

INDEPENDENT AUDITORS' REPORT

To the Members of Morton Foods Limited
(Formerly Known as Allahabad Canning Limited)
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Morton Foods Limited ("the Company") (Formerly known as Allahabad Canning Limited), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

As indicated in Note 14 to the Financial Statements, the Company has recognized Deferred Tax Asset (net) of Rs. 450.53 for the year ended in March 31, 2022, based on the future profitability projections made by the Management. In our Opinion, in the absence of any convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised by the entity as required in terms of Indian Accounting Standard 12, had the above impact been considered, loss for the year ended would have been Rs.1,706.65 lakhs as against the reported loss of Rs.1,256.12 lakhs and other equity (excluding revaluation reserve) as at the Balance Sheet date would have been Rs. (1,652.78 lakhs) as against the reported figure of Rs.(1,202.25 lakhs).

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as 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 qualified audit opinion on the financial statements.



Material Uncertainty Related to Going Concern

We draw attention to Note no 37 to the accompanying financial statements which indicates the fact that the net worth of the Company is eroded and as on Balance Sheet date its current liabilities exceeded its current assets. This condition may indicate the existence of uncertainty about the company's ability to continue as a going concern. However, the financial information of the Company has been prepared on a going concern basis based on the reason stated in the aforesaid note.

Our Opinion is not modified in respect of this matter.

Information other than the financial statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual 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 and 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.

Responsibility of Management for the Financial Statements

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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 system 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.
- 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 auditors' 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 auditors' 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Report on Other Legal and Regulatory Requirements

1. 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
 - (g) The Company has not paid any managerial remuneration for the year ended March 31, 2022 to its directors.
 - (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 Ind AS financial statements – Refer Note 36 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



- iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come our notice that has caused us to believe that the representation under sub-clause a) and (b) contain any material mis-statement.
- v. The Company has not declared or paid dividend during the year ended 31st March, 2022.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E




Aditya Singh
Partner

Membership No. 305161
UDIN 22305161AKNRYV8508

Place: Kolkata
Date: 6th May, 2022

ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT

The annexure referred to in our Independent Auditor's Report to the member of the company on the Financial Statement of the year ended March 31,2022, we report that:-

- i. a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company has maintained proper records showing full particulars of intangibles assets.
- b) According to the information and explanation given to us and on the basis of the of our examination of the records of the company, all Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned program of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 4 to the financial statements included in property, plant and equipment are held in the name of the Company except title deeds of the immovable Properties, in the nature of freehold land , as indicated below are not held in the name of the Company.

Description of Property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of Company*
Land situated at Village Jhapia, PO Bamrauli, District Allahabad	Rs. 4030.65	New Swadeshi Sugar Mills (later on merged with Magadh Sugar Mills Limited)	Magadh sugar mill and Morton Foods Limited have Common Directors	Since April 1,2015	Transferred to the Company pursuant to Scheme of Arrangement, Mutation in the name of the company is pending as on the Balance Sheet date

- d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year.
- e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed.
- (b) As disclosed in note 19 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are not in agreement with the books of accounts of the Company and the details are as follows:



Quarter	Name of Bank	Particulars	Amount as per books of account			Amount as reported in the quarterly return/statement			Amount of difference	Reason for material discrepancy
			Inventory	Sundry Debtors	Total	Inventory	Sundry Debtors	Total		
Jun-21	ICICI Bank	Cash Credit Limit	1,945.73	849.37	2,795.10	2,175.74	672.66	2,848.40	53.30	As stated in Note 19 of the Financial Statement, the quarterly statements submitted to Bank were prepared and filed before the completion of all financial statement closure activities including Ind AS related adjustments/reclassifications and regrouping as applicable, which led to these differences between the final books of accounts and quarterly statements submitted to bank based on provisional books of accounts.
Sep-21			1,561.32	845.27	2,406.59	2,144.63		2,825.71	419.12	
Dec-21			1,799.97	895.39	2,695.36	2,014.36	815.70	2,830.06	134.70	
Mar-22			1,572.38	687.35	2,259.73	1,649.46	774.99	2,424.45	164.72	

- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the requirement to report on clause 3(iii)(a) to (f) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.



- v. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it. Accordingly, clause 3(vi) of the Order is not applicable.
- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
The Uttar Pradesh Value Added Sales Tax Act	Sales Tax	1,65,000.00	FY 1993-94 1996-97 1997-98	Assistant Commissioner (A)	

- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. a) Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Accordingly, the requirement to report on Clause 3(ix)(a) is not applicable to the Company.
- b) According to the information and explanation given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any term loans outstanding during the year.



- d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company during the year.
- e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- x. a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi. a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. According to the explanation and information given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act 2013, where applicable and details of such transaction have been disclosed in the Financial statements as required by applicable Standards.
- xiv. According to the explanation and information given to us and based on our examination of the records of the Company, the Company is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) to (b) of the Order is not applicable to the Company.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) & (b) of the Order is not applicable to the Company.
- (b) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) (c) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us, the Group has one Core Investment Company as part of the Group.



- xvii. The Company has incurred cash losses of Rs.1,001.03 Lakhs in the current year and Rs.1,202.71 Lakhs in the immediately preceding Financial Year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xix) of the Order is not applicable to the Company.
- xix. As referred to in 'Material uncertainty related to Going concern' paragraph in our main audit report and as disclosed in Note 42 to the financial statements which includes the financial ratios and ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, there exists a material uncertainty that the Company may not be capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date.
We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. Section 135 of Companies Act, 2013 is not applicable on the company. Accordingly, clause 3(xx)(a) to (b) is not applicable to the company.

For Singhi & Co.
Chartered Accountants
Firm Registration No.302049E




(Aditya Singhi)
Partner

Membership No. 305161
UDIN 22305161AKNRYV8508

Place: Kolkata
Date: May 06, 2022

ANNEXURE - 2 TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Allahabad Canning Limited ("the Company") as of March 31, 2022 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

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 Companies Act, 2013.

AUDITORS' RESPONSIBILITY

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to financial statement and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to financial statements included obtaining an understanding of such internal financial controls, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 over financial reporting with reference to financial statements.



MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial control over financial reporting 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 control over financial reporting 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to financial statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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 Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E




Aditya Singhi
Partner

Membership No. 305161
UDIN22305161AKNRYV8508

Place: Kolkata
Date: 6th May, 2022

Morton Foods Limited

(Formerly known as Allahabad Canning Limited)

CIN: U15122UP2015PLC069645

Balance Sheet as at 31st March, 2022

(₹ in Lakhs)

Particulars	Notes	As at 31 st March, 2022	As at 31 st March, 2021
ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment	4	4,524.85	4,537.76
(b) Capital Work-in-Progress	5	-	67.33
(c) Intangible Assets	6	61.90	-
(d) Right to use asset	4.1	52.28	15.22
(e) Financial Assets			
(i) Investments	7	0.01	0.01
(ii) Other Financial Assets	12	15.39	17.25
(f) Non Current Tax Assets (net)	13	1.58	3.87
(g) Deferred Tax Assets (net)	14	450.53	-
(h) Other Non-current Assets	15	5.93	8.00
Total Non-current Assets		5,112.47	4,649.44
2. Current Assets			
(a) Inventories	8	1,572.38	1,565.26
(b) Financial Assets			
(i) Trade Receivables	9	687.35	753.97
(ii) Cash and Cash Equivalents	10	28.44	19.62
(iii) Bank Balances other than (ii) above	11	1.16	2.07
(iv) Other Financial Assets	12	3.86	10.95
(c) Other Current Assets	16	375.27	589.36
Total Current Assets		2,668.46	2,941.23
TOTAL ASSETS		7,780.93	7,590.67
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	17	1,463.15	1,219.29
(b) Other Equity	18	2,828.15	2,813.14
Total Equity		4,291.30	4,032.43
LIABILITIES			
1. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	20	30.34	14.91
(ii) Other Financial Liabilities	22	38.27	56.78
(b) Provisions	23	10.50	49.69
Total Non-current Liabilities		79.11	121.38
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	2,062.96	2,271.40
(ii) Lease Liabilities	20	24.44	2.54
(iii) Trade Payables			
(A) Total outstanding dues of micro enterprises and small enterprises	21	17.16	80.12
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	21	1,021.10	823.46
(iv) Other Financial Liabilities	22	87.47	34.63



Morton Foods Limited

(Formerly known as Allahabad Canning Limited)

CIN: U15122UP2015PLC069645

Balance Sheet as at 31st March, 2022



(₹ in Lakhs)

Particulars	Notes	As at 31 st March, 2022	As at 31 st March, 2021
(b) Provisions	23	99.82	54.36
(c) Other Current Liabilities	24	97.57	170.35
Total Current Liabilities		3,410.52	3,436.86
Total Liabilities		3,489.63	3,558.24
TOTAL EQUITY AND LIABILITIES		7,780.93	7,590.67

Summary of significant accounting policies

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

As per our report of even date attached.

