in the Agenda of Annual General Meeting.



Mr. Balwinder Singh (DIN: 02807439) and Mr. Vidya Bhushan Gupta (DIN: 08313443) were appointed as Additional Directors of the Company on 21<sup>st</sup> November, 2018 and 26<sup>th</sup> December, 2018 respectively, to hold office upto the date of ensuing Annual General Meeting. The Company has received notices from members under section 160(1) of the Companies Act, 2013, proposing the candidature of Mr. Balwinder Singh and Mr. Vidya Bhushan Gupta for appointment as Directors at the ensuing Annual General Meeting.

The necessary resolutions for their appointment have been included in the notice of the Annual General meeting. The Directors recommend their respective appointment.

### **Declarations by Independent Directors**

Pursuant to the provisions of sub-section (7) of Section 149 of the Companies Act, 2013, the Company has received declaration from an Independent Director confirming that he fulfills the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

In line with market norms and practices, the Company has been, for last many years, providing following benefits to its permanent and confirmed staff and managers: (i) group hospitalisation insurance; (ii) group personal accident insurance; (iii) group gratuity scheme linked with PPL Employees Gratuity Fund (trust).

### **11. DISCLOSURES RELATED TO BOARD MEETINGS:**

The Board of Directors of the Company met six times during the financial year ended 31<sup>st</sup> March 2019 in accordance with the provisions of the Companies Act, 2013 and rules made there under on the following dates:

<b>Serial No.</b>	<b>Date of Board Meeting</b>
1.	6 <sup>th</sup> April, 2018
2.	29 <sup>th</sup> May, 2018
3.	17 <sup>th</sup> July, 2018
4.	28 <sup>th</sup> August, 2018
5.	21 <sup>st</sup> November, 2018
6.	11 <sup>th</sup> March, 2019

The maximum gap between 2 Board Meetings was not in excess of 120 days.

### **12. AUDITORS AND REPORTS:**

The matters related to Auditors and their Reports are as under:

#### **a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019:**

The Board has duly reviewed the Statutory Auditors' Report on the Financial Statements. The observations made by the Auditors read with the relevant notes in Notes to Accounts are self-explanatory and do not require further clarification.

**b. APPOINTMENT OF AUDITORS:**

Pursuant to the provisions of Section 139 (1) of the Companies Act, 2013, at the Seventy third Annual General Meeting of the Company held on 30<sup>th</sup> September, 2014, M/s. Price Waterhouse, Chartered Accountants, Mumbai (Firm Registration No. 301112E) were appointed as the Statutory Auditors of the Company for continuous period of five years to hold office till the conclusion of the Seventy Eighth Annual General Meeting. Accordingly their term expires at the conclusion of the ensuing Annual General Meeting of the Company.

Pursuant to the provisions of Section 139(1) of the Act, it is proposed to re-appoint them for a term of five years i.e. from the conclusion of 78<sup>th</sup> Annual General Meeting until the conclusion of the 83<sup>rd</sup> Annual General Meeting of the Company.

**c. FRAUD REPORTING:**

During the year under review, there were no instances of material or serious fraud falling within the purview of Section 143(12) of the Act and the rules made thereunder, by officers or employees reported by the Statutory Auditors of the Company during the course of the audit.

**13. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:**

During the Financial year 2018-19, the Company has neither given any loans or guarantees nor made any investments under Section 186 of the Companies Act, 2013 and hence, no information in this regard has been furnished.

**14. EXTRACT OF ANNUAL RETURN:**

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31<sup>st</sup> March 2019 made under the provisions of Section 92(3) of the Act is attached as **Annexure** which forms part of this Report.

**15. PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES:**

During the financial year 2018-19, the Company did not enter into any transactions/contracts/arrangements with related party (ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013.

**16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**A] Conservation of Energy, Technology Absorption:**

Considering the nature of its activities, the Board of Directors has nothing to report as per the requirements of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

**B] Foreign Exchange Earning and Outgo:**

	<b>1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019 [Current F.Y.]</b>	<b>1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018 [Previous F.Y.]</b>
Actual Foreign Exchange earnings	Nil	Nil
Actual Foreign Exchange outgo	47,678	Nil

## **17. RISK MANAGEMENT POLICY:**

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. The Board has adopted a Risk Management Policy. All business divisions and corporate functions have embraced Risk Management Policy and make use of it in their decision making. Key business risks and their mitigation are considered in day-to-day working of the Company. The risk management process over the period of time will become embedded into the Company's business system and process, such that the responses to risk remain current and dynamic.

