



MANNIKE

**Distribution  
Scheme**

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## 1. Introduction

Phonographic Performance Limited (PPL) is a company limited by guarantee set up under the Companies Act, 1956. We are authorized by our members (i.e. copyright controllers) to issue non-exclusive licenses for radio broadcasting and public performance of our members' sound recordings.

The collected amount is distributed to member music labels, after recouping costs and out-goings.

## Applicability Period

These rules apply to the distribution of monies in respect of the licence income collected starting 1st April 2023 and ending 31st March 2024 and any subsequent financial years.

## 2. Types of PPL Licences

PPL issues licences to organizations and individuals in the following broad categories:

<b>Radio Broadcasting</b>	These licences are issued for the use of sound recordings by radio broadcasters by way of analog terrestrial broadcasting.
<b>Public Performance</b>	<p>These licences are issued for commercial and other activities involving communication to public of sound recordings.</p> <p>These range from dance studios and fitness centres to pubs, clubs, hotels and bars, offices, commercial premises, cinemas, shops and chain stores. It also includes licences for the public performance of sound recordings at events, concerts and festivals.</p>

## 3. Distribution of revenue from Radio Broadcasting

From the radio broadcasting revenue, all administrative, operating costs, expenses and out-goings (both direct and allocated common overheads), legal & litigation expenses are deducted first and the net income is distributed as follows:

**3.1 Revenues from All India Radio (AIR)** - On the basis of member-wise summary report provided periodically by AIR. (AIR does not provide track-wise details)

**3.2 Revenues from Private FM Radio** - On the basis of track-wise usage log reports or needle hours' usage report, as periodically provided by the Licensees / Broadcasters.

**3.3 Revenues from Community Radio** – On the basis of track-wise log reports as provided by the Licensees or on the basis of members share in revenues from All India Radio in cases where track-wise log reports are not available.

## 4. Distribution of revenue from Public Performance

From the net revenue collected (net of TDS suffered, commission, and collection charges) all administrative, operating costs, expenses, and out-goings (both direct and allocated common overheads), legal & litigation expenses are deducted. The amount so arrived shall be termed as 'Income available for distribution'.

The 'Income available for distribution' is distributed as follows:

**4.1 Logged Income Distribution** - From 'Income available for distribution' all Logged Income shall be distributed on an actual usage basis. The term 'logged income' here means public performance revenue collected for which the licensees have provided the log/details/playlists of the music/tracks being played. The term logged income includes revenue from storage/reproduction income generated from the play out of these tracks from background music service providers. This is also distributed in the ratio of the logs/details/playlist of the music/tracks being used.

The amount so arrived post deducting Logged Income from Income available for distributions and deducting the contractual payments is termed as 'Net Distributable Income'.

The 'Net Distributable Income' is distributed as follows:

### 4.2 Extrapolation of Logged Income

In addition to logged income, as mentioned above, for which actual usage/logs are available, an additional amount may be distributed basis extrapolation of such logged income on the basis of analysis and recommendation from an independent market research agency. This extrapolation shall be used for distributing income generated by licensees within similar tariff categories. Extrapolation of logged income shall be maximum at 20% of Net Distributable Income from public performance, subject to report from independent market research agency.

#### 4.3 Distribution based on surrogate data

The balance amount of the 'Net Distributable Income' post deducting the Extrapolation of logged income, as mentioned in clause 4.2, shall be called "Income distributable basis surrogate data" which will be distributed as under:

- 65% of Income distributable basis surrogate data would get distributed based on usage-based song stream counts pertaining to Indian territory through Airtel-Wynk, Gaana, Saavn, Spotify and Resso for FY 2023-24.
- 20% of Income distributable basis surrogate data would get distributed based on private FM radio broadcast hours for FY 2023-24 (excluding All India Radio and community radio broadcasters).
- 10% of Income distributable basis surrogate data would get distributed based on the net domestic sales turnover of physical audio products pertaining to FY 2023-24.
- 5% of Income distributable basis surrogate data would get distributed based on the You Tube views reported in the Indian Territory, for FY 2023-24.