For and on behalf of the Board of Directors

For Singhi & Co.

Chartered Accountants

ICAI Firm's Registration No.: 302049E

Aditya Singhi

Partner

Membership No.: 305161

Place: Kolkata

Date: 6th May, 2022



Venugopal Chetlur
Whole-time Director
DIN: 08686707

Mayuri Raja
Company Secretary

Chandra Shekhar Nopany
Director

DIN: 00014587

Abhay Andhare
Chief Financial Officer

Morton Foods Limited

(Formerly known as Allahabad Canning Limited)

CIN: U15122UP2015PLC069645

Statement of Changes in Equity for the year ended 31st March, 2022**A. Equity Share Capital**

Particulars	Notes	As at 31 st March, 2022		As at 31 st March, 2021	
		No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balance at the beginning of the year	17	1,21,92,893	1,219.29	1,09,84,588	1,098.46
Changes in Equity Share Capital due to prior period error	17	-	-	-	-
Restated balance at the beginning of the year	17	1,21,92,893	1,219.29	1,09,84,588	1,098.46
Changes in Equity Share Capital during the year	17	24,38,579	243.86	12,08,305	120.83
Balance at the end of the year	17	1,46,31,472	1,463.15	1,21,92,893	1,219.29

B. Other Equity

Particulars	Reserves and Surplus				Items of Other Comprehensive Income	Total
	Capital Reserve	Security Premium	Retained Earnings	Revaluation Surplus		
Balance at 31 st March, 2020	7.54	-	(405.27)	-	-	(397.73)
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the year	7.54	-	(405.27)	-	-	(397.73)
Received during the year against the Share issue	-	795.06	795.06	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
- Profit / (Loss)	-	-	(1,617.47)	-	-	(1,617.47)
- Remeasurement of defined benefit liability / (asset) (net of tax)	-	-	2.88	-	-	2.88
- Revaluation of freehold land through other comprehensive income - net change in fair value	-	-	-	4,030.40	-	4,030.40
Total comprehensive income	-	795.06	(1,614.59)	4,030.40	-	3,210.87
Balance at 31 st March, 2021	7.54	795.06	(2,019.86)	4,030.40	-	2,813.14
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the year	7.54	795.06	(2,019.86)	4,030.40	-	2,813.14
Received during the year against the Share issue	-	1,258.31	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
- Profit / (Loss)	-	-	(1,252.79)	-	-	(1,252.79)
- Remeasurement of defined benefit liability / (asset) (net of tax)	-	-	9.49	-	-	9.49
Total comprehensive income	-	-	(1,243.30)	-	-	(1,243.30)
Balance at 31 st March, 2022	7.54	2,053.37	(3,263.16)	4,030.40	-	2,828.15

The description of the nature and purpose of each reserve within equity are as follows:

(a) Capital Reserve

The difference between the net fair value of assets and liabilities of the business undertakings acquired and shares allotted pursuant to the scheme of arrangement in earlier year.

(b) Security Premium

Share premium represents the difference between the par value of the shares issued and the subscription or issue price

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

As per our report of even date attached.

For Singhi & Co.
Chartered Accountants
ICAI Firm's Registration No.: 302049E

Aditya Singhi
Partner
Membership No.: 305161
Place: Kolkata
Date: 6th May, 2022



For and on behalf of the Board of Directors

Venugopal Chetlur
Whole-time Director
DIN: 08686707

Mayuri Raja
Company Secretary

Chandra Shekhar Nopany
Director
DIN 00014587

Abhay Andhare
Chief Financial Officer

Morton Foods Limited

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Cash Flow Statement for the year ended 31st March, 2022

(₹ in Lakhs)

Particulars	Year ended 31 st March, 2022	Year ended 31 st March, 2021
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before tax	(1,711.88)	(1,617.47)
Adjustments for:		
Depreciation and amortisation expense	74.81	33.14
Finance Costs	237.53	200.82
Provision for warranties and claims	33.25	15.50
Provision for bad and doubtful debts / advances	-	63.00
Gain on sale / discard of Property, Plant and Equipment (net)	(1.75)	-
Interest income	(0.36)	(1.30)
Unspent liabilities, Provisions no longer required and Unclaimed balances written back	(56.01)	(13.39)
	(1,424.41)	(1,319.70)
Working capital adjustments:		
(Increase)/ Decrease in Inventories	(7.12)	489.04
(Increase)/ Decrease in Trade Receivables and Loans	66.62	(76.14)
(Increase)/ Decrease in Other Financial Assets	9.06	(10.03)
(Increase)/ Decrease in Other Assets	209.66	(288.51)
Increase / (Decrease) in Trade Payables	190.69	(55.30)
Increase / (Decrease) in Other Financial Liabilities	33.89	(6.80)
Increase / (Decrease) in Provisions	(14.16)	(14.35)
Increase / (Decrease) in Other Liabilities	(72.78)	80.32
Cash generation from Operations	(1,008.55)	(1,201.47)
Income tax paid (net of refund received)	7.52	(0.67)
Net Cash generated/ (used) from Operating Activities	(1,001.03)	(1,202.14)
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of Property, Plant and Equipment	-	0.10
Acquisition of Property, Plant and Equipment	(22.13)	(348.89)
Acquisition of Other Intangible Assets	(8.70)	-
Interest received	0.25	1.50
Proceeds from Bank deposits on maturity (net)	0.91	6.73
Net Cash generated/ (used) in Investing Activities	(29.67)	(340.56)
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of equity shares (Share premium)	1,502.17	915.89
(Repayments of) / Proceeds from Current Borrowings	(1,208.44)	1,342.95
Inter-corporate deposit received from related parties	2,200.00	500.00
Repayment of Inter-corporate deposit to related parties	(1,200.00)	(1,000.00)
Repayment of Lease liabilities	(29.55)	(15.24)
Interest on lease liabilities paid	8.70	-
Interest paid	(233.36)	(198.40)
Net Cash (used in) / generated from Financing Activities	1,039.52	1,545.20
Net Changes in Cash & Cash Equivalents (A + B + C)	8.82	2.50
Cash & Cash Equivalents at the beginning of the year	19.62	17.12
Cash & Cash Equivalents at the end of the year	28.44	19.62



Morton Foods Limited

(Formerly known as Allahabad Canning Limited)

CIN: U15122UP2015PLC069645

Cash Flow Statement for the year ended 31st March, 2022



1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in Ind AS-7 "Statement of Cash Flow."

2. Cash and Cash Equivalents are represented by :

(₹ in Lakhs)

Particulars	Year ended	Year ended
	31 st March, 2022	31 st March, 2021
Cash on Hand	0.57	0.22
In Current Accounts	27.87	19.40
Total	28.44	19.62

3. Change in Liability arising from financing activities

(₹ in Lakhs)

	As on 31 st March, 2021	Cash Flow	Fair Value Change	As on 31 st March, 2022
Current Borrowings [Note 19]	2,271.40	(208.44)	-	2,062.96
Lease liability [Note 20]	17.45	(20.85)	58.18 *	54.78

* Includes Rs 64.90 lakhs addition and Rs 8.70 lakhs derecognised on cancellation.

(₹ in Lakhs)

	As on 1 st April, 2020	Cash Flow	Fair Value Change	As on 31 st March, 2021
Current Borrowings [Note 19]	1,428.45	842.95	-	2,271.40
Lease liability [Note 20]	30.27	(15.24)	2.42	17.45

4. Previous year's figure have been regrouped / rearranged to confirm the classification of the current year, wherever considered necessary.

As per our report of even date attached.

For Singhi & Co.

Chartered Accountants

ICAI Firm's Registration No.: 302049E

Aditya Singhi

Membership No.: 305161

Place: Kolkata

Date: 6th May, 2022



For and on behalf of the Board of Directors

Venugopal Chetlur
Whole-time Director
DIN: 08686707

Mayuri Raja
Company Secretary

Chandra Shekhar Nopany
Chairperson
DIN: 00014587

Abhay Andhare
Chief Financial Officer

Morton Foods Limited

(Formerly known as Allahabad Canning Limited)

CIN: U15122UP2015PLC069645

Notes to Financial Statements for the year ended 31st March, 2022



1. Reporting entity

Allahabad Canning Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The registered office of the Company is located at Post Office Hargaon, District Sitapur, Uttar Pradesh 26121, India. The Company is wholly owned subsidiary of Palash Securities Limited. Its shares are unlisted.

The Company is primarily engaged in the process, trade and sale of food stuff. The Company has operations in India mainly.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 6th May, 2022.

Details of the Company's accounting policies are included in Note 3.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

Items	Measurement basis
(i) Certain financial assets and liabilities	Fair value
(ii) Biological assets other than bearer plants	Fair value less costs to sell
(iii) Employee's defined benefit plan	As per actuarial valuation
(iv) Assets held for sale	Lower of its carrying amount and fair value less costs to sell

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2.4 Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.



