



**5<sup>th</sup> ANNUAL REPORT  
(2016-17)**

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**Board of Directors**

- Mr. K. Satyanarayana Murthy - Chairman & Managing Director  
Mr. K. Subrahmanya Chowdary - Executive Director  
Mrs. K. Neelima Devi - Whole time Director  
Mr. D. Chandra Sekhar Raju - Independent Director  
Mr. D. Venkata Subba Raju - Independent Director  
Mr. M. Lakshmi Pathi Raju - Independent Director

**Factory & Registered Office**

**APEX FROZEN FOODS LIMITED**  
3-160, Panasapadu, Kakinada,  
East Godavari District,  
Andhra Pradesh -533005.

Ph: 0884 – 2383902/03/04  
Email Id: [info@apexfrozenfoods.com](mailto:info@apexfrozenfoods.com)  
Web site : [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in)  
CIN: U15490AP2012PLC080067

**Statutory Auditors**

M/s. Boda Ramam & Co.,  
Chartered Accountants  
# 2-18-24/1, Madhav Nagar,  
Kakinada – 533003, Andhra Pradesh.

**Internal Auditors**

M/s Rao Chowadary & Associates,  
Chartered Accountants,  
Plot No.120, Tirumala Mansion,  
Kavuri Hills, Phase-1, Jubilee Hills,  
Hyderabad-500033, Telangana.

**Secretarial Auditors**

A.S.Ramkumar & Associates,  
Company Secretaries,  
#. 6-2-47, Suit No 1C, 1<sup>st</sup> Floor,  
Yeturu Towers, Lane Adj to PTI Building,  
A.C Guards, Hyderabad-500004.

**Company Secretary & Compliance Officer**

Ms. S. Sarojini

**Chief Financial Officer**

Mr. Ch. Vijaya Kumar

**Audit Committee**

- Mr. D. Venkata Subba Raju - Chairman  
Mr. D. Chandra Sekhar Raju - Member  
Mr. K. Subrahmanya Chowdary - Member

**Nomination and Remuneration Committee**

- Mr. D. Chandra Sekhar Raju - Chairman  
Mr. M. Lakshmi Pathi Raju - Member  
Mr. D. Venkata Subba Raju - Member

**Stakeholders' Relationship Committee**

- Mr. M. Lakshmi Pathi Raju - Chairman  
Mrs. Karuturi Neelima Devi - Member  
Mr. K. Subrahmanya Chowdary - Member

**Share Transfer Agents**

Bigshare Services Pvt. Ltd  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road Sakinaka,  
Andheri (East), Mumbai 400072.

**Bankers****1. BANK OF INDIA**

Kakinada Branch  
27-4-4, Jawahar Street,  
Temple Street, Kakinada.

**2. HDFC Bank**

Kakinada Branch,  
11-1-7, Meenakshi Manor,  
Ramaropet, 3<sup>rd</sup> line,  
Prakasam Street, Kakinada

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 05<sup>th</sup> Annual General Meeting of the Members of the M/s. APEX FROZEN FOODS LIMITED will be held on Friday, the 11<sup>th</sup> day of August, 2017, at 11.00 A.M. at the Registered office of the company situated at 3-160, Panasapadu, Kakinada, East Godavari-533005, Andhra Pradesh, to transact the following business:

### ORDINARY BUSINESS:

1. To Receive, Consider and Adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2017, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date along with notes forming part of accounts, together with the reports of the Directors and Auditors' thereon.
2. To declare dividend on equity shares for the year ended 31<sup>st</sup> March, 2017.
3. To appoint a director in place of Sri K Satyanarayana Murthy (DIN 05107525), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, the appointment of M/S. Boda Ramam & Co., Chartered Accountants, Kakinada, (Firm Reg No. 005383S), which was approved in the Annual General Meeting held during the year 2013-14, for a period of 5 years, be and is hereby ratified for the Financial Year 2017-18, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses.”

Sd/-

K Satyanarayana Murthy  
Chairman & Managing Director  
DIN 05107525

Place: Panasapadu, Kakinada

Date: 05.06.2017

### Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. A person can act as proxy on behalf of members not exceeding Fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company.

3. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from Wednesday, the 09<sup>th</sup> day of August, 2017 to Thursday, the 10<sup>th</sup> day of August, 2017 (both days inclusive).
5. The dividend, as recommended by the Board, if approved at the Meeting, will be paid on or before 9<sup>th</sup> day of September, 2017 to those Members or their mandates whose names are registered in the Company's Register of Members:
  - a) as Beneficial Owners as at the end of business on 10<sup>th</sup> day of August, 2017 as per the lists to be furnished by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") in respect of the shares held in electronic form, and
  - b) as Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form which are lodged with the Company or its Registrar & Transfer Agent ("RTA") viz. Bigshare Services Pvt. Ltd having their address at "E-2/3 Ansa Industrial Estate , Saki Vihar Road, Sakinaka, Andheri (East), Mumbai -400072" on or before 10<sup>th</sup> day of August, 2017.
6. M/s. Bigshare Services Pvt. Ltd, E-2/3 Ansa Industrial Estate , Saki Vihar Road, Sakinaka, Andheri (East), Mumbai -400072, the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
7. Members holding shares in physical form are informed to furnish their bank account details to the STA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment / misuse of dividend warrants by others.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered office of the Company on all working days, between 11.00 A.M. to 1.00 P.M. upto the date of the meeting.
9. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.

By Order of the Board

Sd/-

K Satyanarayana Murthy  
Chairman & Managing Director  
DIN 05107525

Place: Panasapadu, Kakinada  
Date: 05.06.2017

## ANNEXURE TO THE NOTICE

Details of director, who retires by rotation at the forthcoming Annual General Meeting

Particulars	K. Satyanarayana Murthy
Date of Birth & Age	06.03.1955 (61 Years)
Qualifications	PUC
Experience 22 years	
Date of first Appointment in the Board	30.03.2012
last drawn salary	Rs. 168.00 lakhs per annum
Shareholding in the Company	9600000
Relationship with other Directors / Managers / KMP	K. S. Chowdary - Son, K. Neelima devi - Daughter-in-Law
No. of Meetings of the Board attended during the year 2016-17	18
Directorships of other Board	Karutturi Global Exports Private Limited
Membership/Chairmanship of Committees of other Board	Nil

## DIRECTORS' REPORT

To  
The Members,  
M/s. APEX FROZEN FOODS LIMITED.

Your directors have pleasure in presenting their 5<sup>th</sup> Annual Report on the business and operations of the company and the accounts for the financial year ended 31<sup>st</sup> March 2017.

### 1. FINANCIAL RESULTS:

The summarized standalone financial results of your company are as under:

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Revenue from Operations	69,911.50	60,352.68
Other income	1,056.52	473.90
Profit before Interest, Depreciation & Tax (PBIDTA)	5,586.98	4,532.30
Interest	1,122.02	1,041.17
Depreciation	627.17	492.69
Profit before Tax	3837.79	2998.44
Provision for Income Tax	1297.84	1,016.63
Deferred Tax	47.41	24.03
Prior period adjustments	-	21.06
CSR Provision	52.06	41.80
Net Profit after Tax	2440.48	1894.92
Earnings per share	Rs.10.17	Rs.7.90

Apex Frozen Foods Limited (“your company”) is one of the integrated producer and exporter of shelf stable quality aquaculture products. Your company supplies ready-to-cook products to a diversified customer base consisting of food companies, retail chains, restaurants, club stores and distributors spread across the developed markets of USA, UK and various European countries.

During the year, Your Company surpassed the milestone of 700.00 Crores turnover, registering an impressive growth of 15.84% over the previous year. Revenue growth was achieved by steady growth in volumes of shrimp feed due to continued robust demand from farmers, stable realizations and a sustained contribution from shrimp processing. The Pro-fit after Tax is 2,440.48 Lakhs for the year 2016-17 as compared to 1,894.92 Lakhs for the year 2015-16.

Your Company's Revenue from Operations was in line with previous year. Your Company has been continuously striving to increase its efficiency and productivity.

## **2. DIVIDEND:**

Your directors are pleased to recommend a dividend of Rs. 1.00 per equity share of Rs. 10.00/- each (10% of face value) for the year ended March 31, 2017. Based on the outstanding paid-up share capital as at the year end, the total dividend payout will amount to Rs. 288.86 Lakhs, inclusive of Rs. 48.86 Lakhs of dividend distribution tax. This payment is subject to your approval at the ensuing Annual General Meeting of the Company.

## **3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

The provisions of Section 125(2) of the Companies Act, 2013, do not apply as there was no dividend declared in the previous years.

## **4. FIXED DEPOSITS:**

During the year, your company has not accepted any fixed deposits, within the meaning of section 73 of the companies Act 2013, Read with the Companies (Acceptance of Deposits) Rules, 2014.

## **5. TRANSFER TO THE RESERVES:**

During the year, the Company has not transferred any amount to General Reserves.

## **6. OUTLOOK FOR THE CURRENT YEAR:**

The company intends to Setting up a new Shrimp processing unit with a capacity of 20,000 MTPA at G. Ragampeta Village, Pedapuram Mandal, East Godavari district, Andhra Pradesh to enhance the processing capacity to meet the current & future demands of production requirements.