## **18. DEPOSIT:**

Your Directors state that no disclosure or reporting is required in respect of acceptance of deposits covered under Chapter V of the Companies Act, 2013, as the Company has not accepted or renewed deposits during the year under review.

## **19. MATERIAL CHANGES AND COMMITMENTS**

Your Directors further state that except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this Annual Report.

## **20. LITIGATIONS**

PPL is involved in litigations against infringers who exploit its repertoire, without due licence or do not honour their commitments under the licence. The Company made significant progress in the pending litigations whereby many cases are now reached the stage of hearing, recording evidence and there is a positive chance of these getting adjudicated sooner. PPL has brought on record wherever necessary about cessation as copyright society.

### **1. Constitutional Challenge of certain provisions of Copyright Act**

Eskay Video Private Limited has filed application in Calcutta High Court challenging certain provisions of the Copyright Act, as amended in 2012, PPL has made an application in Writ petition No. 92 of 2015 for impleading itself as a party to the said Writ Petition and has challenged the Constitutional validity of Section 31(1) (b) and 31D of the Copyright Act, 1957, as amended in 2012, together with the corresponding Rules. The application has been accepted and PPL has filed Affidavit in reply in support of the Petition. Hearing to commence.

### **2. Litigations related to Radio and TV broadcasters:**

(i) **PPL v/s MBL Bombay High Court**, in 2013: PPL has cancelled all the 20 Compulsory Licenses (in respect of its 20 stations) granted to Music Broadcasting Pvt Ltd, Mumbai (Radio City) by the Registrar of Copyrights in Sept. 2010 for breach (continued non-payment of 2% compensation, etc) and has also filed a suit for injunction and damages against them in Mumbai High Court. Trial about to begin in this matter.

(ii) **MBL v/s PPL, Delhi High Court**: MBL approached Hon'ble Delhi High Court and has obtained a temporary stay on the cancellation Notice. The said suit granting MBL a stay was dismissed on the ground of territorial jurisdiction, MBL has moved an appeal before the division bench in Delhi High Court, against the said order. Division bench in

Delhi High Court is pleased to set aside the dismissal and remand the matter before the single Judge. While hearing on the interim application the court was pleased to appoint Chartered Account firm Hari Bhakti to verify the accounts of MBL.. Firm filed its report before the Delhi High Court. The report has brought out the discrepancies in MBL's accounting system. PPL has filed its submissions and objection to the said report.

(iii) **MBL Vs. PPL filed in Bombay High Court:** In the said suit MBL has claimed adjustment of the license fee to be adjusted towards future use and exploitation of PPL's Sound recording. In the suit by MBL, trial has commenced in the matter and cross examination of MBL's witness has been completed before the court commissioner. MBL re-examined the witness and the same is also complete and the Commissioner has sent the report to the Court. Re-examination done by Plaintiffs and new documents submitted. On objection by PPL, the same was referred to Court. The court has now allowed MBL to introduce witness No. 2.

(iv) **PPL v/s Puran Multimedia:** PPL has filed a suit before the Hon'ble Bombay High Court against Puran Multimedia for recovery of money due under the Voluntary License Agreements. The trial has commenced in the matter and examination in chief of PPL's witness has been completed. In the meantime, MBL and Shri Puran Multi Media Ltd moved an application of merger. The same was opposed by PPL as Puran owed us monies and the merger may hinder our claim against them. The court allowed the merger. Appeal was filed in the Bombay High Court against the said merger. Also an Appeal was filed in Allahabad High Court against sanctioning the scheme of demerger of Puran. In the said Appeal, delay was condoned and stay was granted against demerger. MBL immediately approached Supreme Court. After hearing, Supreme Court was pleased to direct MBL to deposit a sum of Rs. 2 crore with PPL and the remaining amount of Rs. 2.29 crores to be deposited in Bombay High Court via Bank Guarantee.

