



PHONOGRAPHIC PERFORMANCE LTD.

ANNUAL REPORT 2019-20

Registered & Head office:

Crescent Towers, 7th Floor, B/68, Veera Estate,
Off New Link Road, Andheri West, Mumbai 400053.

Bankers:

State Bank of India, Lokhandwala, Mumbai.
Citibank, N.A., Fort, Mumbai.
DBS Bank, Andheri East, Mumbai.

Statutory Auditors:

Price Waterhouse LLP, Chartered Accountants

Process Review Auditors:

Ernst & Young, Chartered Accountants

Internal Auditors:

MTC & Associates, Chartered Accountants

Company Secretary:

Rathi & Associates

Board of Directors:

1. Ajit Kumar (*up to May 28th, 2020*), Saregama India Limited
2. Balwinder Singh, Speed Records Entertainment Private Limited
3. Bhushan Kumar, Super Cassettes Industries Private Limited
4. Justice (Retd.) Vidya Bhushan Gupta, Independent Director
5. Mandar Thakur, (Chairman), Times Music (a division of Bennett, Coleman & Co. Ltd.)
6. Rajat Kakar, (Managing Director up to 3rd April, 2020)
7. Selvaraj Shanmugam, Universal Music India Private Limited
8. Sanujeet Bhujabal (*up to April 15th, 2020*), Sony Music Entertainment India Private Limited

Company Registration No. U 74999 MH 1941 GAP 142271

Website: www.pplindia.org



CHAIRMAN'S MESSAGE

Dear Members,

The financial year 2019-20 has indeed been an unprecedented one. While we had the Covid -19 pandemic affecting us from March 2020 and even before that the subdued economic background and the unrest prevailing in the various parts of the country posed a real challenge in driving the public performance revenues. Yet, in spite of these very challenging circumstances we still delivered yet another excellent year for PPL.

I am happy to report a total revenue of Rs. 126 crores, recording an overall growth of 21% from the previous year. Public Performance revenues were Rs. 89 crores, indicating a growth of 12% from the previous financial year and Radio Broadcasting revenues were Rs. 24 crores, recording a marginal growth of 3% on a year on year basis. We have had some of the best legal victories coming our way from Courts across the country and habitual defaulters are walking the extra mile to take a PPL license. Settlements on long pending disputes and mediations have resulted in realization of outstanding amounts.

As Chairman of PPL, I am proud to report that the Public Performance revenues form a very important part of the entire Indian music industry. PPL contributes almost 10% to the overall Indian music industry revenues. On the international front, basis the International Federation of Phonographic Industry (IFPI) global music report which presents an analysis of global public performance revenues by the music licensing companies worldwide for 2019, our public performance revenues were ranked at **No. 25** in terms of world ranking, we have now moved up from rank no. 27 in the previous year which indeed speaks volumes about the growth that we have achieved even internationally. And all of this has been achieved with maintaining the highest standards of good corporate governance, integrity and transparency. PPL's recognition both as a significant contributor in the Indian Music Industry and as a part of the international phonographic industries is indeed one that you as a member should be extremely proud of. This only sets the benchmark much higher for us to keep growing!

However, the road ahead is not going to be easy. The nationwide lockdown and the economy slowdown has adversely impacted the public performance revenues like never before in history. To minimize the impact of the loss of licensing revenue and continue towards our commitment of payments to our members, we have ensured necessary cost-control steps have been implemented already. This unprecedented cost right-sizing exercise has been meticulously planned and is not merely a 'cost reduction' exercise, but one that strikes a balance between cost and flexibility by design, enabling us to rapidly bounce back on the return of normalcy. We have a strong and flexible business model which is geared for progress. We are sure that as a nation we will rise above this pandemic crisis and with your continued support we as a company shall also bounce back on our vision of sustainable growth and value.

Finally, I would like to thank the entire team of PPL for their hard work and determination in delivering a very ambitious company agenda. I would also like to welcome our new CEO G.B Aayeer, an industry veteran, with over four decades of proven experience in leading large corporations towards their growth story. We are sure under his adept leadership, PPL shall soar new heights. We are very happy to have GB Aayeer join PPL and wish him all the success. On a special note, I would like to thank Rajat Kakar, our ex - CEO, under whose able leadership PPL transformed into its current rejuvenated avatar all geared to face the challenges the future holds for us. We wish Rajat all the very best in his future endeavors.

Thank you dear members for your constant support and encouragement and remain hopeful that together we will tide over these challenging circumstances.

Mandar Thakur
Chairman, PPL



Board of Director's report

Dear Members,

Your Directors are pleased to present the Seventy Ninth Annual Report together with the audited financial statements of Phonographic Performance Limited (PPL) for the financial year ended March 31st, 2020

1. Financial Results:

Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
Profit for the year before tax	2,90,46,747	69,89,152
Less: Current Tax		
Minimum Alternate Tax (MAT)	59,22,667	13,31,783
Minimum Alternate Tax Credit Receivable	32,77,333	(13,31,783)
Deferred Tax charge / (Credit)	(6,73,282)	10,94,989
Profit after Tax	2,05,20,029	58,94,163
Add: Balance brought forward from last year	9,51,27,718	8,92,33,555
Surplus in Statement of Profit and Loss	11,56,47,747	9,51,27,718

2. Financial highlights:

The total revenue of the Company, increased to Rs. 126.12 crores, in the financial year 2019-20 from Rs.103.8 crores in the previous financial year, recording an overall growth of 21%.

The revenue from public performance increased to Rs. 89.49 crores, in the financial year 2019-20 from Rs. 79.91 crores in the previous financial year, recording an overall growth of 12%.

The revenue from radio broadcasting, nominally, increased to Rs. 24.24 in the financial year 2019-20 from Rs. 23.59 crores in the previous financial year, recording an overall growth of 3%.

The Company also received in settlement the long outstanding television sync income amounting to Rs. 12 crores during the financial year under review.

The Profit before tax (PBT) of the Company increased to Rs.2.9 crores in the financial year 2019-20 from Rs. 0.69 crores in the previous financial year.

The Profit after tax (PAT) of the Company increased to Rs.2.05 crores in the current financial year from Rs. 0.59 crores in the previous financial year.



3. IMPACT OF COVID-19 ON THE COMPANY

The nationwide lockdown, economy slowdown has adversely impacted the public performance revenues like never before. To minimize the impact of the loss of licensing revenue and continue towards our commitment of payments to our members, we have ensured necessary cost-control steps are implemented. This unprecedented cost right-sizing exercise has been meticulously planned and is not merely a 'cost reduction' exercise, but one that strikes a balance between cost and flexibility by design, enabling us to rapidly bounce back on the return of normalcy. We have a strong and flexible business model which is geared for progress. We are sure that as a nation we will rise above this pandemic crisis and with your continued support we as a company shall also bounce back on our vision of sustainable growth and value.

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 LLP. 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 of our core processes. Their recommendations have been taken into account and are being implemented to further streamline our operations.

5. MEMBERS, LICENCE FEE DISTRIBUTION

PPL has 357 members as at March 31, 2020. Our repertoire comprises of more than three million sound recordings spread across domestic and international music content. We also have a great blend of regional repertoire out of 18 major languages spoken in India, our company repertoire includes sound recordings from all of these languages. Our huge repertoire base provides the user with a wide variety of music content to choose from.

We have always believed in delivering value to our members. Our key company strategy has always been focused on the steady increase in the public performance revenues and timely distribution to our members. The increase in the public performance revenues by 12% and the net distributable amount to members by 27% is a testimony of our success.

We also believe in engaging with our members actively and in this regard we have started a quarterly newsletter which helps provide our members with informative and timely updates about the company. We remain well informed of key music industry forums/seminars and disseminate this information to our members and encourage them to participate actively. We believe this provides our members a great platform to network with representatives from streaming services, artistes, marketing professionals, legal experts and industry veterans.

We also believe that as a company we should adopt the latest technology which benefits the efficiency of our operations. The digital age indeed has brought convenience and efficiency to the production and distribution of music. To keep up with these new advances and to ensure competency and fairness in all aspects of the music business, we partnered with IFPI to develop a cloud - based portal for our members, called "SoundSys". It is an automated, transparent and efficient modern distribution system for royalty payments. At individual phases, members are being trained, in batches, to make optimum use of the technology advancement.

To indeed make PPL a good governance company we all need to work within a framework of best



practices. In compliance with our Articles of Association, we have framed a set of detailed “Rules and Regulations for Members” which are constantly reviewed and revised to the current times. The latest version is being circulated together with the Annual General Meeting docket. Members are requested to make a note of the same and ensure compliance at all times.