Your company is making necessary arrangements for raising of funds through fresh issue of equity shares to the public to meet the expenditure for Setting up a new Shrimp processing unit and other general corporate purposes.

The company is having increased orders book, confident to grow at a steady phase compared to earlier years and management intends to expand its production base to meet the orders.

## **7. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

During the year under review, there is no change in nature of business of the company. The affairs of the company are conducted in accordance with the accepted business practices and are within the purview of applicable legislations.



## 8. MATERIAL CHANGES

During the year,

- Pursuant to the Special Resolution passed at Extra-ordinary General Meeting (EGM) held on 11.11.2016, your company has converted its status of Private limited to Public limited w.e.f 29.11.2016.
- Pursuant to the Special Resolution passed at Extra-ordinary General Meeting (EGM) held on 10.03.2017, your company has filed Draft Red Herring Prospectus with SEBI on 31.03.2017 for an Initial Public Offer comprising a fresh issue of 72.50 Lakhs Equity shares and for offer for sale (OFS) of up to 14.50 Lakhs Equity shares. It has obtained primary approval from SEBI and in-principle approvals from BSE & NSE.

## 9. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year under review, following changes took place in the Board of Directors and Key Managerial Personnel:

- Mr.K Satyanarayana Murthy was appointed as Managing director on 01.12.2016 for a period of 5 years. His appointment has ratified by shareholders at EGM held on 27.01.2017.
- Mr.K Subrahmanya Chowdary was appointed as Executive director on 01.12.2016 for a period of 5 years. His appointment has ratified by shareholders at EGM held on 27.01.2017.
- Mrs. Neelima Devi was appointed as Whole time director on 01.12.2016 for a period of 5 years. Her appointment has ratified by shareholders at EGM held on 27.01.2017.
- Mrs. Padmavathi was appointed as Whole time director on 01.12.2016 for a period of 5 years. She resigned as director as well as whole time director on 27.01.2017.
- Mr.Datla Chandrasekhar Raju, Mr.Mantena Lakshmipathi Raju and Mr.Datla Venkata Subba Raju were appointed as additional directors in the capacity of non Executive Independent Directors w.e.f 25.01.2017. Their appointment's had ratified by shareholders at EGM held on 27.01.2017.
- Mr. Ch Vijay Kumar was appointed as Chief Financial Officer on 25.01.2017 and Ms. S. Sarojni has appointed as Company Secretary of the company w.e.f 01.08.2016.

## 10. BOARD MEETINGS:

During the year under review, your Board of Directors met Eighteen (18) times i.e., on 10.04.2016, 20.06.2016, 08.07.2016, 18.07.2016, 30.07.2016, 01.08.2016, 27.09.2016, 10.10.2016, 24.11.2016, 01.12.2016, 05.12.2016, 11.01.2017, 25.01.2017, 27.01.2017,

27.01.2017, 08.03.2017, 15.03.2017 and 30.03.2017. In respect of each meeting proper notices were given, the proceedings were properly recorded and signed in minute's book maintained for the purpose. The maximum time gap between any two Board meetings was not exceeding 120 days.

#### **11. SHARE CAPITAL:**

The Authorised Share Capital of the Company as on date of Balance Sheet is Rs. 36,00,00,000/- divided into 3,60,00,000 equity shares of Rs.10/- each

The paid up share capital of the company as on date of balance sheet is Rs. 24,00,00,000/- divided into 2,40,00,000 equity shares of Rs. 10/- each.

During the year under review, the company has increased the Authorized Share Capital of the company, from Rs. 24,15,00,000/- to Rs. 36,00,00,000/- at EGM held on 11.11.2016.

Your Company has not issued any equity shares, equity shares with differential rights, Sweat equity shares, Employee stock options and did not purchase its own shares. Hence there is no information to be provided as required under Rule 4(4), Rule 8(13), Rule 12(9) and Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 and Section 62 of the companies act 2013 respectively.

#### **12. INFORMATION ABOUT SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES:**

Your Company does not hold any subsidiary or Joint Ventures or Associate Company. Or not a subsidiary or Joint Venture or Associate to any other Company.

#### **13. EXTRACT OF ANNUAL RETURN:**

An extract of Annual Return prepared in accordance with Section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed as **Annexure-I** to this Report.

#### **14. AUDITORS:**

##### **a) Statutory Auditors**

The Shareholders of the Company at their Annual General Meeting held on 30<sup>th</sup> September, 2014, have appointed M/S. Boda Ramam & Co., Chartered Accountants, Kakinada, (Firm Reg No. 005383S), as Statutory Auditors of the Company for a period of 5 years, subject to ratification by the Members at every Annual General Meeting.