Morton Foods Limited

"(Formerly known as Allahabad Canning Limited)"

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Notes to Financial Statements for the year ended 31st March, 2022 (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included in the following notes:

- Note 4 and 6 - Useful life and residual value of property, plant and equipment and other intangible assets;
- Note 14 - Recognition of deferred tax assets: availability of future taxable profit and income tax liabilities thereon against which unabsorbed depreciation and other business losses can be used;
- Note 23 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 36 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 40 - Impairment of financial assets: key assumptions used in estimating recoverable cash flows.

Information about assumptions and judgement uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included in the following notes:

- Note 20 - Determination of ROU assets and liabilities; incremental borrowing rate and lease term.

2.5 Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- **Level 2:** inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** inputs are unobservable inputs for the asset or liability.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 2.4.



Morton Foods Limited

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Notes to Financial Statements for the year ended 31st March, 2022 (continued)



3. Summary of Significant accounting policies

3.1 Classification of assets and liabilities as current and non-current

All assets and liabilities are classified as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria :

- (i) it is expected to be realised in or intended for sale or consumption in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within twelve months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within twelve months after the reporting date; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of initial transaction.

Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise.



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Notes to Financial Statements for the year ended 31st March, 2022 (continued)



3.3 Financial instruments

Recognition and initial measurement

Trade Receivables issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

(i) *Financial assets*

On initial recognition, a financial asset is classified and measured at:

- amortised cost; or
- fair value through other comprehensive income (FVOCI) - Equity Investment; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

(ii) *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

(iii) *Financial assets at fair value through other comprehensive income (FVOCI)*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

(iv) *Financial assets at fair value through profit or loss (FVTPL)*

All financial assets which do not meet the criteria for categorisation as at amortised cost or FVOCI as described above are classified as at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



Morton Foods Limited

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Notes to Financial Statements for the year ended 31st March, 2022 (continued)



Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI).

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(v) **Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.

(vi) **Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL.

(vii) **Financial liabilities through fair value through profit or loss (FVTPL)**

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.



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Notes to Financial Statements for the year ended 31st March, 2022 (continued)



(viii) *Financial liabilities at amortised cost*

Other financial liabilities are subsequently measured at amortised cost using the effective interest (EIR) method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss.

Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

Derecognition

(i) *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

(ii) *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.4 **Property, plant and equipment [PPE]**

Recognition and measurement

Items of property, plant and equipment are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price inclusive of duties, taxes, after deducting trade discounts and rebates, incidental expenses, erection/ commissioning expenses, borrowing cost, any directly attributable cost of bringing the item to its working condition for its intended use and costs of dismantling and removing the item and restoring the site on which it is located.



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Notes to Financial Statements for the year ended 31st March, 2022 (continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

A property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

The company has adopted the Revaluation Model for valuing its land. Net carrying amount of land has been recognised on the basis of fair valuation report of independent valuer on the adoption of revaluation model. Changes in fair value has been recognised through other comprehensive income.

Property, plant and equipment under construction are disclosed as Capital work-in-progress.

Subsequent expenditure

Subsequent costs are capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets and recognised in the Statement of Profit and Loss.

The useful lives have been determined based on technical evaluation done by the management's expert, supported by independent assessment by professionals, and are in line with the useful life specified in Part C of Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation method, useful lives and residual values of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Depreciation on additions to or disposal of assets is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

Individual assets costing below ₹ 5,000 are fully depreciated in the year of purchase as these assets have no significant useful life.

Capital work-in-progress (CWIP)

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of fixed assets) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

3.5 Intangible assets

Intangible assets including Computer software are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised on straight line method basis over the estimated useful life. Estimated useful life of the Computer software is considered as 5 years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.



Morton Foods Limited

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Notes to Financial Statements for the year ended 31st March, 2022 (continued)

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.6 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on annual weighted average method / moving average method.

Work-in-progress, Finished goods and Traded goods are valued at lower of cost and net realizable value. Work-in-progress and Finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity. Cost is determined on weighted average basis.

The comparison of cost and net realisable value is made on an item-by-item basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount so written-down is adjusted in terms of policy as stated above.

3.7 Impairment

Impairment of financial instruments : financial assets

At each reporting date, the Company assess whether financial assets, than those at FVTPL are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

The Company recognises loss allowances using the expected credit losses (ECL) model for the financial assets which are fair valued through profit or loss.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by *Ind AS 109 Financial Instruments* for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.



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Notes to Financial Statements for the year ended 31st March, 2022 (continued)



For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

(i) Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

(ii) Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(iii) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.



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Notes to Financial Statements for the year ended 31st March, 2022 (continued)

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods during which the related services are rendered by employees. The Company makes specified periodically contribution to Provident / Pension funds as defined contribution plans.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



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The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature.

The expected cost of accumulating compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit credit method, for the unused entitlement that has accumulated as at the balance sheet date. Remeasurement gains or losses are recognised in the Statement of Profit and Loss in the period in which they arise.

Non-accumulating compensated absences are recognised in the period in which the absences occur.

3.9 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Expected future operating losses are not provided for.

3.10 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

3.11 Revenue from contract with customer

Sale of goods and rendering of services

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product. The normal credit term is 0 to 45 days upon delivery.

At contract inception, the Company assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods or services are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement.



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Interest income

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest is recognised on time proportion basis.

Interest income is included in "Other Income" in the Statement of Profit and Loss.

Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

3.12 Expenses

All expenses are accounted for on accrual basis.

3.13 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment (refer to Note 3.7).

The right-of-use assets are disclosed in Property, Plant and Equipment (see Note 4).



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Notes to Financial Statements for the year ended 31st March, 2022 (continued)



(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are included in Other financial liabilities (see Note 20).

Short-term lease and lease of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, godowns, equipment, etc. that are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.14 Income tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Statement of profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are off set only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.



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Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to off set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum Alternative Tax (MAT) Credit

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid 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 period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as a deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

3.15 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank as well as short-term deposits with an original maturity of three months or less.



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Notes to Financial Statements for the year ended 31st March, 2022 (continued)



3.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit or loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3.18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.19 Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) *Financial assets*

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and combination of different methodologies i.e. discounted cash flow method, comparable companies method and net assets method with different weightage has been used for fair valuations of investment in unquoted securities.

ii) *Trade and other receivables*

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

iii) *Financial liabilities*

Financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

3.20 Recent accounting pronouncement

On 23 March, 2022, the Ministry of Corporate Affairs (MCA") through notifications, amended to the existing Ind AS. The same shall come into force from annual reporting period beginning on or after April, 2022 Key Amendments relating to the same whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment- For items produced during testing / trail phase, clarification added that revenue generated out of the same shall not be recognised in the profit or loss and considered as part of cost of PPE.
- Ind AS 17 Provisions, Contingent Liabilities & Contingent Assets - Guidance on what constitutes cost of Fulfilling contracts (to determine whether the contract is onerous or not) is included.



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- Ind AS 41 Agriculture This aligns the fair value measurement therein with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

- Ind AS 101-First time Adoption of Ind AS Moment of Foreign Currency Translation Difference in case of subsidiary/ associate/JV's date of transition to Ind AS is subsequent to that of Parent - FCTR in the books of subsidiary/associate/JV can be measured based Consolidated Financial Statements.

- Ind AS 103 Business Combination - Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed

- Ind AS 109 Financial Instruments-The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The Company has evaluated the effect of the above on the financial statements and the impact is not material.



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4.1 Right to Use Asset (Building)

(₹ in Lakhs)

Particulars	Right of use - assets [Note 20]	Total
Reconciliation of carrying amount		
Gross carrying amount		
Balance at 31 st March, 2020	39.14	39.14
Additions during the year	-	-
Disposal / deduction during the year	-	-
Balance at 31 st March, 2021	39.14	39.14
Additions during the year	64.90	64.90
Disposal / deduction during the year	39.14	39.14
Balance at 31 st March, 2022	64.90	64.90
Accumulated depreciation		
Balance at 31 st March, 2020	10.87	10.87
Depreciation for the year	13.05	13.05
Disposal / deduction during the year	-	-
Balance at 31 st March, 2021	23.92	23.92
Depreciation for the year	19.14	19.14
Disposal / deduction during the year	30.44	30.44
Balance at 31 st March, 2022	12.62	12.62
Carrying amount (net)		
At 31 st March, 2021	15.22	15.22
At 31 st March, 2022	52.28	52.28



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Notes to Financial Statements for the year ended 31st March, 2022 (continued)