It is also very important for us as a Company to have our members’ latest details updated in our database to service you more efficiently. As a part of this endeavour we conduct an annual KYC drive and request all our members to provide details as are requested.

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. DIRECT & INDIRECT TAXES

A detailed note on the direct and indirect taxes has been mentioned in Note 16 of the Financial statements

7. 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.

8. INVESTMENTS, TAXES & CASH-FLOW

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.13.04 crores/-. As per the order, bank balance amounting to Rs.13.04 crores with respect to current account balance in SBI (formerly SBM now merged with SBI) and CitiBank amounting to Rs.12.10 crores and Rs.0.94 crores 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 its letter dated May 17, 2019 also 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.

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.



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	Mr. Balwinder Singh	02807439	Regularisation of appointment of Additional Directors by shareholders at the AGM	26/08/2019
2	Mr. Vidya Bhushan Gupta	08313443		26/08/2019
3	Mr. Rajat Kakar	01592740		26/08/2019
4	Mr. Vinit Thakkar	08050943	Resignation	24/01/2020
5	Mr. Selvaraj Shanmugam	06854006	Appointment	24/01/2020

The Board places on record its appreciation for the services rendered by Mr. Vinit Thakkar during his respective tenure as Director of the Company.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Bhushan Dua (DIN:00126614) and Mr. Mandar Ramesh Thakur (DIN: 05333792) 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.

The appointment of Mr. Rajat Kakar (DIN 01592740) as Director was regularised and approval for his appointment as Managing Director & C.E.O. of the Company was received in the Annual General Meeting held on 26th August 2019, not being liable to retire by rotation. Subsequently, on April 4, 2020, Rajat Kakar resigned from the office of Managing Director and Chief Executive Officer of the Company due to personal reasons.

The appointments of Mr. Balwinder Singh (DIN:02807439) and Mr. Vidya Bhushan Gupta (DIN: 08313443) were regularized as the Directors of the Company in the Annual General Meeting held on 26th August 2019.

Mr. Selvaraj Shanmugam (DIN: 06854006) was appointed as Additional Director of the Company on 24th January, 2020, to hold office upto the date of ensuing Annual General Meeting. The Company has received notices from a shareholder under section 160(1) of the Companies Act, 2013, proposing the candidature of Mr. Selvaraj Shanmugam for appointment as Director at the ensuing Annual General Meeting. The necessary resolution for regularisation of his appointment as director has been included in the Agenda of Annual General Meeting.

In terms of Article 24 of the Article of Association of Company, a Director is eligible to hold office for maximum period of two (2) years from the date of his appointment, accordingly the tenure of Directorship Mr. Ajit Kumar (DIN: 08105941) and Mr. Sanujeet Bhujabal (DIN: 01915460) who



were appointed on May 29, 2018 and April 16, 2018 respectively have come to an end on May 28, 2020 and April 15, 2020 respectively.

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 five times during the financial year ended 31st March 2020 in accordance with the provisions of the Companies Act, 2013 and rules made there under on the following dates:

No.	Dates of Board Meeting
1.	July 8, 2019
2.	July 26, 2019
3.	October 22, 2019
4.	January 10, 2020
5.	March 16, 2020

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 31ST MARCH 2020:

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. RATIFICATION OF APPOINTMENT OF AUDITORS:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Price Waterhouse LLP, Chartered Accountants, Mumbai (Firm Registration No. 301112E/E300264) the Statutory Auditors of the Company have been appointed for a term of 5 years to hold office upto the date of 83rd 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 2019-20, 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 31st March 2020 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 2019-20, 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:

	Fin. Year 2019-2020	Fin. Year 2018-2019
Actual Foreign Exchange earnings	21,33,270	Nil
Actual Foreign Exchange outgo	1,90,378	47,678

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. DEPOSITS:

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. 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.

20. 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.

21. LEGAL MATTERS

PPL is involved in litigations against infringers who exploit its repertoire, without obtaining the licence or do not honour their commitments under the licence. The Company made significant progress in the pending litigations whereby many cases have now reached the stage of hearing, recording evidence and there is a positive chance of these getting adjudicated sooner.

A brief summary of the significant litigations is mentioned below:

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. The hearing is to commence.

Litigations related to Radio and Television broadcasters:

- (i) **PPL v/s Music Broadcast Limited (MBL)** Bombay High Court, in 2013: PPL has cancelled all the 20 Compulsory Licenses (in respect of its 20 stations) granted to Music Broadcasting Private Limited, Mumbai (Radio City) by the Registrar of Copyrights in September 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. The evidence affidavits have been filed by the company's designated employees.



- (ii) **MBL v/s PPL, Delhi High Court:** MBL approached Honorable 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 Accountant firm, Hari Bhakti & Co, LLP to verify the accounts of MBL. The firm filed its report before the Delhi High Court with its observations. PPL has filed its submissions pursuant to the said report. The matter is for hearing.
- (iii) **MBL Vs. PPL, 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. But PW 2 evidence Affidavit was not filed on time, hence the court vide order 26th July 2019 closed the evidence of Plaintiff and directed PPL to file evidence by 23rd August 2019. Plaintiffs took Motion seeking recall of the order dated 26th July 2019 and to file evidence of PW2.
- (iv) **PPL v/s Puran Multimedia, Bombay High Court:** 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 Shri Puran Multi Media Ltd 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 Shri Puran Multi Media Ltd 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 TV Today Network Pvt. Limited, Calcutta High Court:** 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 stations, 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. But the same was challenged by TV Today in Appeal. Appeal court remanded the matter for fresh hearing on the application.
- (vi) **PPL v/s HT Media ("Radio Fever"), Delhi High Court:** 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. The evidence affidavits have been filed by the company's designated employees.

- (vii) **PPL Vs. HT Media, Delhi High Court:** 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.
 - (viii) **PPL v/s HTMEL ("Aha HA FM- Chennai), Bombay High Court:** 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 for hearing.
 - (ix) **Statutory Appeals against CRB Order, Madras High Court:** 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.
 - (x) **PPL v/s Rajasthan Patrika ("Radio Tadka"), Bombay High Court:** 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
 - (xii) **PPL Vs. DB Corp, Bombay High Court:** Summary Suit for recovery of outstanding 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.
 - (xiii) **PPL Vs. Muthoot, Bombay High Court:** The suit has been filed against Broadcaster Muthoot for continuous infringement and for recovery of our dues. The interim application is for hearing.
 - (xiv) **PPL has initiated action against the Broadcasters** who have acquired FM stations under Phase 3 licensing policy of the Government of India 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.
- 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 Private 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 Sadar 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. 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 amicably settled between the parties. Writ Petition 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. This closure report is also confirmed by PPL via a RTI reply.
7. **Susheel Kumar Puri vs. M/s. Biscoot Records LLP & Others NCLT matter:** Susheel Puri has filed an application in NCLT to appoint investigator. Reply to that effect is filed in NCLT and the matter is pending.

22. 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:

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

23. REVISION OF FINANCIAL STATEMENTS:

There has been no revision of the financial statements for the year under review.

24. 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 31st March, 2019, the Board of Directors hereby confirms that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures from the same;



(ii) 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 31st March, 2019 and of the profit for the year ended on that date on behalf of the members of the Company for that year;

(iii) 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;

(iv) the annual accounts of the Company have been prepared on a going concern basis;

(v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

25. ACKNOWLEDGEMENTS:

We take this opportunity to convey our sincere appreciation to all the Members, Music Licensees, IFPI, IMI, 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.

26. WEBLINK:

The entire set of financial statements, the Board of Directors report and the Annual Return is available on the company's website at <https://www.pplindia.org>

BY THE ORDER OF THE BOARD

Sd/-

MANDAR THAKUR

**DIRECTOR
DIN: 05333792**

**Date: 16th June, 2020
Place: Mumbai**

Sd/-

SELVARAJ SHANMUGAM

**DIRECTOR
DIN: 06854006**



EXTRACT OF ANNUAL RETURN- FORM MGT-9
As on financial year ended on 31st March 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U74999MH1941GAP142271
Registration Date	:	24/04/1941
Name of the Company	:	Phonographic Performance Limited
Category / Sub-Category of the Company	:	Company Limited by Guarantee
Address of the Registered office and contact details	:	Crescent Towers, 7 th floor, B/68, Veera Estate, Off New Link Road, Andheri West, Mumbai 400 053
Whether listed company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	-

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
The Company is empowered by its member music labels to issue and grant no-exclusive paper licenses in respect of their sound recordings for public performance, radio broadcasting, mobile telephony and internet. There is mutuality of interest between members and the Company.	74999	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

The Company does not have any Holding, Subsidiary and Associate Company.