The Board recommends their appointment for ratification at the ensuing Annual General Meeting.

##### **b) Internal Auditors**

The Board of Directors at their meeting held on 20.06.2016, have reappointed M/s Rao Chowadary & Associates, Chartered Accountants, Hyderabad, as the Internal Auditors of your company. The Internal Auditors had submitted their reports.

### c) Secretarial Auditors

The Board has appointed M/s. A.S. Ram Kumar & Associates, Company Secretaries in Practice, to carry the Secretarial Audit under the provisions of section 204 of the Companies Act, 2013 for the financial year 2016-17. The Report of the Secretarial Auditor is annexed to this report as **Annexure - II**.

#### **Explanation to secretarial auditor's observation:**

##### **Observation :**

*"Company has appointed the company secretary w.e.f 1<sup>st</sup> August 2016. There is violation of Section 203 of companies Act 2013 from 1<sup>st</sup> April 2016 to 31<sup>st</sup> July 2016."*

##### **Explanation**

Due to non availability of suitable candidate, the company was unable to appoint a whole time company Secretary until 31.07.2016, however, company has appointed the company secretary w.e.f 1<sup>st</sup> August 2016. Company is in the process of filing Compounding application to rectify the said violation made under Section 203 of Companies Act, 2013.

### **15. AUDITORS REPORT :**

The observations made in the Auditors' Report are self explanatory and therefore, do not call for any further comments u/s 134 of the Companies Act, 2013.

### **16. COMMENTS ON AUDITOR REPORT :**

There are no adverse comments by the Auditor in the Audit Report and hence comments by Board of Directors of the Company on Auditor Report are not required.

### **17. COMMITTEES :**

#### **a) AUDIT COMMITTEE**

The Audit Committee was constituted pursuant to the Board meeting held on 27.01.2017. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013. The members of the Audit Committee are:

- Mr. D. Venkata Subba Raju - Chairman
- Mr. D. Chandra Sekhar Raju - Member
- Mr. K. Subramanya Chowdary - Member

None of the recommendations made by the Audit Committee were rejected by the Board. During the year under review, the Audit Committee met on 15.03.2017.

#### **b) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on 27.01.2017. The scope and function of the Nomination and

Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013. The members of the Nomination and Remuneration Committee are:

- Mr. D. Chandra Sekhar Raju - Chairman
- Mr. M. Lakshmi pathi Raju - Member
- Mr. D. Venkata Subba Raju - Member

None of the recommendations made by the Nomination and Remuneration Committee were rejected by the Board. During the year under review, the Nomination and Remuneration Committee met on 27.01.2017 and 08.03.2017.

#### c) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on 08.03.2017. The members of the Stakeholders' Relationship Committee are:

- Mr. M. Lakshmi pathi Raju - Chairman
- Mrs. K. Neelima Devi - Member
- Mr. K. Subrahmanya Chowdary - Member

During the year under review, the Stakeholders' Relationship Committee was not met.

#### d) IPO Committee

The IPO Committee was constituted by a meeting of the Board held on 08.03.2017.

The members of the IPO Committee are:

- Mr. D. Venkata Subba Raju - Chairman
- Mrs. K. Neelima Devi - Member
- Mr. K. Subrahmanya Chowdary - Member

### 18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

### 19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

During the year under report our Company has not entered into any related party transactions with the related parties as to in Section 188 (1) of the Companies Act 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

**20. DECLARATION OF INDEPENDENT DIRECTORS :**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149 of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

**21. BUSINESS RISK MANAGEMENT :**

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating risks and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee.

**22. PAYMENT OF SITTING FEE :**

The sitting fees paid to the Non - Executive Directors are within the ceiling limit as provided in the Companies Act 2013.

**23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE DEALING, RULE 8(3)**
**Conservation of energy**

- I. The steps taken or impact on conservation of energy:
  - a. Voltage frequency drives have been installed in machinery there by 20% power saving has been done.
  - b. Lighting in the processing unit and cold storage have been changed to LED from tube lights.
- II. The steps taken by the company for utilizing alternate sources of energy:
 

Solar water heaters have been installed in place of electrical heaters. Solar security fencing has been done in place of electrical fencing.
- III. The capital investment on energy conservation equipments; NIL

**Technology absorption: NOT APPLICABLE**

**Foreign exchange earnings and outgo: (Rs. in Lakhs)**

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Earnings in Foreign Exchange	63280.42	53588.06
Foreign Exchange Outgo	2487.86	2033.77

**24. PARTICULARS OF EMPLOYEES :**

There are no employees who are required to be reported u/s 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence statement in this respect has not been given.