4. Property, Plant and Equipment

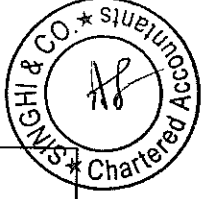
Particulars	₹ in Lakhs							
	Freehold Land	Buildings	Plant and Equipment	Computer and Data Processing Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Reconciliation of carrying amount								
Gross carrying amount								
Balance at 31 st March, 2020	0.25	78.91	71.72	20.21	3.40	5.54	1.94	181.97
Additions during the year	4,030.40 (a)	118.83	246.97	10.18	0.37		1.01	4,407.76
Disposal / deduction during the year			0.85					0.85
Balance at 31 st March, 2021	4,030.65	197.74	317.84	30.39	3.77	5.54	2.95	4,588.88
Additions during the year	-	6.51	19.63	1.97	-	-	0.52	28.63
Disposal / deduction during the year	-	-	-	-	-	-	-	-
Balance at 31 st March, 2022	4,030.65	204.25	337.47	32.36	3.77	5.54	3.47	4,617.51
Accumulated depreciation								
Balance at 31 st March, 2021	-	3.57	22.27	3.90	0.43	1.35	0.26	31.78
Depreciation for the year	-	1.68	9.31	7.22	0.70	0.80	0.38	20.09
Disposal / deduction during the year	-	-	0.75	-	-	-	-	0.75
Balance at 31 st March, 2022	-	5.25	30.83	11.12	1.13	2.15	0.64	51.12
Depreciation for the year	-	6.24	24.45	9.11	0.36	0.81	0.57	41.54
Disposal / deduction during the year	-	-	-	-	-	-	-	-
Balance at 31 st March, 2022	-	11.49	55.28	20.23	1.49	2.96	1.21	92.66
Carrying amount (net)								
At 31 st March, 2021	4,030.65	192.49	287.01	19.27	2.64	3.39	2.31	4,537.76
At 31 st March, 2022	4,030.65	192.76	282.19	12.13	2.28	2.58	2.26	4,524.85

(a) Represents net change in carrying amount due to revaluation, based on the valuation by a registered valuer as prescribed

(b) Movable Property, Plant and Equipment, unless stated otherwise elsewhere, given as security for borrowings [Note 19]

(c) Title deeds of Immovable Property not held in the name of Company

Particulars	Description of item of property	Gross Carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter or employee of promoter/director	Property held since which date	Reason
1. Property, Plant and Equipment	Freehold land	4030.65	Freehold Company	No	April 01, 2015	Mutation in the name of Company is pending



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 Notes to Financial Statements as at and for the year ended 31st March, 2022 (continued)

5. Capital Work-in-Progress

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Reconciliation of carrying amount		
Balance at the beginning of the year	67.33	-
Add: Additions during the year	15.20	67.33
Less: Capitalised during the year	82.53	-
Balance at the end of the year	-	67.33

Capital Work-in-Progress aging schedule:

Capital Work-in-Progress (CWIP)	Amount of CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As on 31 st March, 2022					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-
As on 31 st March, 2021					
Projects in progress	43.93	23.40	-	-	67.33
Projects temporarily suspended	-	-	-	-	-
Total	43.93	23.40	-	-	67.33

6. Other Intangible Assets

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Computer Software:		
Reconciliation of carrying amount		
Gross carrying amount		
Balance at the beginning of the year	-	-
Additions during the year	76.03	-
Disposal / discard during the year	-	-
Balance at the end of the year	76.03	-
Accumulated depreciation		
Balance at the beginning of the year	14.13	-
Amortisation for the year	-	-
Disposal / discard during the year	14.13	-
Balance at the end of the year	-	-
Carrying amount (net)	61.90	-

7. Investments

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Non-current Investments:		
Investment in Government securities carried at amortised cost - unquoted (fully paid) *		
6 Years National Savings Certificates (Pledge with Uttar Pradesh with Mandi Parishad)	0.01	0.01
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	0.01	0.01
Aggregate amount of impairment in value of investments	-	-
* Deposited / pledged with various Government authorities		

8. Inventories

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
(Value at lower of cost and net realisable value)		
Raw materials	46.28	27.43
Work-in-progress	110.14	95.13
Finished goods	568.48	624.94
Stock-in-trade	502.94	592.07
Stores, chemicals and spare parts	344.54	225.69
	1,572.38	1,565.26

- a) Rs. 89.77 lakhs (31st March, 2021: Rs. 319.55 lakhs) is recognised as expenses, being write-down of inventories to net realisable value, included in Changes in inventories of Finished Goods, Stock-in-trade and Work-in-progress [Refer Note 28]
- b) Inventories are hypothecated against borrowings [Refer Note 19].



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 Notes to Financial Statements as at and for the year ended 31st March, 2022 (continued)

9. Trade Receivables

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Current		
Considered good - Secured		15.11
Considered good - Unsecured	0.06	738.86
Trade Receivables which have significant increase in credit risk		
Trade Receivables credit impaired	3.02	64.00
	690.37	817.97
Less: Allowance for Credit impaired	3.02	64.00
	687.35	753.97

(a) No debt is due by directors or other officers of the Company or any of them either severally or jointly with any other person or no debt due by firms including limited liability partnerships (LLPs) or private companies respectively in which any director is a partner or a director or a member.

(b) Information about the Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in Note 40(c).

(c) Trade Receivables are hypothecated against borrowings (Refer Note 19)

(d) Trade Receivables aging schedule:

Particulars	Not due	Outstanding for following periods from due dates of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
As on 31st March, 2022							
Undisputed Trade Receivables -							
- Considered good	-	566.27	50.30	43.22	25.34	2.22	687.35
- Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
- Trade Receivables credit impaired	-	-	-	-	1.12	1.90	3.02
Disputed Trade Receivables -							
- Considered good	-	-	-	-	-	-	-
- Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
- Trade Receivables credit impaired	-	-	-	-	-	-	-
Less: Allowance for credit impaired- Trade Receivables credit impaired	-	-	-	-	1.12	1.90	3.02
	-	566.27	50.30	43.22	25.34	2.22	687.35
As on 31st March, 2021							
Undisputed Trade Receivables -							
- Considered good	-	438.48	279.34	33.93	2.22	-	753.97
- Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
- Trade Receivables credit impaired	-	-	-	13.09	18.62	2.20	64.00
Disputed Trade Receivables -							
- Considered good	-	-	-	-	-	-	-
- Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
- Trade Receivables credit impaired	-	-	-	-	-	-	-
Less: Allowance for credit impaired- Trade Receivables credit impaired	-	-	-	13.09	18.62	2.20	64.00
	-	438.48	279.34	33.93	2.22	2.20	753.97

10. Cash and cash equivalents

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Balances with banks (of the nature of cash and cash equivalents)		
- Current accounts	27.87	19.40
Cash on hand	0.57	0.22
	28.44	19.62



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Notes to Financial Statements as at and for the year ended 31st March, 2022 (continued)

11. Other bank balances

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Bank deposits due to mature after three months of original maturities but within twelve months of the reporting date*	1.16	2.07
	1.16	2.07

* Pledged / lodged with various Government Authorities (Excise department, and Defence Authorities)

12. Other Financial Assets

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
<i>(Considered good - Unsecured)</i>		
Non-current		
Security and other deposits	14.59	16.45
Bank deposits due to mature after twelve months of the reporting date *	0.80	1.80
	15.39	17.25
Current		
Security and other deposits	3.65	10.85
Interest accrued on deposits, investments etc	0.21	0.10
	3.86	10.95

* Pledged / lodged with a bank as margin money.

13. Non Current Tax Assets (net)

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Tax deducted / collected at sources	1.58	14.87
Less: Provision for taxation	-	11.00
	1.58	3.87

14. Deferred Tax Assets (net)

Particulars	₹ in Lakhs						
	As at 31 st March, 2020	Recognised in profit or loss	Recognised in OCI	As at 31 st March, 2021	Recognised in profit or loss	Recognised in OCI	As at 31 st March, 2022
Deferred tax liabilities							
Property, Plant and Equipment including other intangible assets	6.15	8.10	-	14.25	8.29	-	22.54
	6.15	8.10	-	14.25	8.29	-	22.54
Deferred tax assets							
Eligible Tax Losses and Unabsorbed Depreciation	118.36	415.12	-	533.48	473.09	-	1,006.57
Provisions - employee benefits	23.52	(0.89)	(0.52)	22.11	1.25	(3.33)	20.03
Provisions - warranties	1.10	2.92	-	4.02	4.63	-	8.65
Provisions - others	0.23	16.41	-	16.64	(15.85)	-	0.79
Deduction of disallowances allowed on payment / other basis	5.35	4.32	-	9.65	(0.97)	-	8.68
	148.54	437.88	(0.52)	583.90	462.15	(3.33)	1,044.72
Less: Deferred tax assets not recognised	142.39	429.78	(0.52)	571.65	-	-	571.65
	6.15	8.10	-	14.25	462.15	(3.33)	473.07
Net deferred tax liabilities / (assets)	-	-	-	-	(453.86)	3.33	(450.53)

The Company has recognised Rs 450.53 lakhs as Deferred Tax Asset (net) for the year ended 31st March, 2022, based on the future profitability projections made by the Management.

