MALAYALAM COMMUNICATIONS LIMITED
Reg: office: 12/1681(6), KAIRALI TOWERS, ASAN SQUARE, PALAYAM, UNIVERISTY.P.O, THIRUVANATHAPURAM – 695034.

NOTES NO.1

A. ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2022

1. Corporate Information

Malayalam Communications Limited is a public limited company registered in India under the Companies Act, 1956 in the year 2000. The company is in to the business of running television channels in Malayalam, disseminating entertainment programmes, cultural and informative programmes etc, in the name and style of Kairali, Kairali News, WE, Kairali Arabia and its digital extensions.

2. Basis of Preparation

The Standalone financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India. The company has prepared these Standalone financial statements to comply in all material respects with the accounting standards as notified by Companies (Accounting Standards) Rules, 2006, which continue to apply under section 133 of the Companies Act, 2013 (the Act) read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 1956, if any to the extent applicable.

The accounting policies have been consistently applied by the Company from its formation onwards and are consistent with those used in the previous year.

3. Use of Estimate

The preparation of Standalone financial statements requires, the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating contingent liabilities as at the date of the Standalone financial statements and reported amounts of income and expenses during the period. Although these estimates are based up on management's best knowledge of current events and actions, actual results could differ from these estimates. Uncertainties about those estimates and assumption could result in outcomes requiring material adjustments to the carrying amounts of assets and liabilities in the future period. Examples of such expenses include provision for doubtful debts, useful lives of fixed assets, and useful lives of programme software etc.

4. Valuation of Inventories

The company does not have any item of inventory. The company is not dealing in any type of goods. During the year there were certain sponsorship items to be distributed as prizes to the participants of the programmes telecast by the company. Such items which had not yet been distributed as on 31-03-2022 is shown as stock of prize materials under other current assets.

5. Tabgible and Intangible Assets and Depreciation Accounting

Tangible asset are stated at cost less accumulated depreciation. The cost of tangible assets comprises of its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Depreciation on tangible assets is provided using Written Down Value Method on the useful life of the assets in the manner prescribed in Schedule II to the Companies Act, 2013. Depreciation is provided on a pro-rata basis from the month the assets are put to use during the financial year. In respect of assets sold or disposed of during the year, depreciation is provided up to the month of the sale or disposal of the asset. Profit or loss on sale of tangible assets is recognized in the Statement of Profit and Loss. Film Rights are measured on initial recognition at cost. Following initial recognition, Film Rights are carried at cost less accumulated amortization and accumulated impairment loss, if any. Film Rights are amortised over the agreement period of each right as determined by the management. Wherever necessary, carrying amount of fixed assets debited to retained earnings where remaining useful life of the asset is nil. The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties given as collateral for loans from banks and financial institutions, the title deeds were deposited with the said banks/ financial institutions and the Company has obtained a confirmation from the said banks that the title deeds are in the name of the Company. The Company has not revalued its property, plant and equipment (including right of use asset) during the year.

6. Impairment of Assets

As on the balance sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of those assets, as per the report of the Company's Senior Director (Finance & Technical). Hence there is no impairment loss on the assets of the company. Recoverable amount is the 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. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties less the cost of disposal.

7. Revenue Recognition

i. The income of the company is derived from Time Sales billed net, during the year under different categories of the time sales. The free commercial time attached to each party is not considered while recognizing income.
ii. The income with relate to time sales of the programme acquired and telecast on revenue share basis are recognized in full and the share of revenue payable to the other party of the agreement is capitalized and treated as cost of the Programme.
iii. The channel carriage charges received/receivable from foreign countries are billed and accounted on monthly basis.
iv. Interest incomes from banks are recognized on accrual basis in the accounts for the period as per the rates prescribed by the banks and the certificate from the banks. The deposits in the bank are renewed on a yearly basis according to the requirements.
v. The revenue and expenditure are accounted on a going concern basis.