## **25. INTERNAL CONTROL SYSTEMS :**

The Company has an internal control system, commensurate with size, scale and complexity of its operations and are routinely tested by internal Auditors and reviewed by statutory auditors.

## **26. PREVENTION OF SEXUAL HARASSMENT POLICY :**

The Company's policy on prevention of sexual harassment of women provides for the protection of women employees at the workplace and for prevention and redressal of such complaints. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints pending for redressal at the beginning and at the end of FY 2016-17.

## **27. WHISTLE BLOWER POLICY/VIGIL MECHANISM :**

In Compliance with requirements of the provisions of Section 177(9) of the Companies Act, 2013, Your Board of Directors at its meeting held on 08.03.2017, approved the establishment of Vigil Mechanism to ensure that appropriate systems and procedures to curb opportunities for any sort of corrupt and unethical practices are in place.

It provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

## **28. DIRECTORS RESPONSIBILITY STATEMENT :**

In accordance with clause (c) of sub-section 3 of section 134 of the Companies Act, 2013, the Directors of the Company state:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departure.
- ii. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable, so as to give true and fair view of the state of affairs of the company as at 31.03.2017 and the Profit and Loss of the company for the year ended as on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. The directors have prepared the annual accounts on a going concern basis; and

- v. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **29. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

### **30. POLICY ON DIRECTOR'S AND KEY MANAGERIAL PERSONNEL APPOINTMENT & REMUNERATION:**

During the year, your company adopted the policy on Director's Appointment & Remuneration. The objective of the policy is to ensure that Executive Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes, and independence of a director and also recommend a policy relating to the remuneration for the directors and key managerial personnel.

### **31. CORPORATE SOCIAL RESPONSIBILITY:**

The provisions of Corporate Social Responsibility are applicable to the Company during the year under review. During the year, your company has created its own trust in the name of 'APEX FOUNDATION' which takes care of CSR activities of the company, the company needs to spend Rs. 52.06 Lakhs towards CSR activities. It is in the process of identifying suitable areas for spending expenditure pertaining to corporate social responsibility. Hence for the financial year 2016-17, Company has created provision of Rs 52.06 Lakhs Corporate Social Responsibility. The Annual Report on CSR activities is annexed herewith as "Annexure III" to this report.

### **ACKNOWLEDGEMENT:**

Your Directors wish to express their appreciation for the cooperation and continued support received from the Company's Banker, Suppliers, Purchasers, Vendors, Government Authorities and others. Your Directors' also take this opportunity to place on record their appreciation for the dedicated services rendered by the executives, managers, officers, employee and workers for the dedication and sense of commitment shown by the employees at all levels and their contributions towards the performance of the Company.

For and by order of the Board of Directors

Sd/-

Sd/-

Place: Panasapadu  
Kakinada

K Subrahmanya Chowdary  
Executive Director

K Satyanarayana Murthy  
Chairman & Managing Director

Date: 05.06.2017

DIN 03619259

DIN 05107525

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**of M/s APEX FROZEN FOODS LIMITED**  
**As on financial year ended on 31.03.2017**  
**[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the**  
**Companies (Management & Administration) Rules, 2014]**

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>	
i) CIN	U15490AP2012PLC080067
ii) Registration Date	30/03/2012
iii) Name of the Company	<b>APEX FROZEN FOODS LIMITED</b>
iv) Category/Sub-category of the Company	Limited by shares, Indian Non Government Company
v) Address of the registered office & contact details	3-160, Panasapadu, Kakinada, East Godavari District- 533005, Andhra Pradesh. Ph: 0884-2383902/3/4 Email: info@apexfrozenfoods.com Website: www.apexfrozenfoods.in
vi) Whether listed company	No
vii) Name, Address & Contact details of the Registrar and Transfer Agent, if any.	Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Saki Vihar Road Sakinaka, Andheri (East), Mumbai 400072 Phone:022-4043 0200 Website: www.bigshareonline.com