#### 4.4 Method for collecting surrogate data

A. For streaming data, each member shall provide a certificate from a Chartered Accountant mentioning the song stream counts information of the streaming platforms as mentioned in above para 4.3. The members would also provide screenshots of dashboard provided by the streaming platforms in support of the streaming counts mentioned in the CA certificate. In case any member has not licensed its content on any of these five streaming platforms, the streaming counts of only services where he is present will be considered. For streaming data, a member may also authorize the above-mentioned digital platforms or aggregators (such as PDL, Orchard, Believe, Sky Digital, GK Digital etc) to share the song stream counts information and ensure that the data is submitted to PPL by the platforms within the timeline specified by PPL.

B. For Radio, if a member has not assigned its radio broadcasting rights to PPL, the member will share a certificate from a Chartered Accountant as declaration for radio needle hours of usage as played on private FM radio stations.

C. For sale of physical audio products, members will share a certificate from a Chartered Accountant.

D. For YouTube, members will share a snapshot of their channel analytics showing total views in the financial year pertaining to Indian Territory.

E. The specimen format of the CA certificate/s will be as communicated by PPL to its members in due course.

**4.5** In case any of the data is not forthcoming from the sources, the Board is authorized to decide any alternative methodology for collection of data.

**4.6** In case of declarations that are apparently exaggerated or out-of-sync with known market conditions or apparently spurious, etc., PPL is entitled to carry out further audit checks and call for supporting documents for validation. Royalties for such members will be put on hold till the supporting documents provided are found satisfactory by PPL appointed auditors. In the event supporting documents are found invalid or in case no supporting documents as called for are submitted within the stipulated time period, the submission of relevant data of such members will be considered as "Nil" and the royalty/licence fee shall be computed accordingly.

**4.7** In case of data received from multiple sources, for the computation of individual member's share, as mentioned above, PPL reserves the right to select the most appropriate source on a reasonable basis.

**Note:** The aforesaid turnover for the purpose of net physical domestic sales as mentioned in clause 4.4 (c) is of audio products in physical formats (i.e. audio cassettes, audio CDs, MP3 CDs, audio DVDs and audio component of digital radio such as Carvaan), net of sales returns or provision for sales returns and channel discounts; excludes export sales; and excludes home video (full movie VCDs, DVDs). In the event that it is not explicitly declared that the sales figure provided is of Audio products only, an assumed ratio of 75% shall be eligible for being considered for payment of licence fees. Only trade

retail sales are eligible. Sales figures of devotional albums to be excluded, in view of exemption in Copyright Act for licensing of religious places/functions. Premium sales, OEM sales, corporate sales, "CD club" sales, direct marketing sales, and such or similar sales are not eligible. Only third-party sales are taken in account; inter-company sales are excluded.

## 5. Eligibility for receiving license fees payments

**5.1** A new member is eligible for share in Public Performance revenue from the effective date of joining mentioned in his agreement.

**5.2** A new member, joining during the course of the financial year, will have to share details of his streaming counts on the online streaming platforms, as mentioned in clause 4.3, for 12 months immediately prior to his joining. This data will be used as basis to determine his interim payouts for the current financial year. The final payout for the current financial year for a new member will be on the same principles and data collection method as for an existing member.

**5.3** A member who resigns within the year, royalty will be calculated on pro-rata basis of the period of active membership. In case of resignation, member's Public Performance Royalties will be paid only at the time of final settlement for the year, no interim/advance royalties will be paid.