15. Other Non-current Assets

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
<i>(Considered good - Unsecured)</i>		
Capital Advances	-	0.50
Advances other than Capital Advances		
Other advances		
Deposits against demand under appeal and / or under dispute	5.93	1.30
	5.93	1.80
	5.93	8.00



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16. Other Current Assets		(₹ in Lakhs)	
Particulars	As at 31 st March, 2022	As at 31 st March, 2021	
Advances to suppliers			
- Considered good - Unsecured	221.99	486.46	
	221.99	486.46	
Other advances (considered good - unsecured)			
- Claims / Refunds receivable	-	3.44	
- Balance with Excise and other Government Authorities	137.82	129.46	
- Prepaid Expenses	15.46	-	
	153.28	132.90	
	375.27	589.36	

17. Share Capital		(₹ in Lakhs)	
Particulars	As at 31 st March, 2022	As at 31 st March, 2021	
Authorised:			
2,60,00,000 (31 st March, 2021: 1,50,00,000) equity shares of Rs. 10 each	2,600.00	1,500.00	
	2,600.00	1,500.00	
Issued, subscribed and fully paid-up:			
1,46,31,472 (31 st March, 2021: 1,21,92,893) equity shares of Rs. 10 each	1,463.15	1,219.29	
	1,463.15	1,219.29	

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:				
Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	Number of shares	(₹ in Lakhs)	Number of shares	(₹ in Lakhs)
Equity shares				
At the beginning of the year	1,21,92,893	1,219.29	1,09,84,588	1,098.46
Issued on right basis during the year	24,38,579	243.86	12,08,305	120.83
At the end of the year	1,46,31,472	1,463.15	1,21,92,893	1,219.29

(b) Rights, preferences and restrictions attached to equity shares:
 The Company has only one class of equity shares with par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

(c) Particulars of equity share of the Company held by its holding company and fellow subsidiaries above 5%				
Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class
Equity shares of Rs. 10 each fully paid up held by				
1. Holding Company				
Palash Securities Limited	1,15,50,000	78.94%	1,09,84,588	90.10%
2. Fellow Subsidiaries				
Hargaon Investment & Trading Company Limited	22,81,472	15.59%	6,68,305	5.48%

(d) Shareholding of Promoters are as under:						
Sr. No.	Promoter Name	Shares held by promoters at the end of the year				% Change during the year
		As at 31 st March, 2022		As at 31 st March, 2021		
		Number of shares	% of total shares in the class	Number of shares	% of total shares in the class	
	Equity shares of ₹ 10 each fully paid up held by					
1	Palash Securities Limited	1,15,50,000	78.94%	1,09,84,588	90.09%	-11.15%
2	Hargaon Investment & Trading Company Limited	22,81,472	15.59%	6,68,305	5.48%	10.11%
3	Champaran Marketing Company Limited	2,70,000	1.85%	2,70,000	2.21%	-0.36%
4	OSM Investment & Trading Company Limited	5,30,000	3.62%	2,70,000	2.21%	1.41%
		1,46,31,472	100.00%	1,21,92,893	100.00%	
Sr. No.	Promoter Name	Shares held by promoters at the end of the year				% Change during the year
		As at 31 st March, 2021		As at 31 st March, 2020		
		Number of shares	% of total shares in the class	Number of shares	% of total shares in the class	
	Equity shares of ₹ 10 each fully paid up held by					
1	Palash Securities Limited	1,09,84,588	90.09%	1,09,84,588	100.00%	-9.91%
2	Hargaon Investment & Trading Company Limited	6,68,305	5.48%	-	0.00%	5.48%
3	Champaran Marketing Company Limited	2,70,000	2.21%	-	0.00%	2.21%
4	OSM Investment & Trading Company Limited	2,70,000	2.21%	-	0.00%	2.21%
		1,21,92,893	100.00%	1,09,84,588	100.00%	



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Notes to Financial Statements as at and for the year ended 31st March, 2022 (continued)

18. Other Equity

Particulars	₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
Capital Reserve		
Balance at the beginning and at the end of the year	7.54	7.54
Share Premium		
Balance at the beginning of the year	795.06	-
Add: Received on Share issued during the year	1,258.31	795.06
Balance at the end of the year	2,053.37	795.06
Retained Earnings		
Balance at the beginning of the year	(2,019.86)	(405.27)
Profit/(loss) for the year	11,252.79	(1,617.47)
Remeasurement of defined benefit liability/(asset) (net of tax)	9.49	2.88
Balance at the end of the year	(3,263.16)	(2,019.86)

Particulars	₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
Revaluation Reserve through OCI		
Balance at the beginning of the year	4,030.40	-
Net change in fair value	-	4,030.40
Balance at the end of the year	4,030.40	4,030.40
Refer Statement of Changes in Equity for description of Reserves	2,828.15	2,813.14

19. Borrowings

Particulars	₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
Current Borrowings		
Secured		
From banks (repayable on demand)		
Cash credit from a bank	1,062.96	2,071.40
Unsecured		
Inter-corporate deposits from related parties [Note 39]	-	200.00
Inter-corporate deposits from others	1,000.00	-
	2,062.96	2,271.40

- A. Information about the Company's exposure to interest and liquidity risk is included in Note 40(C).
- B. Nature of Securities and Terms of repayment
- (a) Cash credit from a bank, carry interest rate of 1-MCLR-GM + Spread of 2.10% p.a., is secured by hypothecation of entire current assets of the Company ranking pari passu and also by way of first charge created on the movable property, plant and equipment of the Company, both present and future
- (b) Inter-corporate deposits, carry interest at the rate in the range of 9% to 10% p.a., are repayable on demand

(c) The summary of reconciliation of quarterly statement filed to the bank and books of accounts is given below

Quarter	Name of Bank	Particulars	Amount as per books of account			Amount as reported in the quarterly return/statement			Amount of difference	Reason for material discrepancy ***
			Inventory	Sundry Debtors	Total	Inventory	Sundry Debtors	Total		
			Jun-21	ICICI	Cash	1,945.73	849.37	2,795.10		
Sep-21	Bank	Credit	1,561.32	845.27	2,406.59	2,144.63	681.08	2,825.71	419.12	
Dec-21		Limit	1,799.97	895.39	2,695.36	2,014.36	815.70	2,830.06	134.70	
Mar-22			1,572.38	687.35	2,259.73	1,649.46	774.99	2,424.45	164.72	

Quarter	Name of Bank	Particulars	Amount as per books of account			Amount as reported in the quarterly return/statement			Amount of difference	Reason for material discrepancy ***
			Inventory	Sundry Debtors	Total	Inventory	Sundry Debtors	Total		
			Jun-20	ICICI	Cash	2,346.61	625.83	2,972.44		
Sep-20	Bank	Credit	2,243.11	856.53	3,099.64	1,796.19	677.75	2,473.94	(625.70)	
Dec-20		Limit	2,109.61	745.47	2,855.08	1,682.09	607.93	2,290.02	(565.06)	
Mar-21			1,563.26	753.97	2,317.23	2,016.26	817.97	2,834.23	517.00	

*** The quarterly statements submitted to Bank were prepared and filed before the completion of all financial statement closure activities including Ind AS related adjustments/reclassifications and regrouping as applicable, which led to these differences between the final books of accounts and quarterly statements submitted to bank based on provisional books of accounts.



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Notes to Financial Statements as at and for the year ended 31st March, 2022 (continued)**20. Lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of and identified asset for a period of time in exchange for consideration.

Company as Lessee

The Company has lease contracts for one items of building used it its operations. The Company's obligation under its lease are secured by lessor's title to the leased assets.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the the incremental borrowing rate i.e. 8% p.a. Movement of the carrying amount of lease liabilities during the year are as under:

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
Balance at the beginning of the year	17.45	30.27
Additions	64.90	-
Derecognition on cancellation	(8.70)	-
Finance cost accrued	3.73	2.42
Gain on cancellation of lease	(1.75)	-
Payment of lease liabilities	(20.85)	(15.24)
Balance at the end of the year	54.78	17.45

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
Payment of lease liabilities for the year	(20.85)	(15.24)
Balance at the end of the year	88.71	19.66
Non-current	30.34	14.91
Current	24.44	2.54
	54.78	17.45

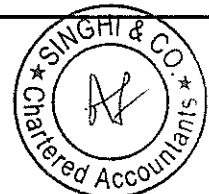
The maturity analysis of lease liabilities on an undiscounted basis are as under:

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
Less than one year	24.44	16.31
One to two years	26.85	2.74
Two to five years	11.50	-
More than five years	-	-
Total	62.79	19.05

The followings are the amounts recognised during the year in profit or loss:

Particulars	(₹ in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Gain on cancellation of lease [Note 26]	(1.75)	-
Interest on lease liabilities [Note 30]	3.73	2.42
Depreciation on right-of-use assets [Note 4.1]	19.14	13.05
Expenses relating to short-term and low-value leases [Note 32]	8.70	8.65
Total	29.82	24.12

There is no significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when due.