**II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sale of Frozen Foods	1020	100%

**III.PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:**

S. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
NIL					



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
*i) Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change During the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>Indian</b>									
- Individual/HUF	--	23976000	2 3976000	99.90	--	23976000	23976000	99.90	Nil
- Central Government	--	--	--	--	--	--	--	--	--
- State Government(s)	--	--	--	--	--	--	--	--	--
- Bodies Corp.	--	--	--	--	--	--	--	--	--
- Banks / FI	--	--	--	--	--	--	--	--	--
- Any Other...	--	--	--	--	--	--	--	--	--
<b>Sub-Total (A)(1)</b>	--	23976000	23976000	99.90	--	23976000	23976000	99.90	Nil
<b>2) Foreign</b>									
- NRIs- Individuals	--	--	--	--	--	--	--	--	--
- Other - Individuals	--	--	--	--	--	--	--	--	--
- Bodies Corp.	--	--	--	--	--	--	--	--	--
- Banks/FI	--	--	--	--	--	--	--	--	--
- Any Other...	--	--	--	--	--	--	--	--	--
<b>Sub-Total (A)(2)</b>	--	--	--	--	--	--	--	--	--
<b>Total Shareholding of Promoters(A)=(A1)+(A2)</b>	--	23976000	23976000	99.90	--	23976000	23976000	99.90	Nil
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
- Mutual Funds	--	--	--	--	--	--	--	--	--
- Central Government	--	--	--	--	--	--	--	--	--
- State Government(s)	--	--	--	--	--	--	--	--	--
- Venture Capital Funds	--	--	--	--	--	--	--	--	--
- Insurance Companies	--	--	--	--	--	--	--	--	--
- FIIs	--	--	--	--	--	--	--	--	--
- Foreign Venture	--	--	--	--	--	--	--	--	--
- Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(1)</b>	--	--	--	--	--	--	--	--	--
<b>2. Non-Institutions</b>									
- Bodies Corp.	--	--	--	--	--	--	--	--	--
- Indian Overseas	--	--	--	--	--	--	--	--	--
- Individuals	--	--	--	--	--	--	--	--	--
- i) Individual shareholders holding nominal share capital upto Rs.1 Lakh	--	--	--	--	--	--	--	--	--
- ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	--	24000	24000	0.10	--	24000	24000	0.10	--
- Others (Specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(2)</b>	--	24000	24000	0.10	--	24000	24000	0.10	--
<b>Total Public Shareholding (B)= (B)(1) + (B)(2)</b>	--	24000	24000	0.10	--	24000	24000	0.10	--
<b>C. Share held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	--	24000000	24000000	100.00	--	24000000	24000000	100.00	Nil

## ii) Shareholding of Promoters / Promoters Group

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change During the Year
		No. of Shares	% of Shares of the Company	% of Shares pledged / encumbered total shares	No. of Shares	% of Shares of the Company	% of Shares pledged/encumbered total shares	
1	Karuturi Satyanarayana Murthy	96,00,000	40.00	Nil	96,00,000	40.00	Nil	Nil
2	Karuturi Padmavathi	47,04,000	19.60	Nil	47,04,000	19.60	Nil	Nil
3	Karuturi Subrahmanya Chowdary	96,00,000	40.00	Nil	96,00,000	40.00	Nil	Nil
4	S Anitha Devi	24,000	0.10	Nil	24,000	0.10	Nil	Nil
5	Karuturi Neelima Devi	24,000	0.10	Nil	24,000	0.10	Nil	Nil
6	V Hanumantha Rao	24,000	0.10	Nil	24,000	0.10	Nil	Nil
	<b>Total</b>	23976000	99.90	Nil	23976000	99.90	Nil	Nil

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	<b>NO CHANGES DURING THE YEAR</b>			
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer/bonus/sweat equity etc);				
3	At the End of the year				

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change During the Year
		No. of Shares	% of Shares of the Company	% of Shares pledged/encumbered total shares	No. of Shares	% of Shares of the Company	% of Shares pledged/encumbered total shares	
1	S Ravi Kanth	24,000	0.10	Nil	24,000	0.10	Nil	Nil
	<b>Total</b>	24,000	0.10	Nil	24,000	0.10	Nil	Nil

*(v) Shareholding of Directors and Key Managerial Personnel:*

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of	No. of company shares	% of total shares of company
1.	<b>Karuturi Satyanarayana Murthy</b>				
	At the beginning of the year	96,00,000	40.00	96,00,000	40.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease	0	0	0	0
	At the End of the year	96,00,000	40.00	96,00,000	40.00
2.	<b>Karuturi Subrahmanya Chowdary</b>				
	At the beginning of the year	96,00,000	40.00	96,00,000	40.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease	0	0	0	0
	At the End of the year	96,00,000	40.00	96,00,000	40.00
3.	<b>Karuturi Neelima Devi</b>				
	At the beginning of the year	24,000	0.10	24,000	0.10
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease	0	0	0	0
	At the End of the year	24,000	0.10	24,000	0.10
4.	<b>Datla Chandrasekhar Raju</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease	0	0	0	0
	At the End of the year	0	0	0	0
5.	<b>Mantena Lakshminpathi Raju</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease	0	0	0	0
	At the End of the year	0	0	0	0
6.	<b>Datla Venkata Subba Raju</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease	0	0	0	0
	At the End of the year	0	0	0	0
7.	<b>Karuturi Padmavathi*</b>				
	At the beginning of the year	47,04,000	19.60	47,04,000	19.60