8. Accounting for effects in Foreign Exchange

i. Foreign currency liabilities and monetary assets such as debtors are stated at the year-end rate and the resultant exchange rate difference is dealt with in the profit and loss account as explained below.
ii. The amounts received from export turnover have been accounted on the basis of Foreign Inward Remittance Certificates received from the banks by the Company. The net of exchange fluctuations from the transactions entered by the company during the year and the effect of variations in exchange rates on debtors balances when compared with the rates at the beginning of the year and at the close of the financial year has been calculated and considered by the company and has been declared as a profit under the head other income in the profit and loss account.
iii. Channel subscription in foreign currency and the expenses incurred in foreign currency towards subscription, traveling, etc are accounted at the rate of the exchange prevailing on the date of the transaction.

9. Accounting for Employee Benefits

i. Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
ii. The eligible employees of the company are entitled to receive post employment benefit in respect of provident and family pension fund, in which both employees and the Company makes monthly contributions at the specified rates. Provident fund and family pension fund are classified as defined contribution plans and the company has no further obligations beyond making the contribution. The company's contributions to such definite plans are charged to the profit and loss account.
iii. The cost of providing benefit under the gratuity plan is determined on the basis of actuarial valuation. The current service cost and actuarial gain & loss are recognized in full in

the period in which they occur in the statement of Profit and Loss.

iv. The expenses arising from the services provided by the employees in exchange of employee benefits are accounted and provided for as per the governing statutes.

10. Accounting for Borrowing Costs

The Company has incurred interest and other cost on borrowing with respect to acquisition/ construction of fixed assets and are being capitalized up to the date when such assets are ready for its intended use. The other borrowing cost incurred during the year is charged to profit and loss account.

11. Investments in Associate Enterprise

The Company's investment at cost. Where the carrying amount of an investment is greater in equity instruments in associate enterprises are accounted for than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

12. Related Party disclosure

None of the transactions with the related party fall under the Scope of Section 188(1) of the Companies Act 2013. All Transactions with related parties entered during the year were in the Ordinary Course of Business and on arms length and duly approved by the appropriate committees of the Company. The Company has not entered into any transaction of a material nature with any of the related parties which are in conflict with the interest of the company. Relevant disclosures have been made in Note No. 32 of the Standalone Financial Statements. The Company has not entered into non-cash transactions with directors or persons connected with them

13. Accounting for taxes on Income

i. Current tax is provided on the basis of estimated taxable income in accordance with the Income Tax Act, 1961 using the applicable tax rates and tax laws. As the estimated taxable income is nil, no provision made during the year.

ii. Deferred tax is recognized, subject to the consideration of prudence on timing differences between taxable income/ loss and accounting income/ loss that originate in one period and are capable of reversal in one or more subsequent period.

iii. Deferred tax assets arising on account of brought forward losses and un-absorbed depreciation are recognized, as there is a certainty of realization supported by convincing evidences.

iv. Deferred tax liability resulting from "timing difference" between book and taxable income for the year and between the value of the assets as per books and as per Income Tax Act are recognized and accounted using the tax and law that have been enacted or subsequently enacted as on the balance sheet date.

14. Amortisation of Programme Software

The programme software is a tradable item of the company from which future economic benefits are derived. For valuation purpose, the variable expenses on production of Programme and acquisition of serials and Programmes, documentaries, Tele films, fillers and special occasion Programmes are identified and transferred to Programme software at the end of the current financial year. This Programme software will be amortised over a period of next three financial years from the financial year in which it is identified as programmes, based on its income generation capabilities, as done in all the previous financial years.

15. Contingent Liabilities and assets

The contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliability. The company does not recognize contingent liability but discloses its existence in the Standalone financial statements.

The contingent assets which are likely to give rise to the possibility of inflow of economic benefits, if any, are not ascertained or disclosed on the basis of prudence.