IV. *SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i. Category-wise Share Holding as on 31st March, 2020:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
(2)Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i)Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii)Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
c) Others	-	-	-	-	-	-	-	-	-
c-i Clearing Member	-	-	-	-	-	-	-	-	-
c-ii Office Bearer	-	-	-	-	-	-	-	-	-
c-iii Market Maker	-	-	-	-	-	-	-	-	-
c-iv Foreign Nationals									
NRI (Repat)	-	-	-	-	-	-	-	-	-
NRI (Non-Repat)	-	-	-	-	-	-	-	-	-
Foreign Company	-	-	-	-	-	-	-	-	-
Directors	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Hindu Undivided Family	-	-	-	-	-	-	-	-	-
Sub-total(B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	-	-	-	-	-	-	-	-	-



ii. Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
-	-	-	-	-	-	-	-	-

iii. Change In Promoters' Shareholding:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
-	-	-	-	-	-

iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
-	-	-	-	-	-

v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
-	-	-	-	-	-

**Since the Company is limited by guarantee not having share capital, hence, not applicable.*



V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Net Change in Indebtedness during the financial year– Reduction	-	-	-	-

Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Mr. Rajat Kakar (Managing Director & CEO)	Total Amount
1	Gross salary	3,41,77,617	3,41,77,617
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	Total (A)	3,41,77,617	3,41,77,617
	Ceiling as per the Act	-	-



B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount (inRs.)
	1. Board of Directors		
	• Directors' remuneration (annually)		
	• Fee for attending general council meetings	Mr. Ajit Kumar	10,000
		Mr. Balwinder Singh	10,000
		Mr. Bhushan Kumar Dua	5,000
		Mr. Mandar Ramesh Thakur	25,000
		Mr. Rajat Kakar	25,000
		Mr. Sanujeet Bhujabal	20,000
		Mr. Selvaraj Shanmugam	5,000
		Mr. Vidya Bhushan Gupta	4,00,000
		Mr. Vinit Harish Thakkar	20,000
	Total (B)		5,20,000
	Total Managerial Remuneration (A+B)		3,46,97,617
	Overall ceiling as per the Act	Not Applicable since the Company is "Not for Profit organization".	

***REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	-	-	-

***The Company is not covered under the provisions of Section 203 of the Companies Act 2013 hence, not applicable.**



VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

BY THE ORDER OF THE BOARD

Sd/-

MANDAR THAKUR
DIRECTOR
DIN: 05333792

Date: 16th June, 2020
Place: Mumbai

Sd/-

SELVARAJ SHANMUGAM
DIRECTOR
DIN: 06854006

Price Waterhouse LLP

Chartered Accountants

Independent auditor's report

To the members of Phonographic Performance Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Phonographic Performance Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, profit and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

*Price Waterhouse LLP, Nesco IT Building III, 8th Floor, Nesco IT Park, Nesco Complex, Gate No. 3
Western Express Highway, Goregaon East, Mumbai - 400 063
T: +91 (22) 61198000, F: +91 (22) 61198799*

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAS - 3673) with effect from April 22, 2020 . Post its conversion to Price Waterhouse LLP, its ICAI registration number is (FRN 301112E/E300264) (ICAI registration number before conversion was 301112E)

Price Waterhouse LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Phonographic Performance Limited
Report on audit of the financial statements

Page 2 of 4

Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Price Waterhouse LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Phonographic Performance Limited
Report on audit of the financial statements

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 16 to the financial statements.

Price Waterhouse LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Phonographic Performance Limited
Report on audit of the financial statements

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- ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2020.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
12. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse LLP**

Firm Registration Number: 301112E/E300264

Chartered Accountants

-sd-

Nitin Khatri

Partner

Membership Number: 110282

UDIN: 20110282AAAABF5223

Place: Mumbai

Date: June 16, 2020

Price Waterhouse LLP

Chartered Accountants

Annexure A to Independent Auditor's Report

Referred to in paragraph 11(f) of the Independent Auditor's Report of even date to the members of Phonographic Performance Limited on the financial statements as of and for the year ended March 31, 2020.

Page 1 of 2

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Phonographic Performance Limited ('the Company') as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Price Waterhouse LLP

Chartered Accountants

Annexure A to Independent Auditor's Report

Referred to in paragraph 11(f) of the Independent Auditor's Report of even date to the members of Phonographic Performance Limited on the financial statements as of and for the year ended March 31, 2020.

Page 2 of 2

Meaning of internal financial controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse LLP**

Firm Registration Number: 301112E/E300264

Chartered Accountants

-sd-

Nitin Khatri

Partner

Membership Number: 110282

UDIN: 20110282AAAABF5223

Place: Mumbai

Date: June 16, 2020

Price Waterhouse LLP

Chartered Accountants

Annexure B to Independent Auditor's Report

Referred to in paragraph 10 of the Independent Auditor's Report of even date to the members of Phonographic Performance Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) The title deeds of immovable properties, as disclosed in Note 7 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and service tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious, and is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax cess and other material statutory dues, as applicable, with the appropriate authorities. Also refer Note 16(e) to the financial statements regarding management's assessment on certain matters relating to provident fund.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, service tax, as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service Tax Liability	60,170,407	June 16, 2005 to March 31, 2010	Hon'ble Supreme Court
		44,637,052	April 1, 2014 to March 31, 2015	Office of Commissioner of Central GST, Mumbai West
		100,441,737	April 1, 2015 to March 31, 2017	Office of Commissioner of Central GST, Mumbai West
		19,149,562	April 1, 2011 to March 31, 2013	Commissioner of Service Tax
		10,625,068	April 1, 2017 to June 30, 2017	Commissioner of Service Tax

Price Waterhouse LLP

Chartered Accountants

Annexure B to Independent Auditor's Report

Referred to in paragraph 10 of the Independent Auditor's Report of even date to the members of Phonographic Performance Limited on the financial statements as of and for the year ended March 31, 2020

Page 2 of 3

Income Tax Act, 1961	Income Tax	25,724,691*	April 1, 2010 to March 31, 2011	Income Tax Appellate Tribunal (ITAT)
		435,833	April 1, 2016 to March 31, 2017	Commissioner of Income Tax, (Appeals)

* Net of amounts paid under protest.

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 12 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

Price Waterhouse LLP

Chartered Accountants

Annexure B to Independent Auditor's Report

Referred to in paragraph 10 of the Independent Auditor's Report of even date to the members of Phonographic Performance Limited on the financial statements as of and for the year ended March 31, 2020

Page 3 of 3

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse LLP

Firm Registration Number: 301112E/E300264

Chartered Accountants

-sd-

Nitin Khatri

Partner

Membership Number: 110282

UDIN: 20110282AAAABF5223

Place: Mumbai

Date: June 16, 2020

Phonographic Performance Limited
Balance Sheet as at March 31, 2020
Amount in Rupees, unless otherwise stated

	Note No.	As at March 31, 2020	As at March 31, 2019
Equity and Liabilities			
Reserves and Surplus	3	119,679,737	99,159,708
		<u>119,679,737</u>	<u>99,159,708</u>
Current Liabilities			
Trade payables	4		
Total outstanding dues of micro enterprises and small enterprises		61,104	308,534
Total outstanding dues of creditors other than micro enterprises and small enterprises		460,770,559	426,132,445
Other current liabilities	5	206,928,093	177,708,245
Short-term provisions	6	8,031,411	6,484,992
		<u>675,791,167</u>	<u>610,634,216</u>
Total		<u>795,470,904</u>	<u>709,793,924</u>
ASSETS			
Non-Current assets			
Property, Plant and Equipment (Tangible assets)	7	25,986,213	21,116,111
Intangible Assets	8	6,585,629	3,655,365
Capital work-in-progress		-	740,000
Non-current Investments	9	2,339,436	2,339,436
Deferred Tax Assets (Net)	10	2,332,496	1,659,214
Long-term loans and advances	11	137,869,499	132,809,067
		<u>175,113,273</u>	<u>162,319,193</u>
Current Assets			
Trade receivables	12	71,648,987	29,429,824
Cash and bank balances	13	503,764,704	473,432,343
Short-term loans and advances	14	34,378,206	41,474,057
Other current assets	15	10,565,734	3,138,507
		<u>620,357,631</u>	<u>547,474,731</u>
Total		<u>795,470,904</u>	<u>709,793,924</u>

The accompanying notes are an integral part of the Financial Statements.

This is the Balance sheet referred to in our report of even date.