	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease				
	At the End of the year	47,04,000	19.60	47,04,000	19.60
8.	<b>Ch Vijaya kumar</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease	0	0	0	0
	At the End of the year	0	0	0	0
9	<b>S Sarojini</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease	0	0	0	0
	At the End of the year	0	0	0	0

\*Resigned as director of the company w.e.f 27.01.2017

#### V. INDEBTEDNESS

(Indebtedness of the company including Interest outstanding/accrued but not due for payment)  
(Amount in Rs in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	7523.84	397.76	0	7921.6
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>7523.84</b>	<b>397.76</b>	<b>0</b>	<b>7921.6</b>
<b>Change in Indebtedness during the financial year</b>				
*Addition	101653.4	0	0	101653.4
*Reduction	98503.76	57.76	0	98561.52
Net Change	3149.64	57.76		3207.4
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	10673.48	340	0	11013.48
ii) Interest due but not paid	71.61	0	0	71.61
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>10745.09</b>	<b>340</b>	<b>0</b>	<b>11085.09</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**
*(Rs in Lakhs)*

Sl. No.	Particulars of Remuneration	K Subrahmanya Chowdary - Whole Time Director	K Satyanarayana Murthy - Managing Director	*KPadmavathi Whole Time Director	K Neelima Devi - Whole Time Director	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	175.10	175.10	76.63	64.77	491.60
2.	Stock Option	--	--	--	---	-
3.	Sweat Equity	--	--	--	--	-
4.	Commission - as % of profit - others, specify...	--	--	--	--	--
5.	Others, please specify	--	---	--	---	-
	<b>Total (A)</b>	175.10	175.10	76.63	64.77	491.60
	<b>Ceiling as per the Act**</b>					-

*\*Resigned as director w.e.f 27.01.2017*
*\*\* Fixed remuneration as per Part II of Schedule V of the Companies Act 2013*
**B. Remuneration to other directors:**
*(Rs in Lakhs)*

S. No	Particulars of Remuneration	D Chandrasekhar Raju	D V Subba Raju	M Lakshmipathi Raju	Total Amount Rs
1	<b>Independent Directors</b>		--		-
	Fee for attending board committee meetings	0.75	0.75	0.70	2.20
	Commission	--			
	Others, please specify		--		
	<b>Total (1)</b>		-		
2	<b>Other Non-Executive Directors</b>		-		-
	Fee for attending board committee meetings				-
	Commission				-
	Others, please specify				-
	<b>Total (2)</b>				-
	<b>Total (B)=(1+2)</b>	0.75	0.75	0.70	2.20
	<b>Total Managerial Remuneration(A+B)</b>				493.80
	<b>Overall Ceiling as per the Act*</b>			-	-

*\* Fixed remuneration as per Part II of Schedule V of the Companies Act 2013*

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**  
(Rs in Lakhs)

S.No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary	1.20	1.49	2.69
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
5	Others, please specify	-	-	-
	<b>TOTAL</b>	1.20	1.49	2.69

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** (Rs in Lakhs)

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

For and by order of the Board of Directors

Place: Panasapadu, Kakinada  
Date: 05.06.2017

Sd/-  
K Subrahmanya Chowdary  
Whole Time Director  
DIN 03619259

Sd/-  
K Satyanarayana Murthy  
Managing Director  
DIN 05107525

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2017**  
*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of  
the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
Apex Frozen Foods Limited,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Apex Frozen Foods Limited. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the M/s. Apex Frozen Foods Limited, (CIN U15490AP2012PLC080067) books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We noticed that the company has filed the Draft Red hearing Prospectus with the Securities and exchange Board of India for fresh issue of Rs. 72,50,000 equity shares of Rs. 10/- each and offer for sale of Rs. 14,50,000 Equity shares from the promoters of the company and intended to list its Equity shares at Bombay stock Exchange Limited and National Stock Exchange Limited.