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 Notes to Financial Statements as at and for the year ended 31st March, 2022 (continued)

21. Trade Payables

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Total outstanding dues of micro enterprises and small enterprises	17.16	80.12
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,021.10	823.46
	1,038.26	903.58

The Company's exposure to currency and liquidity risk related to trade payable are disclosed in Note 40(C)

(a) The following details relating to Micro enterprises and small enterprises are as under:

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year.		
Principal amount due to micro and small enterprises	17.16	80.12
Interest due on above	-	-
Total	17.16	80.12
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006) along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

(b) Trade payables aging schedule:

 As on 31st March, 2022

Particulars	Not due	Outstanding for following periods from due dates of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Micro and Small Enterprises	-	17.16	-	-	-	17.16
(ii) Others	-	1,021.10	-	-	-	1,021.10
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
	-	1,038.26	-	-	-	1,038.26

 As on 31st March, 2021

Particulars	Not due	Outstanding for following periods from due dates of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Micro and Small Enterprises	-	80.12	-	-	-	80.12
(ii) Others	-	819.68	2.31	-	1.47	823.46
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
	-	899.80	2.31	-	1.47	903.58

22. Other Financial Liabilities

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Non-current		
Trade and other deposits	38.27	56.78
Current		
Interest accrued but not due	38.27	56.78
Payable to employees	0.44	-
	87.03	54.63
	87.47	54.63

Information about the Company's exposure to liquidity risks related to the above financial liabilities is disclosed in Note 40(C)



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23. Provisions

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Provision for employee benefits		
Net defined benefit liability - Gratuity	40.67	53.18
Liability for compensated absences	36.10	55.40
	77.07	88.58
Other Provisions		
For warranties	33.25	15.47
	33.25	15.47
	110.32	104.05
Non-current	10.50	49.69
Current	99.82	54.36
	110.32	104.05

Employee benefit Plans

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Present value of defined benefit obligations	110.38	105.88
Fair value of plan assets	69.71	52.70
Net defined benefit liabilities	40.67	53.18

These defined benefit plans expose the Company to actuarial risks, such as currency risk, interest risk and market (investment) risk.

The Company contributed ₹ 21.23 lakhs to Gratuity Fund in the year.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

Risk to the beneficiary

The greatest risk to the beneficiary is that there are insufficient funds available to provide the promised benefits. This may be due to

- The insufficient funds set aside, i.e. underfunding
- The insolvency of the Employer
- The holding of investments which are not matched to the liabilities
- Or a combination of these events

Parameter risk

Actuarial valuation is done on the basis of some assumptions like salary inflation, discount rate and withdrawal assumptions. In case the actual experience varies from the assumptions, fund may be insufficient to pay off the liabilities. For example, the plan's liability is calculated with salary inflation assumption of 5% per annum. However, Company's actual practice is to provide increment of 10% per annum. This will result into underfunding. Similarly, reduction in discount rate in subsequent future years can increase the plan's liability. Further, actual withdrawals may be lower or higher than what was assumed in the valuation, may also impact the plan's liability.

Risk of illiquid Assets

Another risk is that the funds, although sufficient, are not available when they are required to finance the benefits. This may be due to assets being locked for longer period or in illiquid assets.

Risk of Benefit Change

There may be a risk that the benefit promised is changed or is changeable within the terms of the contract. For example regulator may increase the benefits payable under defined benefit plans.

Asset liability mismatching risk

ALM risk arises due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates or due to different duration. For example, The liability duration is 10 years. While assets are locked in 5-year g-sec securities. After 5 years, there is huge reinvestment risk to invest maturity proceeds of assets due to uncertainty about the market prevailing yields at that time.

The following tables analyse present value of defined benefit obligations, fair value of defined plan assets, actuarial gain/(loss) on plan assets, expense recognised in the Statement of Profit and Loss and Other Comprehensive Income, actuarial assumptions and other information.



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Reconciliation of the net defined benefit liabilities / (assets):

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
	(i) Reconciliation of present value of defined benefit obligations	
(a) Balance at the beginning of the year	105.88	153.22
(b) Service cost	12.88	13.18
(c) Interest cost	6.81	10.11
(d) Benefits paid	(2.81)	(67.31)
(e) Actuarial (gain) / loss on defined benefit obligations:		
- due to change in financial assumptions	(4.49)	1.38
- due to change in demographic assumptions	-	-
- due to experience changes	(7.89)	(4.70)
(f) Balance at the end of the year	110.38	105.88
(ii) Reconciliation of fair value of plan assets		
(a) Balance at the beginning of the year	52.70	90.71
(b) Actual return on plan assets	3.83	5.54
(c) Contributions by the employer	16.00	23.76
(d) Benefits paid	(2.81)	(67.31)
(e) Balance at the end of the year	69.72	52.70
(iii) Actuarial gain / (loss) on plan assets		
(a) Expected Interest Income	3.39	5.98
(b) Actual return on plan assets	3.83	5.54
(c) Actuarial gain / (loss) on plan assets	0.44	(0.44)
(iv) Expense recognised in Employee benefits expenses		
(a) Service cost	12.88	13.18
(b) Interest cost	6.81	10.11
(c) Interest income	(3.39)	(5.98)
(d) Amount charged to Employee benefits expenses	16.30	17.31
(v) Remeasurement recognised in Other Comprehensive Income		
(a) Actuarial loss on defined benefit obligations	12.38	3.32
(b) Actuarial loss on plan assets	0.44	(0.44)
(c) Amount recognised in Other Comprehensive Income	12.82	2.88
(vi) Plan assets		
Plan assets comprise of the following:		
(a) Investments with LIC	100%	100%
(vii) Actuarial assumptions		
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
(a) Discount rate	6.98%	6.43%
(b) Future salary growth	5.00%	5.00%
(c) Attrition rates		

 Less than 40 Years - 4.2%
 40 Years and above - 0%

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2012-14).

(viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

(₹ in Lakhs)

Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	Increase	Decrease	Increase	Decrease
(a) Discount rate (0.50% movement)	3.81	(4.07)	3.99	(4.26)
(b) Future salary growth (1% movement)	(8.33)	7.41	(8.52)	7.56
(c) Withdrawal assumption (4% movement)	(1.95)	1.15	(1.17)	0.48

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions as shown.

(ix) Maturity profile of defined benefit obligations (valued on undiscounted basis)

(₹ in Lakhs)

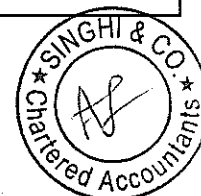
Particulars	As at 31 st March, 2022	As at 31 st March, 2021
	Within the next 12 months (next annual reporting period)	30.16
Between 1 and 2 years	0.80	1.14
Between 2 and 3 years	5.35	26.03
Between 3 and 4 years	4.98	5.18
Between 4 and 5 years	3.16	4.93
Beyond 5 years	159.12	148.79
	203.57	193.03

Defined benefits - Gratuity Plan

The Company has a defined benefit gratuity plan. Every employee who has completed continuously at least five years or more of service is entitled to Gratuity on terms as per the provisions of The Payment of Gratuity Act, 1972. The approved gratuity fund of erstwhile companies in respect of transferred business undertakings has been transferred to the Company and which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

Provision for warranties

A provision is recognised for expected warranty claims on products based on the management's estimate computed on the basis of past experience. It is expected that the entire provision will be utilised within one year of the reporting date, since the warranty is generally for one year. The table below gives information about movement in warranties provisions.



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Particulars	₹ in Lakhs	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
At the beginning of the year	15.47	4.81
Add: Provision made during the year	33.25	15.50
Less: Amount incurred / utilised during the year	(15.17)	(4.81)
At the end of the year	33.25	15.47

24. Other Current Liabilities

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Advance from customers	73.00	135.01
Statutory dues	24.57	35.34
	97.57	170.35

25. Revenue from Operations

Particulars	₹ in Lakhs	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Sale of Goods (A)		
Finished goods (net of returns)	3,448.33	5,084.72
Stocks-in-trade (net of returns)	2,177.03	2,741.49
	5,625.36	7,826.21
Less: Claims, Rebates, etc	554.51	309.43
	5,070.85	7,516.78
Other operating revenue (B)		
Scrap Sales	8.59	2.45
	8.59	2.45
Total revenue from operations (A+B)	5,079.44	7,519.23

Nature of goods: The Company is engaged in the manufacturing and sale of food stuff and the same is only reportable primary segment of the Company

Geographical Segment

Particulars	₹ in Lakhs	
	2021-2022	2020-2021
Sale in India	5,013.47	5,453.40
Sale outside India	66.97	65.83