## 6. Periodicity of payments:

Revenue Stream	Periodicity	Basis of Computation
Radio	Quarterly	Basis processing of logs and revenue receipts.
Public Performance	Quarterly	For determining the interim payout to a member for the current financial year, the member's payout share in the previous financial year shall be used.
Public Performance	Monthly	In the event the estimated licence fee payable to a member exceeds Rs.60 lakhs p.a., the Company shall endeavour to process 'on account' monthly licence fee payouts.  For determining the interim payout to a member for the current financial year, the member's payout share in the previous financial year shall be used.
Royalties received from other MLCs through reciprocal agreements	Quarterly	Basis receipt of money and member wise details.

The final payout of public performance licence fees after finalization of PPL audited accounts shall be made latest by January 31st of the subsequent financial year subject to timely receipt of all documents/data from members/platforms/agencies and their validation thereof.

## 7. Deductions

- From the licence fees received from the licensees (net of TDS suffered, commission and collection charges), all administrative expenses, legal expenses, anti-piracy/advocacy charges, member welfare scheme contributions shall be deducted.
- As far as practicable, such deduction may be identified separately for each stream (i.e., public performance and radio broadcasting). For this purpose, expenses that cannot be directly allocated to any particular stream of income, shall be allocated in the ratio of income of respective streams.
- In the event expenses were not fully recouped from the payment of the relevant year, such un-recouped expenses may be carried over and recovered while paying licence fees in the subsequent year.
- PPL is entitled to defer recoupment of some of the costs to next year if the benefit of such costs continues to accrue in next year also.
- In the event of temporary inability to distribute a part of the revenue or part of the collected amounts due to Court order, or litigation or government intervention or orders by authorized government agencies/institution, the same may be

withheld and kept aside, till the litigation or intervention or order is resolved.

**8.** PPL may apply its 'Other Income', (mainly, bank interest earned out of temporary surplus of funds) to recover the costs in both radio and public performance distribution. The Board is empowered to decide the ratio and/or amount of apportionment of other income to radio and public performance distribution on the basis of a reasonable methodology.

**9.** Where an overpayment has been made in respect of a member, PPL may recover all or part of that overpayment from the subsequent payment due to member.

**10.** In case of any other licence fee income received where usage data is partial/incomplete/not available the Board may approve alternate methodology for distribution.

**11.** While distributing interim/advance royalties, PPL will retain reasonable amount of money to take care of variations in members share as the interims are based on members share in the previous year.

## **12. Computation methodologies in special cases**

**12.1** In case of fixed value or lump-sum value licenses or settlements, the license fees per track will be computed on quarterly or monthly rests (or, alternately, the entire contract term, at the option of PPL), by dividing the lump-sum or fixed value or settlement amount for the quarter (or the contract term, as the case may be) by the total actual reported usage for that quarter (or the contract term, as the case may be) of all PPL members.

**12.2** In the event of a lump-sum or fixed-value licence fee across multiple locations or services (e.g. multiple stations of a radio broadcaster), same can be allocated to individual location or service on reasonable basis, utilizing available data and market information.

**12.3** In cases where the Licensee fails to provide the periodic usage log report or a report is found to be erroneous or incomplete or inconsistent or unreliable and is not rectified expeditiously by the Licensee or there are practical difficulties in precisely identifying the song to a member, PPL is at liberty to apply a suitable surrogate method, for that amount, on a case-to-case basis. Such basis may include, but not restricted to, the number of songs owned /registered by the member, or licence fees earnings of member in that stream or in aggregate, or logs given by a similar licensee, etc.

**12.4** In case of receipts which cannot be identified to a specific label, or excess receipts, such amounts may be utilized /applied, for members benefit or towards recoupment or absorption of PPL costs.

## **13. Payments to Foreign Collective Management Organizations**

Licence fees received and distribution to International Collective Management Societies as part of Bilateral Agreements shall be in accordance with the binding resolutions of the current distribution policy.