For Price Waterhouse LLP
Firm Registration Number: 301112E/E300264
Chartered Accountants

**For and on behalf of the Board of Directors of
Phonographic Performance Limited**

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-sd-

Nitin Khatri
Partner
Membership No. 110282

Mandar Thakur
Director
DIN. 05333792

Selvaraj Shanmugam
Director
DIN. 06854006

Place: Mumbai
Date: June 16, 2020

Place: Mumbai
Date: June 16, 2020

Place: Mumbai
Date: June 16, 2020

Phonographic Performance Limited
Statement of Profit and Loss for the year ended March 31, 2020

Amount in Rupees, unless otherwise stated

	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations (Net)	18	312,770,624	289,119,048
Other income	19	34,151,205	23,500,670
Total Revenue		346,921,829	312,619,718
Expenses			
Employee benefits expense	20	132,906,720	103,207,165
Depreciation and amortisation expense	21	7,238,602	3,830,980
Other expenses	22	177,729,760	198,592,421
Total expenses		317,875,082	305,630,566
Profit before tax		29,046,747	6,989,152
Tax expense			
Current tax		5,922,667	1,331,783
MAT credit utilisation /(entitlement)		3,277,333	(1,331,783)
Deferred tax		(673,282)	1,094,989
Provision for Income tax of earlier years		506,091	-
MAT credit entitlement of earlier years		(506,091)	-
Profit for the year		20,520,029	5,894,163

Earning Per Share - Basic and Diluted*

*Not Applicable as the Company is limited by guarantee and not having share capital.

The accompanying notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse LLP

Firm Registration Number: 301112E/E300264

Chartered Accountants

**For and on behalf of the Board of Directors of
Phonographic Performance Limited**

-sd-

Nitin Khatri

Partner

Membership No. 110282

-sd-

Mandar Thakur

Director

DIN. 05333792

-sd-

Selvaraj Shanmugam

Director

DIN. 06854006

Place: Mumbai

Date: June 16, 2020

Place: Mumbai

Date: June 16, 2020

Place: Mumbai

Date: June 16, 2020

Phonographic Performance Limited
Cash Flow Statement for the year ended March 31, 2020
Amount in Rupees, unless otherwise stated

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
A. Cash flow from operating activities		
Profit before taxation	29,046,747	6,989,152
Adjustments for:		
Depreciation and amortisation expense	7,238,602	3,830,981
Profit on sale/scrap of tangible assets (Net)	118,775	1,030,012
Liabilities no longer required written back	(5,104,458)	(2,631,466)
Interest income	(29,006,603)	(20,866,705)
Operating Profit/(loss) before working capital changes	2,293,063	(11,648,026)
Changes in working capital:		
Increase in trade payables	34,390,684	121,381,581
Increase in other liabilities	34,324,306	12,302,720
Increase/ (Decrease) in provisions	1,546,419	(2,872,328)
(Increase)/ Decrease in trade receivables	(42,219,163)	42,344,740
Decrease/(Increase) in loans and advances	20,914,754	(16,243,665)
Cash generated from operations	51,250,063	145,265,022
Taxes paid (net of refunds)	(28,079,334)	(17,183,137)
Net cash generated from operating activities (A)	23,170,729	128,081,885
B. Cash flow from Investing activities		
Purchase of tangible/intangible assets	(14,455,028)	(6,510,729)
Purchase of long-term investments	-	(2,339,436)
Proceeds from sale of tangible/intangible assets	37,284	277,824
Interest Received	21,579,376	19,060,442
Placements of bank deposits (having original maturity of more than three months)	(370,470,824)	(188,291,323)
Redemption/Maturity of bank deposits (having original maturity of more than three months)	135,273,912	181,818,604
Net cash (used in)/generated from investing activities (B)	(228,035,280)	4,015,382
C. Cash flow from Financing activities		
Net cash used in financing activities (C)	-	-
Net (decrease)/increase in Cash and cash equivalents (A+B+C)	(204,864,551)	132,097,267
Cash and cash equivalents at the beginning of the year (Refer note 13)	416,570,115	284,472,848
Cash and cash equivalents at the end of the year. (Refer note 13)	211,705,564	416,570,115
Cash and cash equivalents comprises of:		
Cash in hand	286,007	-
Balance with Banks:		
In Current Accounts	12,765,348	177,346,465
In Fixed Deposits with original maturity of less than 3 months	198,654,209	239,223,650
Total Cash and cash equivalents	211,705,564	416,570,115

Notes:

- Cash Flow Statement has been prepared using the indirect method as prescribed in Accounting Standard - 3 "Cash Flow Statement" specified under Section 133 and other relevant provision of the Companies Act, 2013.
- Figures in brackets indicate cash outflow.

The accompanying notes are an integral part of the Financial Statements.
This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse LLP
Firm Registration Number: 301112E/E300264
Chartered Accountants

For and on behalf of the Board of Directors of
Phonographic Performance Limited

-sd-

Nitin Khatri
Partner
Membership No. 110282

Place: Mumbai
Date: June 16, 2020

-sd-

Mandar Thakur
Director
DIN. 05333792

Place: Mumbai
Date: June 16, 2020

-sd-

Selvaraj Shanmugam
Director
DIN. 06854006

Place: Mumbai
Date: June 16, 2020

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020

Note 1

General Information

The Indian Phonographic Industry (IPI), the Association of Phonogram Producers, was established in 1936, and it was instrumental in finalising the Broadcasting Licence arrangement in India. Subsequently, IPI members decided to form a specialised body to administer their Public Performance and Broadcasting Rights, so Phonographic Performance Limited (PPL) or the Company came into being and was registered and incorporated as a Company on April 24, 1941. PPL is a Company limited by Guarantee and not having a share capital, where liability of the members is limited. IPI changed its name to The Indian Music Industry (IMI) in 1994.

PPL had been functioning as the Performing Rights Society for Sound Recordings. After the amendments in copyright law in 1994, PPL was registered with the Registrar of Copyrights, Government of India, as Copyright Society in respect of Sound Recordings.

PPL is mainly engaged in administering the radio Broadcasting and Public Performance Rights of the music labels which are its members. The main object of the Company includes issuing or granting licence for the public performance of sound recordings and distributing the royalties, after recoupment of expenses and out-goings, to members. The head office at Mumbai, Maharashtra, is the sole and central office for issue of licences, invoices, collection and accounting of royalty/licence fee payments.

Pursuant to the 2012 Amendment to the Copyright Act with effect from June 21, 2012, more specifically in Chapter VII and the newly inserted second proviso to Section 33 (3A) read with the new Copyright Rules 2013, seeking Copyright Societies to re-register, the Company, had within the one year period available to apply for re-registration, applied for the same on May 09, 2013. Since the Company did not get any response from the Central Government and in view of the legal implication arising therefrom, the Company, vide its letter to the Central Government dated May 20, 2014 has, inter alia, withdrawn its application for re-registration and has declared to have ceased to be a 'copyright society' under Chapter VII and Section 33 of the Copyright Act, as amended.

The Central Government (Ministry of Human Resource Development) in its letter dated November 20, 2014 stated that the Company's application for registration, dated May 09, 2013, is still under consideration and hence the Company cannot take a decision not to continue as Copyright Society.

In terms of Section 18 (2) of the Copyright Act, where the assignee of a copyright becomes entitled to any right comprised in the copyright, the assignee with respect to the rights so assigned, shall be treated for the purposes of this Act as the owner of copyright and the provisions of this Copyright Act shall have effect accordingly. On the strength of the provisions of Section 18 (2), the Company, backed by a written legal opinion, believes that the ownership by assignment will be exempt from the provisions of Section 33 (1) and had completed procedures to obtain such assignment of the copyrights by the members to the Company and continues to engage in the business of issuing/granting licences.

As per the Board Meeting held on November 21, 2017, it was resolved that subject to the approval of the members of the Company, the Company should pursue its application for re-registration as a copyright society with the Central Government under Section 33 of the Copyright Society Act, for sound recording and, to this end, also review its existing Articles of Association under guidance from experts or advisers. Subsequently the Company has changed its Articles of Association with the approval of its members.

The Company is pursuing the application on ongoing basis.

Note 2

Summary of Significant Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), specified under Section 133 and other relevant provisions of the Act.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division I) to the Act. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2 Tangible Assets

Tangible Assets are stated at cost of acquisition inclusive of all attributable cost of bringing the same to their working condition, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs related to an item of tangible asset are recognised in the carrying amount of the item if the recognition criteria are met.