(v) **PPL v/s Radio Today Network Pvt. Limited:** PPL filed a suit for injunction and damages against the private FM Broadcaster who is broadcasting PPL works even though the license agreement for Calcutta FM radio Station had expired. By an interim Order, the Calcutta High Court Ordered the broadcaster to pay PPL the License fee at the rate agreed under the expired license agreement. PPL has also initiated additional proceedings to bring in their other 2 statins, viz. Mumbai and Delhi, under the same suit. In the said proceedings, the Calcutta High Court has directed TV Today to deposit a sum of Rs. 50 Lakhs. A contempt proceeding was filed since TV Today failed to deposit the same. Now, they have deposited the said amount in the Calcutta High court. Vide subsequent order the Hon'ble Court directed TV Today to deposit a further amount of Rs. 75 lakhs. PPL has now filed an Appeal to withdraw the said amounts and also prayed for the same rate as granted for Kolkata FM station. Also the Hon'ble Calcutta High Court was pleased to confirm the License fee at the rate agreed under the expired license agreement for Kolkata FM Station.

(vi) **PPL v/s HT Media ("Radio Fever"):** PPL filed a suit in November 2011 before the Hon'ble Delhi High Court for infringement and damages against HT Media for unauthorized broadcasting the sound recordings from PPL's repertoire on its FM Radio Station Fever 104 FM. HT Media filed a counter-claim in the suit filed by PPL. Vide an interim Order of the Hon'ble Delhi High Court; the Court directed HT media to pay royalty to PPL since the date of default. PPL has made this recovery from HT Media and also recovering monthly interim royalties on regular basis after the Order; the same is being distributed to members, on provisional interim basis, as per actual track-wise logs reports. Also, PPL recently filed an application in the suit, seeking relief with reference to regularization of the payments to be made on time by HT Media. The DHC, allowed the same and directed HT Media to make payment within two weeks from the receipt of the invoice sent by PPL. The application made by PPL for amendment to show change in its

status is allowed. Affidavit of Evidence of witness Mr. Shailesh Kripal filed in the matter.

(vii) **PPL Vs. HT Media:** HT media acquired 10 new FM stations under the Phase III licensing policy of the Government of India. After acquisition they commenced the FM Stations by using and exploiting PPL's copyrighted sound recordings without a permission and / or license from PPL and enforcing upon PPL payment at the rate of 2% of the net advertising revenue on the basis of the order passed in the previous suit. PPL sent them Contract cum demand letter calling upon them to make payment as per PPL's tariff rate. On failure of HT Media to make payment, PPL has filed a suit in Delhi High Court. The suit is pending hearing of the interim application. In the meantime, PPL has also initiated settlement talks with HT Media.

(vii) **PPL v/s HTMEL ("Aha HA FM- Chennai):** PPL filed an injunction suit against HTMEL, a subsidiary company of HT Media, against the broadcasting of their repertoire on a newly acquired radio station in Chennai. Matter is currently pending before the Bombay High Court.

(viii) **Statutory Appeals against CRB Order:** PPL has preferred statutory appeal before Madras HC against the Order of the Copyright Board dated 25.08.2010. In total 9 appeals are filed. The Appeals have been listed for hearing and PPL has filed further affidavits in the appeal, to bring on record certain new facts. Submissions of PPL have already commenced and is pending

(ix) **Litigation against Zee TV networks:** PPL, along with IPRS, has filed two suits against Zee TV Group Company for infringement and injunction in Delhi High Court and two Summary Suits in Bombay High Court. A fresh suit is filed in Delhi High Court for damages for the usage from 1.4.2010 to 31.12.2013. After injunction was obtained Zee approached PPL for settlement and offered to pay 12.85 Cr. Towards settlement of past dues and license fee for next three years. It however did not honour its commitments under the settlement. PPL therefore has taken out an application for a judgment and decree which is pending for hearing. Further, PPL has filed a new suit in Delhi High Court in respect of infringements from 1.1.2010 to 31.12.2013. Mediation is in progress under the direction of court by the parties presided by the Court appointed Senior Mediator. Settlement talks are going on and PPL will finalize the terms shortly.

(x) **PPL v/s Rajasthan Patrika ("Radio Tadka"):** PPL has filed a suit in Bombay High Court against Rajasthan Patrika to recover dues they owed to PPL prior to the CRB Order of August 2010. PPL has filed its evidence in the matter and the case is now to come up for final hearing. An application filed by Rajasthan Patrika for rejection of the suit under order 7 rule 11 has been dismissed. A commissioner is appointed by the court to record evidence. The trial has commenced in the matter and cross examination of PPL's witness has been completed. Affidavit of evidence of 2<sup>nd</sup> witness affirmed to prove the Mandates.