## **14. Distribution Cut-Off Date**

PPL cannot assure that it will be able to process any information, from Members, received after the Distribution Cut-Off Date as same would cause delays in the distribution process impacting PPL's ability to make timely payments to Members. The information must be furnished before the Distribution Cut-Off Date to be taken into account in that year's distribution. The Distribution Cut-Off Date will be intimated from time to time in PPL's communication and newsletters to PPL Members.

## **15. Distributions are Final**

PPL's policy is always to pay out the full distributable amount by January 31st each year based on the information indicated above. This means that once they are determined by PPL and paid out, all distributions are final and cannot be altered or revisited.

No reserve fund is created to pay for the sound recordings or music videos that do not appear in the logs but could have been broadcasted or performed in public during the relevant Financial Year.

Similarly, no reserve fund is created to pay out in respect of sound recordings for which the PPL Member had not, prior to the applicable Distribution Cut Off Date, provided all relevant information to PPL.

## 16. Counterclaims & Disputes on Titles

In the event of counterclaims of ownership / control disputes on a song or album or catalogue, whether involving judicial proceedings or not, the license fees on the same is liable to be kept suspended or withheld till the satisfactory resolution of the dispute upon production and examination of necessary documentary evidence of ownership of copyright preferably issued by the court of law in favor of the concerned member. The decision of PPL in such cases will be binding on the members and claimants concerned.

The member shall produce such documentary proofs, including agreements with film producers, artists, etc., as may be required by PPL or its lawyers from time to time. PPL may choose to take legal advice/opinion on the counterclaim; in which case, the counterclaimant shall be required to deposit in advance the full legal cost with PPL, failing which the counterclaim is liable not to get processed. PPL also may issue suitable "public notice" in newspapers, in the event of counterclaims.

No interest is payable on suspended licence fees and the members shall not raise any claim or dispute on PPL, in respect of alleged, direct, or indirect loss or loss of gains / profit attributable to the disputed titles.

## 17. Temporary Suspension of Payment

**17.1** PPL may temporarily suspend payments from a member's account if he, at any time, withdraws or terminates or restricts or derogates exclusive assignment/transfer of his repertoire or in parallel exploits the same through third parties, in a manner inconsistent with the agreement signed by him with PPL. No interest is payable on suspended licence fees.

**17.2** Licence fees payments may be temporarily withheld, at discretion of PPL, till the Member executes any pending documentation or evidence related to membership or assigned works. No interest is payable on suspended licence fees.

**17.3** In the event of any funds of the Company being un-available on account of any legal action or Court order, including for example provisional attachment of funds, or attachment of bank account by an authority or Court, PPL is entitled and empowered to delay and/or with-hold the distribution of licence fee to members to such extent, on a pro-rata basis, out of his eligible licence fee as calculated. The basis, timeframe, formula, methodology and decisions adopted by the Board in this regard shall be final and binding on all the members. Amounts so with-held or delayed can be released only upon release of the funds by the authority or Court concerned.

## 18. Unclaimed Royalties

In case of repeated return (three attempts to reach the member) of the royalty payouts to members, list of such inaccessible members shall be posted on website of PPL. After thirty days from posting the list of the inaccessible members on the website, such unclaimed licence fees / royalties, pertaining to inaccessible or defunct members, will be parked, into a separate account earmarked for this purpose for a period of 3 years. Thereafter, the said unpaid amount, if unclaimed, shall be moved to members' welfare scheme.

## 19. Allocation & Distribution issues not covered by this Policy.

The allocation and distribution process of collected license fees, is set out in this Policy. Occasionally, an issue may arise in relation to the allocation and distribution of net license fee revenue that is not covered by this Policy. In such cases, PPL Board will determine, by a board resolution, how to handle the issue, taking into account appropriate professional advice if found necessary. Any such resolution will be treated by PPL as part of this Policy for the purpose of allocating and distributing licence fee revenue. If the issue is likely to have an ongoing effect on PPL's activities (for example, where it has risen as a result of a legislative change), this Policy may be suitably amended as advised by PPL Board.