26. Other Income

Particulars	₹ in Lakhs	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Interest income on		
- Loans and deposits	0.13	1.14
- Refund from income tax department	0.23	-
Insurance and other claims	-	-
Gain on cancellation of lease	1.75	-
Gain on Sale / Discard of Property, Plant & Equipment (net) *	-	0.57
Unspent liabilities, Provisions no longer required and Unclaimed balances written back	56.01	13.39
Miscellaneous Income	0.27	-
	58.39	15.10

* During the current year, including Rs 1.75 lakhs related to ROU - Assets [Note 20]

27. Cost of Materials Consumed

Particulars	₹ in Lakhs	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Inventory of materials at the beginning of the year	27.43	87.18
Add: Purchases and procurement expenses	1,171.95	946.77
	1,199.38	1,033.95
Less: Inventory of materials at the end of the year	46.28	27.43
	1,153.10	1,006.52



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28. Changes in inventories of Finished Goods, Stock-in-trade and Work-in-progress

Particulars	(' in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Inventories at the end of the year		
Finished goods	568.48	624.94
Stock-in-trade	502.94	592.07
Work-in-progress	110.14	95.13
	1,181.56	1,312.14
Inventories at the beginning of the year		
Finished goods	624.94	1,031.15
Stock-in-trade	592.07	609.92
Work-in-progress	95.13	89.34
	1,312.14	1,730.41
Changes in inventories of Finished Goods, Stock-in-trade and Work-in-progress	130.58	418.27

29. Employee benefits expense

Particulars	(' in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Salaries, wages, bonus etc.	1,418.75	1,267.49
Contribution to provident and other funds *	106.13	96.65
Expenses related to post-employment defined benefit plans [Note 23]	16.30	17.31
Staff welfare expenses	45.36	33.76
	1,586.54	1,415.21

* represents Defined contribution plans.

30. Finance costs

Particulars	(' in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Interest expense on financial liabilities measured at amortised cost *	233.68	198.40
Interest on lease liabilities [Note 20]	3.73	2.42
Interest on income tax	0.12	-
	237.53	200.82

 * Including 'Rs. 39.64 lakhs (31st March, 2021: 'Rs. 70.09 lakhs) to related parties [Note 38].

31. Depreciation and amortization expense

Particulars	(' in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Depreciation of property, plant and equipment [Note 4]	60.68	33.14
Amortisation of intangible assets [Note 6]	14.13	-
	74.81	33.14

32. Other expenses

Particulars	(' in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Consumption of stores and spares	127.95	105.73
Packing materials	893.56	844.94
Power and fuel	98.14	93.89
Repairs to:		
- Buildings	7.80	12.86
- Machinery	18.01	20.59
- Others	7.37	5.00
Rent [Note 21]	8.70	8.65
Rates and taxes	1.98	1.15
Insurance	10.63	16.30
Payment to auditors		
As Auditors		
- Statutory audit	3.75	4.50
- Limited review of quarterly results	2.25	1.50
Reimbursement of expenses	0.72	6.27
Freight and forwarding charges	314.63	327.20
Other selling expenses	68.59	182.87
Provision for warranties and claims	33.25	15.50
Provision for bad and doubtful advances	-	63.00
Bad debts, irrecoverable claims and advances written off	60.98	-
Less: Adjusted against provisions	(60.98)	-
Loss on sale / discard of Property, Plant and Equipment (net)	-	-
Director's sitting fees	1.15	-
Professional and Service Charges	72.25	76.32
Tours and Travelling Expenses	169.17	134.72
Miscellaneous expenses	113.67	77.28
	1,953.57	1,992.27



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33. Tax expense

Particulars	₹ in Lakhs)	
	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Current tax	-	-
Provision for tax related to earlier years	(5.23)	-
Deferred tax	(453.86)	-
	(459.09)	-

Reconciliation of effective tax

Particulars	Year ended 31 st March, 2022		Year ended 31 st March, 2021	
	Rate	(₹ in Lakhs)	Rate	(₹ in Lakhs)
Profit before tax		(1,711.88)		(1,617.47)
Tax using the Company's domestic tax rate	26.000%	(445.09)	26.000%	(420.54)
Tax effect of:				
- Deferred tax expense adjusted with deferred tax assets not recognised		(3.33)		429.78
- Others (including due to permanent differences)		(10.67)		(9.24)
		(459.09)		-

34. Earnings per equity share (EPS)
Basic and Diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

Particulars	Year ended 31 st March, 2022	Year ended 31 st March, 2021
	(i) Profit attributable to equity shareholders (₹ in Lakhs)	(1,252.79)
(ii) Weighted average number of equity shares for the year:		
At the beginning of the year	1,21,92,893	1,09,84,588
At the end of the year	1,46,31,472	1,21,92,893
Weighted average number of equity shares	1,29,87,937	1,13,68,597
(iii) Earning per equity share {Nominal value of share ` 10} [(i)/(ii)]		
Basic and Diluted (₹)	(9.65)	(14.23)

There is no dilutive potential equity share.

35. Capital and Other Commitments

 Estimated amount of contracts remaining to be executed and not provided for (net of advances) NIL (31st March, 2021) ₹ 15.00 lakhs.

36. Contingent Liabilities

(to the extent not provided for)

Claims against the Company not acknowledged as debt

Particulars	₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
(i) Sales tax	1.65	1.65
(ii) Bank guarantees outstanding	155.00	23.19
(iii) A case was filed by the ESI authorities for recovery of	4.54	4.54
(iv) Recovery case filed by Defense Authorities	3.61	5.61
Total *	164.80	260.99

*** Notes:**

(1) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.

(2) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. Also, the Company does not expect any reimbursement in respect of the above contingent liabilities.



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37. The Company has incurred net loss during the year ended 31st March, 2022, its net worth eroded. However based on positive outlook towards the growth and ability of the said subsidiary to continue as going concern in the foreseeable future, financial information of the Company for the year ended 31st March 2022, have been prepared on a going concern basis.

38. The Company has only one business segment i.e. Food Processing Business and as such segment reporting as required by Ind AS 108 *Operating Segments* is not applicable.

39. Related Party Disclosures

In accordance with the requirements of Indian Accounting Standard (Ind-AS) 24 "Related Party Disclosures", names of the related parties, related party relationships, transactions and outstanding balances, where control exist and with whom transactions have been taken place during the reported periods are:

A. Names of related parties and related party relationship

Related parties where control exists during the year

Holding company Palash Securities Limited

Fellow subsidiaries

Champan Marketing Company Limited
Hargaon Investment & Trading Company Limited
OSM Investment & Trading Company Limited
Hargaon Properties Limited

Key management personnel

Mr. Chandra Shekhar Nopani – Chairman / Non-Executive Director
Mr. Chand Bihari Patodia – Independent / Non-Executive Director
Mr. Suresh Khandelia – Independent / Non-Executive Director
Mr. Dilip Patodia – Independent / Non-Executive Director
Mr. Brij Mohan Agarwal – Independent / Non-Executive Director
Mr. Venu Gopal Chetlur – Whole-Time Director
Mr. Abhay Andhare – Chief Financial Officer w.e.f. 10th February, 2021
Mr. Santosh Srivastava – Chief Financial Officer upto 9th February, 2021
Mr. Mayuri Raja – Company Secretary

Key management personnel of holding company

Mrs. Shalini Nopani – Chairperson / Non-Executive Director
Mr. Arun Kumar Newar – Independent / Non-Executive Director
Mr. Chhedi Lal Agarwal – Independent / Non-Executive Director
Mr. Dinesh Kacholia – Independent / Non-Executive Director
Mr. Suresh Kumar Khandelia – Independent / Non-Executive Director
Mr. Chand Bihari Patodia – Managing Director
Mr. Deepak Kumar Sharma – Chief Financial Officer
Ms. Mayuri Raja – Company Secretary

B. The following transactions were carried out with related parties in the ordinary course of business

a. Inter-corporate deposits received / repaid

Particulars	Year ended 31 st March	Amount received	Amount repaid	Interest due	(₹ in Lakhs)
					Amount owed to related
<i>Fellow subsidiaries</i>					
Champan Marketing Company Limited	2022	-	-	-	-
	2021	200.00	200.00	10.85	-
Hargaon Investment & Trading Company Limited	2022	-	150.00	10.08	-
	2021	-	350.00	38.59	150.00
OSM Investment & Trading Company Limited	2022	-	50.00	3.37	-
	2021	300.00	450.00	20.65	50.00

b. Director's sitting fees / Remuneration to KMPs

	Year ended 31 March	Director's sitting fees	Remuneration to KMPs	(₹ in Lakhs)
				Amount owed to related
<i>Key management personnel</i>				
Mr. Chandra Shekhar Nopani	2022	0.20	-	-
	2021	-	-	-
Ms. Urvi Mittal	2022	0.10	-	-
	2021	-	-	-
Mr. Suresh Kumar Khandelia	2022	0.23	-	-
Mr. Chand Bihari Patodia	2022	0.10	-	-
Mr. Vinayak Viswanath Kamath	2022	0.20	-	-
	2021	-	-	-
Mr. Shounak Mitra	2022	0.22	-	-
	2021	-	-	-
Ms. Meena Jagtiani	2022	0.10	-	-
	2021	-	-	-
Mr. Abhay Andhare	2022	-	38.85	-
	2021	-	13.82	-
Mr. Santosh Srivastava*	2022	-	-	-
	2021	-	19.80	-

* Excluding ₹ 2.12 lakhs value of perquisites determined under the provisions of Income Tax Act, 1961 for the year ended 31 March 2021.