Items of Property, Plant and Equipment that have been retired from active use and are held for disposal are stated at the lower of their net book carrying amount and net realisable value and are shown separately in the financial statements. Any write-down in this regard is recognised immediately in the Statement of Profit and Loss.

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020

2.2 Tangible Assets

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of assets, based on life prescribed under Schedule II of the Act, except for Leasehold Improvements are amortised over the period of lease. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

Assets	Useful Life
Building	60 years
Computers	3 years to 6 years
Office Equipments	5 years
Furniture and Fittings	10 years
Motor Car	8 years
Leasehold Improvements	Over a period of Lease

2.3 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The estimated useful lives of intangible assets are as follows:

Asset	Useful Life
Computer Software	3 years

With effect of April 01, 2019, the Company has changed its useful life for intangible assets (Computer Software) from 6 years to 3 years. This change will reflect the future economic benefits of the asset that are expected to be consumed by the Company. The change in useful lives of assets is a change in accounting estimate for which the effect has been given prospectively.

2.4 Impairment of Assets

The Company assesses at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

2.5 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.6 Foreign Currency Translation

Initial Recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Subsequent Recognition:

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

2.7 Revenue Recognition

Licence Fees income from Public Performance is generally recognized in the year of grant/issue of licenses.

Licence Fees income from Broadcasting is generally recognised on accrual basis (except where there are significant uncertainties) based on usage report submitted by licensees at rates and/or minimum guarantee rates as per agreements with those parties.

Licence fees income is presented net of licence fee distribution to members and net of Goods and service tax.

Any other revenue (including past settlements) are recognized in accordance with the terms of arrangement, basis certainty of collection of Revenue.

2.8 Other Income

Interest: Interest Income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

2.9 Employee Benefits

Defined Contribution Plans

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972 and gratuity trust deed. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Termination Benefits: Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

2.10 Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020

2.11 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.12 Leases

As a Lessee:

Operating Lease: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

2.13 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

2.14 Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles in India which requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include future obligations under employee retirement benefit plans, the useful lives of tangible assets.

Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
Amount in Rupees, unless otherwise stated

	<u>As at March 31, 2020</u>	<u>As at March 31, 2019</u>
Note 3		
Reserves and Surplus		
General Reserve	4,031,990	4,031,990
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	95,127,718	89,233,555
Profit for the year	20,520,029	5,894,163
Balance as at the end of the year	<u>115,647,747</u>	<u>95,127,718</u>
Total	<u>119,679,737</u>	<u>99,159,708</u>
Note 4		
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 31)	61,104	308,534
Total outstanding dues of creditors other than micro enterprises and small enterprises	460,770,559	426,132,445
Total	<u>460,831,663</u>	<u>426,440,979</u>
Note 5		
Other Current Liabilities		
Advances received from Licensees	15,251,939	16,756,799
Security Deposits from Licensees	62,024,305	62,024,305
Advances Received from Licensees in nature of security deposits*	21,196,966	21,196,966
Statutory dues including provident fund and Tax deducted at Source	63,579,266	45,108,690
Employee benefits payable	24,875,617	12,621,485
Others (Refer Note 26)	20,000,000	20,000,000
Total	<u>206,928,093</u>	<u>177,708,245</u>
* Advances received from licensee in nature of security deposits consists of running advances as per terms of agreement with licensee.		
Note 6		
Short-Term Provisions		
Provision for Employee Benefits		
Provision for compensated absences (Refer Note 27)	8,031,411	6,484,992
Total	<u>8,031,411</u>	<u>6,484,992</u>

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
Amount in Rupees, unless otherwise stated

7 Tangible Assets

Block of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2019	Additions	Disposal/ Transfer	As at March 31, 2020	As at April 1, 2019	For the Year	Disposal/ Transfer	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
	Building	17,006,636	10,950	-	17,017,586	4,192,156	281,103	-	4,473,259	12,544,327
Leasehold improvements*	2,299,531	5,019,696	578,628	6,740,599	2,299,524	2,205,872	571,318	3,934,078	2,806,521	7
Computers	9,455,088	2,122,742	1,173,492	10,404,338	7,101,488	1,499,937	1,168,934	7,432,491	2,971,847	2,353,600
Office equipment	5,946,077	1,653,059	626,374	6,972,762	4,215,170	657,571	615,600	4,257,141	2,715,621	1,730,907
Furniture and fixtures	7,934,999	1,374,376	146,797	9,162,578	3,717,882	607,653	110,854	4,214,681	4,947,897	4,217,117
Total	42,642,331	10,180,823	2,525,291	50,297,863	21,526,220	5,252,136	2,466,706	24,311,650	25,986,213	21,116,111

* Post the balance sheet date, the management has decided to terminate the lease rental of its office located on 2nd Floor, Raheja Chambers, Main Avenue, Santacruz West, Mumbai. In accordance with its accounting policy, the Company reviews the estimated useful life of its fixed assets on an ongoing basis. This review indicated that the actual life of leasehold improvements will be shorter than the useful life considered for depreciation purposes, leading to increase in depreciation charge by Rs.1,153,899 for the year ended March 31, 2020.

Block of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2018	Additions	Disposal/ Transfer	As at March 31, 2019	As at April 1, 2018	For the Year	Disposal/ Transfer	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
	Building	17,000,136	6,500	-	17,006,636	3,911,956	280,200	-	4,192,156	12,814,480
Leasehold improvements	2,350,191	-	50,660	2,299,531	2,249,066	101,118	50,660	2,299,524	7	101,125
Computers	8,392,744	1,900,685	838,341	9,455,088	6,934,279	999,929	832,720	7,101,488	2,353,600	1,458,465
Office equipment	5,921,995	711,788	687,706	5,946,077	4,114,708	752,517	652,055	4,215,170	1,730,907	1,807,287
Furniture and fixtures	9,997,864	435,728	2,498,593	7,934,999	5,348,801	790,341	2,421,260	3,717,882	4,217,117	4,649,063
Vehicles	3,066,050	-	3,066,050	-	2,388,499	126,272	2,514,771	-	-	677,551
Total	46,728,980	3,054,701	7,141,350	42,642,331	24,947,309	3,050,377	6,471,466	21,526,220	21,116,111	21,781,671

8 Intangible Assets

Block of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2019	Additions	Disposal/ Transfer	As at March 31, 2020	As at April 1, 2019	For the Year	Disposal/ Transfer	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
	Software	9,628,912	5,014,204	2,625,104	12,018,012	5,973,547	1,986,466	2,527,630	5,432,383	6,585,629
Total	9,628,912	5,014,204	2,625,104	12,018,012	5,973,547	1,986,466	2,527,630	5,432,383	6,585,629	3,655,365

Block of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2018	Additions	Disposal/ Transfer	As at March 31, 2019	As at April 1, 2018	For the Year	Disposal/ Transfer	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
	Own Assets (Acquired) Software	8,105,693	2,716,028	1,192,809	9,628,912	5,747,801	780,603	554,857	5,973,547	3,655,365
Total	8,105,693	2,716,028	1,192,809	9,628,912	5,747,801	780,603	554,857	5,973,547	3,655,365	2,357,892

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
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	<u>As at March 31, 2020</u>	<u>As at March 31, 2019</u>
Note 9		
Non-current Investments		
Investment in equity instruments:		
1 equity share (March 31, 2019 : 1 equity share) of 30,000 Euros fully paid-up in Soundsys Private Limited, Singapore	2,339,436	2,339,436
Total	<u>2,339,436</u>	<u>2,339,436</u>
Note 10		
Deferred Tax Assets (Net)		
Deferred Tax Assets:		
Provision for Employee Benefits	2,234,339	1,804,125
Other Timing differences	587,188	515,739
Deferred Tax Liabilities:		
Depreciation	489,031	660,650
Deferred Tax Assets (Net)	<u>2,332,496</u>	<u>1,659,214</u>
Note: Deferred Tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws		
Note 11		
Long-Term Loans and Advances		
[Unsecured, Considered Good (unless otherwise stated)]		
Advances Recoverable in Cash or in Kind or for Value to be Received	-	4,539,650
Security Deposits	1,409,477	1,293,367
Balance with Government Authorities	19,414	9,414,777
Advance Income Tax [Net of Provision Rs.18,200,000 (March 31, 2019: Rs.12,277,333)]	136,440,608	117,561,273
Total	<u>137,869,499</u>	<u>132,809,067</u>
Note 12		
Trade Receivables		
Unsecured, considered good:		
Outstanding for a period exceeding 6 months from the date they are due for payment	4,037,964	612,105
Others	67,611,023	28,817,719
Total	<u>71,648,987</u>	<u>29,429,824</u>
Note 13		
Cash and Bank Balances		
Cash and Cash Equivalents		
Cash in hand	286,007	-
Bank balances		
In Current Accounts	12,765,348	177,346,465
Demand Deposits (less than 3 months maturity) (Refer Note below)	198,654,209	239,223,650
Other bank balances		
Deposits with maturity more than 3 months but less than 12 months (Refer Note below)	292,059,140	56,862,228
Total	<u>503,764,704</u>	<u>473,432,343</u>

Note: Includes Fixed Deposit amounting to Rs. 424,839 (Prev. year Rs.394,101) pertaining to unclaimed licence fee payable to ex-members who are not traceable. Notice to members has been sent through National and Regional new papers in April, 2017 April, 2018, April, 2019, March, 2020 for settlement or closure of license fee. Also refer Note 26.