## 20. Changes to this Policy

From time to time, PPL may need to amend this Policy to reflect changes to its operations or to take account of legal changes (e.g., amendments to the Copyright Act, or a decision of a court or the Copyright Tribunal). This Policy will only be amended by a formal resolution of the PPL Board.

## 21. Verifications

**21.1** While reasonable efforts, within available resources and within the time constraints, are made to validate or scrutinize the usage logs reports from licensees, PPL does not assume responsibility for errors at the source i.e., in the usage log reports submitted by the licensees, including errors, misspellings, etc. in identification and description



of the song, album, label, code number, etc. Attempt will be made to resolve un-identified and mis-matched reported usages by applying best-fit criteria, on a best effort basis. It is the responsibility of the member to declare and register the full metadata of his repertoire, on a timely basis with PPL.

**21.2** Licence fees received against mis-matched songs, that could not be satisfactorily resolved, may be directly applied to recoup administrative and legal expenses or, alternately, paid on a reasonable surrogate basis.

## **22. Adjustments**

PPL may adjust or deduct, from any future payments to a member, any past over-payments that have been made to that member. Over-payments might have occurred where a member supplied incorrect information or has incorrectly registered his songs or due to sale of audio catalogue, or due to clerical oversight/error, or dispute/counterclaim, etc. Overpayments may also occur as interim royalty payouts in Public Performance are made basis member's share in previous year and whereas the member's actual market share in current year may turn out to be less than previous year.

PPL may offset or reduce the licence fees payable to a member to the extent of dues or claims from the same member to PPL, in his capacity as a licensee or user or in any other manner whatsoever.

## **23. Mode of Payment**

License fees payments are made by online bank payments and in exceptional circumstances by account payee cheques. Payouts shall be made only to the member to their designated bank account. Payment-assignment or endorsement requests shall not be taken into account unless approved by the Board. In the event any taxes or levies are applicable on license fees distributed to member, same shall be borne by (or charged to) the member.

## **24. TDS Procedures**

License fees payment will not be made to a member till he furnishes his income-tax PAN number and copy of PAN card /certificate. Certificates for tax deducted at Source (TDS) will be issued to the member quarterly or as per timelines prescribed under Income Tax Rules. Discrepancy, if any, has to be notified within 15 days of the receipt of the said certificate. If any member has obtained concessional/lower TDS certificate from the income tax department, the same will be applied on the next license fees payment due after the receipt of the said certificate. The certificate will be given effect only for the period and amount for which it is issued, and only until the closure of books/audit of accounts of PPL. Thereafter, for any payment of license fees for the prior period, normal TDS rate will prevail.

## **25. Tax Procedures**

GST or other tax payment will be made to a member on his furnishing valid tax invoice as prescribed by the tax authorities, within the statutorily prescribed time-limits and prescribed format. Invoices not statutorily compliant cannot be processed for payment of tax.

## **26. Registration of Works**

It is the sole responsibility of assignors/members to register their new songs, with full and correct particulars, duly supported by album inlays or covers, on a timely basis with PPL. Any omission or delay in this regard will be at the cost of the concerned member.

## **27. Variations**

In the event of any variation, if any, between the basis and methodology as per this document and the methodology specifically agreed in the agreement with an individual member, the latter shall prevail.

## **28. PPL Obligation**

PPL has an ongoing obligation, of Confidentiality, to all its members.

Employees of PPL are subject to a duty of confidentiality in respect of the information they acquire and use in the course of their duties for PPL. This means they generally cannot disclose details about the allocation and distribution process, especially the individual royalty amounts or percentages of usage logs attributable to particular member tracks or PPL Members (other than the information routinely provided to PPL members on their respective distribution statements).

PPL staff will not reveal to members of the public the confidential contact details and other information of its members.

## **29. Notification Requirement**

PPL Members must ensure that they keep PPL informed of any changes to the record labels they own or control, including any labels that are discontinued and any new labels that are introduced.