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(ii) Post employment benefits

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole

C. Details of loans, investments and guarantee covered under Section 186(4) of the Companies Act, 2013

(i) The Company has neither given any loan nor has advanced any amount either during the year ended 31st March, 2022 or year ended 31st March, 2021

D. Terms and conditions of transactions with related parties

(i) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms
 (ii) The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received
 (iii) For the year ended 31st March, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by the related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates

40. Financial instruments - fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities

Particulars	Carrying amount			Fair value
	FVTPL**	FVOCI***	Amortised cost	
As at 31 st March, 2022				
Financial assets not measured at fair value				
Investment in Government Securities	-	-	0.01	0.01
Trade receivables	-	-	687.35	687.35
Cash and cash equivalents	-	-	28.44	28.44
Other bank balances	-	-	1.16	1.16
Other financial assets	-	-	19.25	19.25
	-	-	736.21	736.21
Financial liabilities not measured at fair value				
Borrowing	-	-	2,062.96	2,062.96
Lease Liabilities	-	-	54.78	54.78
Trade payables	-	-	1,038.26	1,038.26
Other financial liabilities	-	-	125.74	125.74
	-	-	3,281.74	3,281.74

Particulars	Carrying amount			Fair value
	FVTPL**	FVOCI***	Amortised cost	
As at 31 st March, 2021				
Financial assets not measured at fair value				
Investment in Government Securities	-	-	0.01	0.01
Trade receivables	-	-	753.97	753.97
Cash and cash equivalents	-	-	19.62	19.62
Other bank balances	-	-	2.07	2.07
Other financial assets	-	-	28.20	28.20
	-	-	803.87	803.87
Financial liabilities not measured at fair value				
Borrowing	-	-	2,271.40	2,271.40
Lease Liabilities	-	-	17.45	17.45
Trade payables	-	-	903.58	903.58
Other financial liabilities	-	-	91.41	91.41
	-	-	3,283.84	3,283.84



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The management assessed that trade receivables, cash and cash equivalent, other bank balances, trade payable, cash credit, inter corporate deposits and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments

FVTPL** Fair Value through Profit and Loss
FVOCI*** Fair Value through other comprehensive Value

B. Measurement of fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Risk management framework

The Company's principal financial liabilities includes borrowings, trade payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents, other bank balances, investments, loans and other financial assets that derive directly from its operations.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's Risk Management Committee monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The sources of risks which the Company is exposed to and their management is given below

Risk	Exposure Arising from	Measurement	Management
Credit risk	Trade receivables	Ageing analysis, credit rating	Credit limit and
Liquidity risk	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
Market risk			
Interest rate risk	Long term borrowings at	Sensitivity analysis	Fund management
Regulatory risk	Commercial traction	Impact of policies	Monitoring of Policies and assessing impact
Commodity price risk	Commercial traction	Cash flow forecasting	Business diversification

(i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company receivables from customers and loans. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry, also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit loss based on the past experience. However, the Company assesses the impairment of trade receivable on case to case basis and has accordingly created loss allowance on trade receivables.

Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. The Company evaluates the concentration of risk with respect to trade receivables as low, as the Company sugar sales are mostly on cash. Power and Ethanol are sold to Government entities, thereby the credit default risk is significantly mitigated.



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The Company's exposure to credit risk for trade receivables by type of counterparty is as follows.

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Government concerns (including government undertakings)	338.72	375.26
Others	348.63	378.71
	687.35	753.97

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

Ageing of trade receivables are disclosed in Note 9

During the year, the Company has made the provision of NIL (31st March, 2021) 63.00 lakhs towards doubtful debts, not written off and the Company is exploring all means to recover the same. The Company's management also pursue all legal option for recovery of dues, wherever necessary based on its internal assessment.

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Exposure to liquidity risks

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

Particulars	₹ in Lakhs					
	Carrying amount	Total	Less than 1 years	1 to 2 years	2 to 5 years	More than 5 years
As at 31 st March, 2022						
Cash credit from a bank	1,062.96	1,062.96	1,062.96	-	-	-
Inter-corporate deposits	-	-	-	-	-	-
Lease Liabilities*	54.78	62.79	24.44	26.85	11.50	-
Trade payables	1,038.26	1,038.26	1,038.26	-	-	-
Other financial liabilities	125.74	125.74	87.47	-	-	38.27
	2,281.74	2,289.75	2,213.13	26.85	11.50	38.27
As at 31 st March, 2021						
Cash credit from a bank	2,071.40	2,071.40	2,071.40	-	-	-
Inter-corporate deposits	200.00	200.00	200.00	-	-	-
Trade payables	903.58	903.58	899.80	2.51	-	1.47
Lease Liabilities*	17.45	19.05	16.31	2.74	-	-
Other financial liabilities	91.41	91.41	34.63	-	-	56.78
	3,283.84	3,285.44	3,222.14	5.05	-	58.25

* including estimated interest

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, regulatory changes, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

Foreign currency risks

All transactions of the Company are in Indian currency, consequently Company is not exposed to foreign currency risk. The Company has no outstanding foreign currency exposure or related derivative contract.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risks

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Fixed rate instruments		
Financial assets	0.80	0.80
Financial liabilities	93.05	274.23
Variable rate instruments		
Financial assets	-	-
Financial liabilities	1,062.96	2,071.40



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Cash flow sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 50 basis points in interest rate at the reporting dates would have increased or decreased equity and profit or loss by the amounts shown below:

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 st March, 2022				
Variable rate instruments	(5.31)	5.31	(3.93)	3.93
31 st March, 2021				
Variable rate instruments	(10.36)	10.36	(7.67)	7.67

Regulatory and Commodity price risk

Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

41. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Company's objective when managing capital are to:

- to maximise shareholders value and provide benefits to other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings.

For the purpose of the Company's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

- No funds have been advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).
 - The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

42. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at 31 st March, 2022	As at 31 st March, 2021	Change (%)
Current Ratio	Current Assets	Current Liabilities	0.78	0.86	-8.57%
Debt-Equity Ratio	Total Debts	Shareholder's Equity	0.50	0.59	-15.88%
Debt Service Coverage Ratio**	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest	Debt service = Interest & Lease Payments + Principal Repayments	(3.63)	(5.96)	-39.00%
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	(0.30)	(0.40)	-24.96%
Inventory Turnover Ratio	Sales	Average Inventory	3.34	2.71	23.19%
Trade Receivable Turnover Ratio	Net Credit Sales = Gross Credit Sales - Sales Return	Average Trade Receivable	7.05	7.38	-4.55%
Trade Payable Turnover Ratio	Net Credit Purchases = Gross Credit Purchase - Purchase Return	Average Trade Payable	4.04	4.50	-10.18%
Net Capital Turnover Ratio***	Net Sales = Total Sales - Sales Return	Working Capital = Current Assets - Current Liabilities	(6.85)	(11.14)	-38.53%
Net Profit Ratio	Net Profits after taxes	Net Sales = Total Sales - Sales Return	(0.25)	(0.29)	-15.84%
Return on Capital Employed	Earning before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt - Deferred Tax Liability	(0.23)	(0.22)	3.94%
Return on Investment [For Investor] ****	Difference in Market Value at the beginning and at the end of the year + Dividend Paid	Market Value at the beginning of the year	0.20	0.11	81.82%





Reasons

- ** Due to lower of Net loss during the year the Debt Service Coverage ratio gives better results
- *** This year Capital Turnover Ratio is on lower side due to decrease of working Capital by Rs 246.43 lakh and lower of sales by Rs 439.79 lakhs.
- **** During the year Capital was infused by Rs 243.83 lakhs in comparison to last year where Share Capital was infused by Rs 120.83 lakhs, which shows the better Results

43. No Dividend has been paid during the year ended 31st March 2022.

44. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification / disclosure

As per our report of even date attached.

For Singhi & Co.
Chartered Accountants
ICAI Firm's Registration No.: 302049E

Aditya Singhi
Aditya Singhi
Partner
Membership No.: 305161
Place: Kolkata
Date: 6th May, 2022



For *Venugopal* on behalf of the Board of Directors

Venugopal
Venugopal Chetlur
Whole-time Director
DIN: 08686707

Mayuri
Mayuri Raja

Company Secretary

Abhay
Chandra Shekhar Nopany
Chairperson
DIN: 00014587

Abhay
Abhay Andhare

Chief Financial Officer