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
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	As at March 31, 2020	As at March 31, 2019
Note 14		
Short-Term Loans and Advances		
[Unsecured, Considered Good (unless otherwise stated)]		
Other loans and Advances	7,830,171	2,432,046
Advances to Employees	1,100,000	236,060
Prepaid Expenses	650,298	719,751
Security Deposits	9,381,665	1,768,000
Balance with Government Authorities	14,474,070	32,755,801
Advance to Gratuity fund (Refer Note 27)	942,002	791,157
Minimum Alternative Tax Credit Entitlement	-	2,771,242
Total	<u>34,378,206</u>	<u>41,474,057</u>

Note 15		
Other Current Assets		
[Unsecured, Considered Good (unless otherwise stated)]		
Interest accrued on Deposits	10,565,734	3,138,507
Total	<u>10,565,734</u>	<u>3,138,507</u>

Note 16
Contingent Liabilities

- (a) The service tax department had issued notices amounting to Rs. 235,023,826 (March 31, 2019: Rs. 360,679,457) for the taxable value of services rendered under the category of "Club or Association" for the period June 16, 2005 to June 30, 2017.
- (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 (Previous year Rs. 60,170,407) along with interest and imposed penalty of equivalent amount. However, the Company had challenged the Order by filing an appeal before the Customs Excise and Service Tax Appellate Tribunal, Mumbai ("CESTAT"). The Company had also applied for a waiver of pre-deposit of the amount of tax and penalties by filing a stay application. CESTAT, vide order no. S/170/12/CSTB/C-1 dated January 19, 2012, waived the requirement for pre-deposit of service tax, interest and various penalties and stayed recovery thereof during the pendency of the appeal. The appeal came up for final hearing on November 16, 2016 and subsequently CESTAT vide its Order no. A/86369-86371/17/STB dated March 16, 2017 allowed the Company's 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. No provision has been made with regard to this demand as the Company is expecting a favourable order.
- (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. Nil (Previous year 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 03, 2014 before the Customs Excise and Service Tax Appellate Tribunal and has also paid a pre-deposit of Rs. Nil (Previous year Rs. 6,241,336) as per the provisions of the Act. The hearing has concluded on April 4, 2019 and a favourable Order has been received on July 11, 2019. The pre-deposit amount has been refunded along with interest to the Company.
- (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. Nil (Previous year 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 03, 2015 before the Customs Excise and Service Tax Appellate Tribunal and has also paid a pre-deposit of Rs. Nil (Previous year Rs.3,154,027) as per the provisions of the Act. The hearing has concluded on April 4, 2019 and a favourable Order has been received on July 11, 2019. The pre-deposit amount has been refunded along with interest to the Company.

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
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- (iv) The Company during F.Y.2015-16 received another show cause cum demand notice for F.Y.2014-15 for Rs.44,637,052 (Previous year Rs. 44,637,052) dated January 29, 2016. The Company has filed its reply and personal hearing also has been granted. No provision has been made with regard to this demand as the Company is expecting a favourable 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 (Previous year Rs. 87,757,327) dated February 15, 2018. The Company has filed its reply and personal hearing has been granted. Further, the department has enhanced the liability by Rs. Nil (Previous year Rs.12,684,410) through addendum dated February 20, 2018. No provision has been made with regard to this demand as the Company is expecting a favourable 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 (Previous year Rs. 10,625,068) dated February 21, 2019. The Company has filed its reply. Personal hearing is awaited. However, no provision has been made with regard to this demand as the Company is expecting a favourable order.
- (b) (i) 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. Nil (Previous year Rs.106,594) dated January 22, 2014, Rs. Nil (Previous year Rs.152,259) dated January 13, 2014 and Rs. Nil (Previous year Rs.125,288) dated February 02, 2014 respectively based on audit observations. The Company had disputed the demands amounting to Rs.Nil (Previous year 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 and imposed interest and penalty on the said amounts as adjudicated in the Order. The Company had filed an appeal against these orders on August 14, 2015 before the Hon'ble Commissioner of Central Excise - Appeals and has also paid a pre-deposit of Rs.Nil (Previous year Rs.19,414) as per the provisions of the Act. During the year, the company filed three SVLDRS (Sabka Vikas Legacy Dispute Resolution) forms against these three disputed demands in appeal and paid the amount of Rs. 70,078 (Previous year Rs. Nil) under the Scheme and closed the matter.
- (b) (ii) During the year 2016-17, the Company received another Show Cause Cum Demand Notice on September 30, 2016 for Rs.19,149,562 (Previous year 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 favourable outcome, hence no provision has been made in books of account.
- (c) During the year ended March 31, 2016, Payment of Bonus Act, 1965 ('the Act') has been amended vide the Payment of Bonus (Amendment) Act, 2015. The Act has been amended to take retrospective effect w.e.f. April 01, 2014 and accordingly revised bonus (including arrears related to the year ended March 31, 2015) is required to be paid to the eligible employees. Based on stay orders from various High Courts across the country, the amendment to the Payment of Bonus Act to the extent that it gives retrospective effect from April 1, 2014 in respect of statutory bonus has not been recognised as a charge to the statement of profit and loss account but has been treated as contingent liability of Rs. 2,392,644 (Previous year Rs. 2,392,644).
- (d)(i) 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 (Previous year Rs. 30,264,341) for non-disclosure of income of Rs.78,376,440 (Previous year 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 (Previous year 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. The Company has filed its Cross Objections and the appeal had been listed for hearing, but was adjourned without hearing.
- (d)(ii) 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.13,18,189 (Previous year Rs. 13,18,189) 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 having the additional tax liability of Rs. 435,833 (Previous year Rs. 435,833). The Company believes that it has a very good case, as the same has been allowed in all earlier assessments and there are judgments favouring the Company and hence, the Company has preferred an appeal on April 18, 2019 before CIT (A) challenging this disallowance.
- (e) The Company has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Based on the assessment made by the management, the said judgment does not have any significant impact on these financial statements. The Company will continue to monitor and evaluate its position based on future events and developments.

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
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Note 17

The Honourable Bombay High Court, in its order, dated April 2, 2019 has released the provisional attachment order (PAO) dated June 2, 2016, raised by the Enforcement Directorate (ED) wherein the balance in current account of State Bank of India, Lokhandwala, A/c no - 00000054000110353 Rs.120,961,770 and CitiBank, Mumbai, A/c no - 0343912005 amounting to Rs. 9,438,230 had been put to temporary debit freeze on March 31, 2016

The ED in its letter dated May 17, 2019, pursuant to the Honourable Bombay High Court order dated April 2, 2019, directed State Bank of India and Citibank to immediately release the amounts placed under temporary debit freeze.

The Company immediately on release of funds, by the respective banks, paid the royalty amounts which were previously withheld from its members amounting to Rs.119,700,000.

The Company has filed a separate Writ in the Hon'ble Bombay High Court praying for quashing of the ED proceedings/enquiry and the same is pending for admission.