16. Transactions with Small, Micro and Medium Enterprises

The transactions entered with Small, Micro and Medium enterprises are not identifiable due to lack of information from such parties. Hence the amounts due to them are not separately classified. No interest has also been calculated on such dues, as per the provisions of Micro, Small and Medium Enterprises Development Act, 2006

17. Earnings per Share

The Basic Earnings Per Share (EPS) is computed by dividing the profit after tax for the year by weighted average number of equity shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity share outstanding for the effects of all dilutive potential equity shares.

18. Trade Receivables (Sundry Debtors)

The Company has considered all Sundry Debtors under the head Current Assets & non current assets as recoverable. The company has initiated legal proceedings against some parties outstanding. None of the parties included in the sundry debtors had been reported as insolvent.

Provision for bad and doubt-full debts are provided as follows for making the results of the Standalone financial statements more realistic

a. For those debts outstanding for more than 3 year - 100 %
b. Suit filed accounts (considered recoverable - 50 %
c. For those debts outstanding for more than 2 year and other identified debts in which transaction is less - 30 %

All the debtors are considered as good, except for which provision has been made. Trade receivables are neither due from directors or other officers of the Company either severally or jointly with any other person, nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

19. Financial and Management information Systems

The books of accounts and other records are designed and maintained with a view to practice an integrated system. The books of accounts and other records have been designed to facilitate compliance of the relevant provisions of The Companies Act on the one hand, and meet the internal requirements of information and systems for planning.

20. Advance for the Programmes

The advances for the production of various programmes are given to the concerned producers and the settlements are made after completion of the production and the completed programmes are received at the library. Expenses incurred over and above the budgeted amounts, if any, are sanctioned by the company after verification. The prior period item arising on such settlement is not separately disclosed.

21. News Bureaus

The company has news bureaus at different places within and outside the state and the expenditure incurred has been incorporated in the Standalone financial statements of the company.

22. Advances to Bureaus

The company has given advances to various News bureaus and Marketing Offices for meeting the expenses and the same is disclosed in the Standalone financial statements as Advances in the name of the concerned Bureaus and Offices under the head Current Assets, Loans & Advances.

23. Prior Period Expenditures.

The company has charged to the Statement of profit and loss an amount of Rs. 50,038.56 as expenses of prior period under various heads of accounts.

24. Leased Assets

No Assets are taken on lease during the period.

25. Disclosure relating to borrowings.

The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year. the Company is not declared as a willful defaulter by any bank or financial institution or other lender. The term loans obtained during the year were applied for the purpose for which they were availed. The funds raised on short term basis have not been utilised for long term purposes. The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies. The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

26. Disclosure on Initial public Offer and Preferential Allotment.

The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

27. Disclosure on any fraud activity/whistle blower complaint.

No fraud by the Company or no material fraud on the Company by any person has been noticed or reported during the year. No whistle-blower complaints, have been received by the Company during the year

28. Disclosure on Corporate Social Responsibility (CSR) Activity.

As the conditions specified under section 135 of the Companies Act, 2013 are not covered by the company, the requirements relating to Corporate Social Responsibility are not applicable to the company.

29. Proceedings under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

There are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

30. Compliance with number of layers of companies.

The Company do not have any parent company and accordingly, compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable for the year under consideration.

31. Scheme of arrangements.

There are no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

32. Advance or loan or investment to intermediaries and receipt of funds from intermediaries.

The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The company has also not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

33. Undisclosed Income.

The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.

34. Details of Crypto Currency or Virtual Currency.

The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence, disclosures relating to it are not applicable.

35. There are no charges or satisfaction of charges yet to be registered with the Registrar of Companies beyond the statutory period.

36. There are no long term contracts as on 31-03-2022 including derivative contracts for which there are any material foreseeable losses.

37. The company is not a Nidhi company.

38. The company has no other bank accounts other than those disclosed in the Standalone financial statements.

39. Figures for the previous year have been re-grouped, re-arranged and re-classified wherever necessary.

40. Rounding off amounts.

All amounts disclosed in standalone financial statements and notes have been rounded off to hundreds as per requirement of Schedule III of the Act, unless otherwise stated.

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