(xi) **PPL Vs. DB Corp, Bombay High Court:** Summary Suit for recovery of o/st of Rs. 5, 41, 84, 043/-. Unconditional leave to file written statement was allowed. The application made by PPL for amendment to show change in its status is allowed. PPL's witness evidence affidavit is filed and the cross examination is completed.

**3. Case filed by Saregama India Ltd against Select Media:** The member Saregama India Limited has instituted a suit against the past licensee Select Media Holdings Pvt Ltd, Mumbai, in Calcutta High Court. At interim stage, no relief has been granted by the Court; in any case, PPL's telecast licensing agreement with Select Media has expired on 31.12.2013 and has not been renewed.

**4. Enforcement Directorate Vs. PPL, Bombay High Court:** FIR dt 455 of 2014

registered at Sardar Police Station Agra against Hasan Kamal, Omprakash Sonik directors of IPRS under section 120B, 406, 421,468, 471, 506 and 34 of IPC. In pursuance of the FIR, ED filed ECIR no. MBZO/05/2015 for investigation into the offence of Money laundering under PMLA act and attached bank balance of Rs. 13.04 crores. Both LD. Adjudicating authority and the Appellate Tribunal was pleased to reject the complaint of ED. Hence ED has filed an Appeal before the Bombay High Court. In the meantime, we are successful in obtaining an order for the release of Rs. 13.04 crores. The said sum of Rs. 13.04 crores are released from the bank pursuant to the order and distributed among members. Appeal is pending. PPL has also preferred a writ petition before Bombay High Court to quash and set aside impugned ECIR Nos. ECIR/MBZO/5/2015

**5. Rakesh Nigam, PPL and others Versus State and Anr., Delhi High Court:** FIR No. 167/2016 registered by EOW. During the course of investigations, the matter got amicable settled between the parties. Writ Petition (Crl) was preferred for quashing of the FIR. According vide order dated 10.12.2018, the Hon'ble court was pleased to quash FIR No. 167/2016.

**6. Shree Krishna International Inquiry:** Complaint filed by Shree Krishna International before EOW against PPL and IPRS raising dispute in royalty payment. PPL satisfactorily explained to the police authorities that the member had not renewed his Agreement with PPL. While the Agreement was active payments were made to them as per the then existing royalty distribution policy of PPL. After preliminary inquiry, police authorities closed the inquiry against PPL.

**7. Susheel Kumar Puri vs. M/s. Biscoot Records LLP & Others (PPL Resp No. 16), NCLT matter:** Susheel Puri has filed an application in NCLT to appoint investigator. He has no locus to file the said application and reply to that effect is filed in NCLT. Matter pending.

**8. Other actions:**

PPL has initiated action against the Broadcasters who have acquired FM stations under Phase 3 licensing policy of the GOI and have unlawfully commenced broadcast of PPL's copyrighted sound recording by making a unilateral meager payment of 2% of the net advertising revenue. A Contract cum demand letter is sent to all the broadcasters enumerating the terms of the contract and raising demand of license fee based upon PPL's Phase 3 License fee rate. The Contract cum demand letters are periodically sent to all the defaulting broadcasters.

**9. Litigations related to 'Public Performance':**

**WEST:**

PPL filed 16 Suits Pan India during 2018 year end in Bombay High Court and moved before the Vacation Court as the regular Court (J. Kathawala) refused to grant injunction on the ground of mis-joinder, the Hon'ble High Court observed that issue raised by the Defendants that the maintainability of Suits, claim of the PPL that they are not the first owner and has not tracked as to who is the Original owner nor the PPL's title being established can be gone into at the time when the suit itself is tried, misjoinder of parties can be taken care of at the time of final determination and the assignment deed is not properly stamped. The Court directed the PPL to move the matter before the Vacation Court on 24-12-2018. On 24-12-2018 PPL moved before the vacation Court before the Hon'ble J. Bharati Dangre, after hearing of both the sides and granted injunction in favor of PPL.