Note 18

Revenue from Operations (Net)

Licence Fees income of members:

Broadcasting (Refer Note 23)
 Public Performance
 Other settlement income (Refer Note 34)

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
	242,486,634	235,946,080
	894,928,336	799,154,458
	<u>123,823,534</u>	<u>2,961,326</u>
	<u>1,261,238,504</u>	<u>1,038,061,864</u>
	<u>948,467,880</u>	<u>748,942,816</u>
	<u>312,770,624</u>	<u>289,119,048</u>

Less: Licence Fees distribution to members (Refer Note 24)

Total

Note 19

Other Income

Interest Income on
 Bank deposits
 Income Tax Refund
 Other
 Liabilities written back to the extent no longer required
 Miscellaneous Income

	23,163,384	13,562,282
	3,160,949	6,974,460
	2,682,270	329,963
	5,104,458	2,631,466
	40,144	2,499
	<u>34,151,205</u>	<u>23,500,670</u>

Total

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
Amount in Rupees, unless otherwise stated

	Year ended March 31, 2020	Year ended March 31, 2019
Note 20		
Employee Benefits Expense		
Salaries, Wages and Bonus	119,122,060	87,795,944
Contribution to Provident and Other Funds	5,595,136	4,169,506
Gratuity (Refer Note 27)	2,485,582	2,885,891
Staff Welfare Expenses	5,703,942	8,355,824
Total	132,906,720	103,207,165
Note 21		
Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	5,252,136	3,050,377
Amortisation of Intangible Assets	1,986,466	780,603
Total	7,238,602	3,830,980
Note 22		
Other Expenses		
Advertisement and Publicity Expenses	4,860,592	749,609
Advance tax written off	2,469,401	-
Bank Charges	2,489,928	810,529
Business Promotion and Meetings Expenses	7,377,210	8,499,301
Commission (Refer Note 32)	11,825,606	23,281,555
Contribution Towards Anti-piracy/Advocacy	12,637,779	-
Directors Fees	520,000	220,000
Electricity Charges	2,278,191	1,719,560
Interest on Statutory Payments	2,879,409	1,158,436
Legal and Litigation Costs	28,724,171	57,435,563
Loss on Sale/Scrap of Property, Plant and Equipment (Net)	118,775	1,030,012
Monitoring and Processing Expenses	1,505,662	1,166,869
Office Expenses	2,788,553	2,577,754
Payment to Auditor		
As Auditor:		
Audit Fee	1,400,000	900,000
Certification Fee	-	250,000
Tax Audit Fee	300,000	300,000
Reimbursement of Expenses	25,400	29,000
Postage, Telegram and Telephone Expenses	2,295,721	5,156,956
Printing and Stationery	1,383,721	1,882,072
Professional and Retainership Fees	32,630,543	47,102,241
Rates and Taxes	3,422,087	4,849,215
Recruitment Charges	555,261	646,884
Rent	15,534,911	8,915,380
Repairs and Maintenance	7,460,107	5,962,451
Software & Website Maintenance	9,398,572	2,823,235
Travelling, Conveyance and Car Expenses	20,471,153	19,300,103
Miscellaneous Expenses	2,377,007	1,825,696
Total	177,729,760	198,592,421

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
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Note 23
Broadcasting Income

- (a) The Licence Fee income from the broadcaster, All India Radio (AIR), has been accounted for on a cash basis in view of significant uncertainty as to ascertainment of accruals considering the delayed receipts and underlying actual usage information.
- (b) Licence Fees income for Private Frequency Modular (FM) have been accounted for based on intimation received from parties regarding hours of broadcast for each month at agreed rates and/or at rates pursuant to interim orders of High Courts at Kolkata and Bombay. Few broadcasters made an application before the Copyright Board (CRB) in the year 2001 and 2002 for granting to them Compulsory License. The CRB vide order dated November 19, 2002 passed order granting compulsory license. Broadcasters who were dissatisfied with the CRB order dated November 19, 2002, moved an appeal before the Bombay High Court setting aside the CRB's aforesaid order and remanded the matter to them for re-determination before the CRB. Broadcasters moved the Supreme Court against the order dated April 13, 2004.

In the interim there was no rate that was applicable and hence the Broadcasters paid and continued to pay license fee as per the CRB Order dated November 19, 2002. The Supreme Court on May 16, 2008, issued order directing CRB to hear compulsory licensing applications afresh on case to case basis.

Accordingly, CRB completed its proceedings in compulsory licensing applications received by it from certain FM radio broadcasters and as per the directions of the Supreme Court and issued an order dated August 25, 2010 fixing the license fee as 2% of the net advertising revenue of the respective broadcaster. The Company has appealed against this order in the Madras High Court contesting the rates. As per the Supreme Court directive, the Madras High Court is expected to dispose off the case expeditiously.

The hearing before the Madras High Court has commenced during the year ended March 31, 2017. Currently the appeal is in hearing stage.

Note 24
Licence Fees distribution to members

Licence Fees distribution has been accounted for, to the extent of the corresponding Licence Fees income for the year after recouping all the related expenses.

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
Note 25		
(a) Expenditure in Foreign Currency		
Travelling Expenses	190,378	47,678
(b) Earnings in Foreign Currency		
License Fees from Public Performance	2,133,270	-

The Company doesn't have any unhedged foreign currency exposures as at reporting date.

Note 26
During the year 2018-19, Shri Puran Multi Media Ltd (SPMML - Broadcaster) and Music Broadcasting Limited (MBL) moved an application for merger. The same was opposed by Phonographic Performance Limited (PPL), as SPMML owned moneys to PPL and the merger would have hindered PPL's claim of Rs. 42,917,266 against SPMML. The court allowed the merger. An appeal was filed against the said merger in Bombay High Court.

PPL also filed an appeal in Allahabad High Court against sanctioning of the scheme of demerger of SPMML. In the said appeal, delay was condoned and stay was granted against the merger. MBL immediately approached the Supreme Court and pursuant to an order dated August 21, 2017 Supreme Court was pleased to direct MBL to deposit a sum of Rs.20,000,000 with PPL and the remaining amount of Rs. 22,917,266 to be deposited in Bombay High Court via Bank Guarantee. MBL had paid a sum of Rs. 20,000,000 to PPL, the same has been deposited in Fixed deposits with State Bank of India, Lokhandwala Branch, Mumbai and remaining amount of Rs.22,917,266 has been secured by way of a bank guarantee of a nationalized bank which has been furnished to the Bombay High Court by MBL. The same will be kept alive during the pendency of the suit.

Phonographic Performance Limited
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Note 27

Employee Benefits Expense

(A) Defined Contribution Plans

Amount recognised in the Statement of Profit and Loss:

Provident fund paid to the authorities (Includes Administrative Charges, EDLI charges and Employers' Contribution to Employee's Pension Scheme 1995)	5,595,136	4,169,506
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(B) Defined Benefit Plan

(a) Gratuity

The Gratuity scheme is funded through New Group Gratuity cash Accumulation Plan from the LIC. The adequacy of accumulated fund balance available with LIC has been compared with actuarial valuation carried out by an independent actuary as at the Balance Sheet date and shortfall/ excess, if any, has been provided for/ considered as prepaid. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
(i) Present Value of Defined Benefit Obligation		
Balance at the beginning of the year	8,790,374	7,072,477
Current Service Cost	2,397,753	1,903,002
Interest Cost	684,770	556,604
Actuarial Losses	22,687	636,125
Benefits Paid	(851,785)	(1,377,834)
Balance at the end of the year	<u>11,043,799</u>	<u>8,790,374</u>
(ii) Fair Value of Plan Assets		
Balance at the beginning of the year	9,581,531	2,760,412
Expected Return on Plan Assets	746,401	217,244
Actuarial (Loss) on Plan Assets	(126,773)	(7,404)
Contributions by the Company	2,636,427	7,989,113
Benefits Paid	(851,785)	(1,377,834)
Balance at the end of the year	<u>11,985,801</u>	<u>9,581,531</u>
Actual return on Plan Assets	619,628	209,840
(iii) Assets and Liabilities recognised in the Balance Sheet	<u>As at</u> <u>March 31, 2020</u>	<u>As at</u> <u>March 31, 2019</u>
Present Value of Defined Benefit Obligation	11,043,799	8,790,374
Less: Fair Value of Plan Assets	(11,985,801)	(9,581,531)
Amount recognised as asset	<u>942,002</u>	<u>791,157</u>
Recognised under:		
Short-Term loans and advances (Refer Note 14)	942,002	791,157
Total	<u>942,002</u>	<u>791,157</u>
(iv) Expenses recognised in the Statement of Profit and Loss	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
Current Service Cost	2,397,753	1,903,002
Interest Cost	(61,631)	339,360
Actuarial Losses (net off expected return on plan assets)	149,460	643,529
Total Expense	<u>2,485,582</u>	<u>2,885,891</u>

Phonographic Performance Limited
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(v) **Major Category of Plan Assets as a % of total Plan Assets**
Administered by Life Insurance Corporation of India

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
(vi) Actuarial Assumptions		
Discount Rate	6.56%	7.79%
Expected Return on Plan Assets	6.56%	7.79%
Salary Growth Rate	7.00%	7.00%
Attrition rate	10.00%	2.00%

(vii) **Amounts recognised in current year and previous four years**

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>	<u>Year ended</u> <u>March 31, 2018</u>	<u>Year ended</u> <u>March 31, 2017</u>	<u>Year ended</u> <u>March 31, 2016</u>
Defined benefit obligation	11,043,799	8,790,374	7,072,477	23,621,582	15,344,550
Plan Asset	11,985,801	9,581,531	2,760,412	9,994,866	8,694,868
Surplus/ Deficit	(942,002)	(791,157)	4,312,065	13,626,716	6,649,682
<u>Experience Adjustments :</u>					
(Gain) / Loss on plan Obligation	(1,091,830)	548,836	(2,993,598)	889,440	(503,202)
Gain / (Loss) on plan assets	(126,773)	(7,404)	(308,956)	(167,740)	(71,381)

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
(viii) Expected Contribution to the Gratuity Fund in the next year		
Gratuity	1,214,630	1,606,597

(b) Compensated Absences

Expense recognised in the Statement of Profit and Loss [(Refer Note 20) under Salaries, Wages and Bonus]	2,695,713	1,914,429
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Note 28
Segment Reporting

In accordance with Accounting Standard - 17, "Segmental Reporting", the Company has determined its business segment as issuing or granting licence in respect of sound recording works and all other activities ancillary or incidental thereto and there are no other primary reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability, total cost incurred to acquire segment assets and total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2020. The Company is considered to be operating in one geographical segment i.e in India.

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
Amount in Rupees, unless otherwise stated

Note 29
Related Party Disclosures

(a) Name of related parties and nature of relationship:

Key Management Personnel:	Mr. Mandar Ramesh Thakur, Director (w.e.f August 24, 2016) Mr. Rajat Kakar, Managing Director and CEO (w.e.f January 1, 2018 and up to April 4, 2020) Mr. Vinit Harish Thakkar, Director (w.e.f January 24, 2018 and upto January 24, 2020) Mr. Sanujeet Bhujabal, Director (w.e.f April 16, 2018) Mr. Ajit Kumar, Director (w.e.f May 29, 2018) Mr. Bhushan Dua, Director (w.e.f July 17, 2018) Mr. Balwinder Singh, Director (w.e.f November 21, 2018) Retd. Justice V B Gupta, Director (w.e.f December 26, 2018) Mr. Selvaraj Shanmugam, Director (w.e.f January 24, 2020) Mr. Ghanshyam Bhagwan Aayeer (up to May 29, 2018) Mr. Kumar Sadhuram Taurani (up to August 29, 2018)
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Other Related Parties with whom transactions have taken place during the year: Mrs. Namrata Rajat Kakar

(b) The following transactions were carried out during the period with the related parties in the ordinary course of the business:

Nature of Transaction	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
Salaries and Allowances*		
Mr. Rajat Kakar, Managing Director and CEO	34,177,617	22,991,545
Motor car lease rentals paid		
Relatives of KMP:		
Mrs. Namrata Rajat Kakar	1,680,000	1,680,000
Director Fee		
Mr. Ajit Kumar	10,000	15,000
Mr. Balwinder Singh	10,000	5,000
Mr. Bhushan Dua	5,000	-
Mr. Ghanshyam Bhagwan Aayeer	-	10,000
Mr. Kumar Sadhuram Taurani	-	5,000
Mr. Mandar Ramesh Thakur	25,000	30,000
Mr. Rajat Kakar	25,000	5,000
Mr. Sanujeet Bhujabal	20,000	20,000
Mr. Selvaraj Shanmugam	5,000	-
Retd. Justice V B Gupta	400,000	100,000
Mr. Vinit Harish Thakkar	20,000	30,000

Note 30

Leases:

As a Lessee:

Operating Lease

The Company has entered into cancellable and non-cancellable leasing arrangements for premises. The Company's significant leasing arrangements are in respect of office premises/public performance facilitation counters taken on lease. The arrangements range between 11 months to 3 years, which include both cancellable and non-cancellable leases. Most of these leases are generally renewable for further period on mutually agreeable terms. Under these arrangements refundable interest-free deposits have been given.

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
Lease payments recognised in the Statement of Profit and Loss during the year	15,534,911	8,915,380

With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
Not later than one year	9,713,009	616,440
Later than one year and not later than five years	225,000	94,380
Later than five years	-	-

Phonographic Performance Limited
Notes to Financial Statements as at and for the year ended March 31, 2020
Amount in Rupees, unless otherwise stated

Note 31
Due to Micro and Small Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follow:

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	61,104	308,534
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest due and payable towards suppliers registered under MSMED Act for payments already made.	-	-
Further interest remaining due and payable for earlier years.	-	-

Note 32
Commission represents commission paid/payable to canvassing agents and influencers vide individual agreements towards services provided by them in relation to Public Performance Licence Revenue.

Note 33
Pursuant to the 2012 Amendment to the Copyright Act with effect from June 21, 2012, more specifically in Chapter VII and the newly inserted second proviso to Section 33 (3A) read with the new Copyright Rules 2013, seeking Copyright Societies to re-register, the Company, had within the one year period available to apply for re-registration, applied for the same on May 09, 2013. Since the Company did not get any response from the Central Government and in view of the legal implication arising therefrom, the Company, vide its letter to the Central Government dated May 20, 2014 has, inter alia, withdrawn its application for re-registration and has declared to have ceased to be a 'copyright society' under Chapter VII and Section 33 of the Copyright Act, as amended.

The Central Government (Ministry of Human Resource Development) in its letter dated November 20, 2014 stated that the company's application for registration, dated May 09, 2013, is still under consideration and hence the Company cannot take a decision not to continue as Copyright Society.

In terms of Section 18 (2) of the Copyright Act, where the assignee of a copyright becomes entitled to any right comprised in the copyright, the assignee with respect to the rights so assigned, shall be treated for the purposes of this Act as the owner of copyright and the provisions of this Copyright Act shall have effect accordingly. On the strength of the provisions of Section 18 (2), the Company, backed by a written legal opinion, believes that the ownership by assignment will be exempt from the provisions of Section 33 (1) and had completed procedures to obtain such assignment of the copyrights by the members to the Company and continues to engage in the business of issuing/granting licences.

As per the Board Meeting held on November 21, 2017, it was resolved that subject to the approval of the members of the company, the company should pursue its application for re-registration as a copyright society with the Central Government under Section 33 of the Copyright Society Act, for sound recording and, to this end, also review its existing Articles of Association under guidance from experts or advisers. Subsequently the Company has changed its Articles of Association with the approval of its members.

Note 34
Other settlement income includes amount received from Zee Entertainment Enterprises Ltd. (Zee) as part of settlement fee for the period 2006 to 2013 for the non-exclusive license granted by PPL to Zee to exploit in any manner whatsoever the PPL Sound Recordings on all television channels owned and operated by Zee and/or its affiliates, group and related companies in the Territory as mentioned in the agreement.

Note 35
Capital Commitment
The Company doesn't have any capital commitment as on March 31, 2020 (Previous year: Nil)

Note 36
Subsequent Events:
Covid-19 is having an unprecedented impact on people and the economy. The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets and liabilities and has concluded that there are no material adjustments required in the financial statements. Management believes that it has taken into account all the possible impact of known events till the date of approval of its financial statements arising from COVID-19 pandemic in the preparation of the financial statements.
The Company will continue to monitor any material changes to future economic conditions. To minimize the impact of the loss of licensing revenue, the Company has ensured that necessary cost-control steps have been implemented. The Company has reviewed its costs structure in detail and curtailed its workforce, licensing offices rentals, infrastructure and other costs to control costs. This unprecedented cost right-sizing exercise has been meticulously planned and is not merely a 'cost reduction' exercise, but one that strikes a balance between cost and flexibility by design, enabling the company to rapidly bounce back on the return of normalcy. Additionally, the Company is systematically reviewing its business model and its revenue streams in particular, in the prevailing circumstances, so that it can conserve its revenue.
The management strongly believes that given its robust member base and their repertoire, the expertise of the Board and the leadership teams will help the Company will not be materially impacted during this crisis.

Note 37
Previous year figures have been reclassified to conform to this year's classification.

The Notes are an integral part of these Financial Statements.
Notes to Financial Statements referred to in our report of even date.

For Price Waterhouse LLP
Firm Registration Number: 301112E/E300264
Chartered Accountants

For and on behalf of the Board of Directors of
Phonographic Performance Limited

-sd-

Nitin Khatri
Partner
Membership No. 110282

Place: Mumbai
Date: June 16, 2020

-sd-

Mandar Thakur
Director
DIN. 05333792

Place: Mumbai
Date: June 16, 2020

-sd-

Selvaraj Shanmugam
Director
DIN. 06854006

Place: Mumbai
Date: June 16, 2020