In the year 2017, PPL filed 6 Appeals challenging the Order dated 21-12-2017 passed by the Single Judge before the Division Bench of Bombay High Court. Thereafter, matter listed various times before the Division Bench but couldn't reach. However, on 02-11-2018, all 6 Appeals listed before the Division Bench of Bombay High Court and after hearing the Hon'ble Court admitted the Appeal.

During year end 2016, PPL filed 14 Suits in the Bombay High Court to restrain the defendants for unauthorizedly playing the PPL songs without obtaining License, accordingly Court granted injunction in favor of PPL. Thereafter, all 14 Suits got dismissed for default in the month of October 2018. Thus, PPL filed Restoration Application to revive all the dismissed 2016 year end Suits. The Hon'ble Bombay High Court vide its Order dated 10-01-2019 restore all the 14 Suits and now the NOM is pending for final hearing.

Apart from that, there are several Suits filed before Ahmedabad, Vadodara and Pune Civil Courts and in all the matter Court granted Injunction in favour of PPL against the defaulter parties who refused to take license from PPL.

PPL amicably settled the matter with **Percept Live Pvt. Ltd.** on 11-12-2018 before the Hon'ble Bombay High Court and accordingly PPL withdrawn the Suits pending before the Bombay High Court.

Further, PPL amicably settled the matter with **Wizcraft International Entertainment Pvt. Ltd.** on 14-01-2019 and PPL undertakes and cooperate to quash the Criminal proceedings C.C. No. 14669 of 2016 pending before 9<sup>th</sup> ACMM Bangalore filed against Wizcraft.

### **SOUTH:**

#### **Ernakulum :**

PPL filed suit against several defendants before Addl. District Judge, Ernakulum during 2018 year end. The Court has restrained all the defendants from publicly playing performing or by any manner communicating the sound recording works assigned to the Petitioner/Plaintiff to the members of the public by playing cassettes or CDs thereon in the events scheduled to be held on Christmas party on 25-12-2018 and New Year Events to be held on or before 31-12-2018.

PPL has settled with the below mentioned parties in North Region :

- 1) Eros
- 2) Shangrila Eros
- 3) Tivoli
- 4) Park
- 5) Roseate
- 6) Claridges
- 7) Radisson Mahipalpur
- 8) Tushar Lepcha
- 9) Ambience Mall

**10.** Besides, PPL has sent out the multiple notices to various establishments, hotels, restaurants etc. across the country reminding them to obtain mandatory public performance license.

**21. OTHER DISCLOSURES:**

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014, your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review are furnished as under:

- Instances with respect to voting rights not exercised directly by employees of the Company.
- Payment of remuneration or commission to the Managing Director nor the Whole-time Directors of the Company by any of its subsidiaries.

**22. REVISION OF FINANCIAL STATEMENT:**

There was no revision of the financial statements pertaining to previous financial years during the year under review.

**23. DIRECTOR'S RESPONSIBILITY STATEMENT:**

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2019, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures from the same;
- b. such accounting policies have been selected and applied consistently and the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2019 and of the profit for the year ended on that date on behalf of the members of the Company for that year;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts of the Company have been prepared on a going concern basis;
- e. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

**24. DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace and has also established an Internal Complaints Committee, as stipulated by The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder. During the year under review, no complaints in relation to such harassment at workplace have been reported.



**25. ACKNOWLEDGEMENTS:**

We take this opportunity to convey our sincere appreciation to all the Members, Music Licensees, IFPI, IMI, suppliers, bankers, lawyers, auditors, regulatory and government authorities and all other business associates for their continued support and confidence in the management of the Company. The Board places on record its appreciation of the contribution made by employees at all levels through their hard work, dedication, solidarity, co-operation and commitment.

**BY THE ORDER OF THE BOARD**

Sd/-

Sd/-

**MANDAR THAKUR  
DIRECTOR  
DIN: 05333792**

**RAJAT KAKAR  
DIRECTOR  
DIN: 01592740**

**Date: 26<sup>th</sup> July, 2019**

**Place: Mumbai**

**Registered Office:**

**CRESCENT TOWERS, 7TH FLOOR, B/68, VEERA ESTATE  
OFF NEW LINK ROAD, ANDHERI (WEST), MUMBAI 400053.**

**CIN: U74999MH1941GAP142271**

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