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by M/s. Apex Frozen Foods Limited for the financial year ended on 31<sup>st</sup> March 2017, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder- **Not applicable as the company is an unlisted public company:**

- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- **Not applicable as there is no foreign investment in the company, the company has not made Foreign Direct Investment and not availed External Commercial Borrowings**
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **not applicable as the company is an unlisted public company;**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **not applicable as the company is an unlisted public company;**
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- **not applicable as the company is an unlisted public company;**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **not applicable as the company is an unlisted public company;**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **not applicable as the company is an unlisted public company;**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **not applicable as the company is an unlisted public company;**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **not applicable as the company is an unlisted public company;**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **not applicable as the company is an unlisted public company;**
- VI. The Company has identified the following laws specifically applicable to the Company:
- a) Marine Products Export Development Authority Act, 1972 and rules made thereunder;



- b) Coastal Aquaculture Authority Act, 2005 and rules made thereunder;
- c) Water (Prevention & Control of Pollution) Act 1974 and rules thereunder;
- d) Air (Prevention & Control of Pollution) Act 1981 and rules thereunder;
- e) The Water (Prevention and Control of Pollution) Cess Act, 1974("Water Cess Act");
- f) The Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2008,
- g) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- h) Food Safety and Standards Act, 2006;
- i) Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- j) Employees' State Insurance Act, 1948;
- k) Payment of Bonus Act, 1965;
- l) Payment of Gratuity Act, 1972;
- m) Andhra Pradesh Labour Welfare Fund Act, 1987;
- n) The Legal Metrology (Packaged Commodities) Rules, 2011;
- o) Foreign Trade Policy 2015-20 to the extent of applicable provisions;
- p) The Factories Act, 1948;

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India., with respect to Board and General Meetings.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observation :

1. *"Company has appointed the company secretary w. e.f 1<sup>st</sup> August 2016. There is violation of Section 203 of companies Act 2013 from 1<sup>st</sup> April 2016 to 31<sup>st</sup> July 2016."*

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance. And a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the Board Meetings and Committee Meetings, the decisions of the Board and Committee as the case may be were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

- The Company has converted from Private limited company to Public Limited Company w.e.f. 29.11.2016 and approval has obtained from members by way of special resolution at Extra Ordinary Meeting held on 11.11.2016.
- At Extra Ordinary General Meeting held on 10.03.2017, approval of the members has obtained by way of special resolution for issue & allotment of Equity shares through an Initial Public Offer comprising a fresh issue of 72.50 lakhs Equity shares and on offer for sale (OFS) of up to 14.50 lakhs Equity shares.
- At Board meeting held on 30.03.2017, Draft Red Herring Prospectus was approved and Company has filed Draft Red Herring Prospectus with SEBI on 31.03.2017.

Place: Hyderabad  
Date: 05.06.2017

for A. S. Ramkumar & Associates  
Company Secretaries

Sd/-  
A. S. Ramkumar  
Partner  
FCS 8149, CP.9228

**This Report is to be read with our letter of even date which is annexed as Annexure -A and forms an integral part of this Report**

**Annexure A**

To,  
The Members,  
Apex Frozen Foods Limited.

Our Report of Even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date: 05.06.2017

for A. S. Ramkumar & Associates  
Company Secretaries

Sd/-  
A. S. Ramkumar  
Partner  
FCS 8149, CP.9228

## ANNEXURE - III

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

The CSR is being reported from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

**A. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and projects or programs.**

Apex Frozen Foods Limited (AFFL) CSR policy is aimed at demonstrating care for the community through its focus on education & skill development, health & wellness and environmental sustainability including biodiversity, energy & water conservation.

The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013.

**Resources:**

2% of the average net profits of the Company made during the three immediately preceding financial years; any income arising there from; Surplus arising out of CSR activities.

**Areas Identified for CSR activities:**

The areas where the Company intends to focus its CSR activity are listed below. This is not an exclusive list and the Company may include other activities, based on the areas identified and felt need for improvement by the CSR Committee-

- Eradicating hunger, poverty and malnutrition
- Promoting Health care including Preventive Health care
- Ensuring environmental sustainability and ecological balance
- Employment and livelihood enhancing vocational skills and projects
- Promotion of education especially among children, women, elderly
- Promoting gender equality and empowering women
- Rural Development Projects
- Education & skill development, health & wellness and environmental sustainability including biodiversity, energy & water conservation.

AFFL will engage in the above activities independently or in such manner that it will

complement the work being done by local authorities wherever necessary in such a manner, that the work executed by AFFL will offer a multi fold benefit to the community.

**B. Composition of the CSR Committee:**

- Mrs. K. Neelima Devi - Chairman
- Mr. K. Satyanarayana Murthy - Member
- Mr. D. Venkata Subba Raju - Member

**C. Average net profit of the Company for last three financial years:**

Average net profit: Rs. 2,602.96 Lakhs

**D. Prescribed CSR Expenditure (two percent of the amount as in item C above):**

The Company is required to spend Rs. 52.06 lakhs towards CSR.

**E. Details of CSR spent for the financial year:**

a. Total amount spent for the financial year 2016-17: nil

b. Amount unspent pertaining to F.Y.2016-17: Rs. 52.06 (provision created). Your company is in the process of identifying suitable areas for spending expenditure pertaining to corporate social responsibility.

**F. Responsibility statement of the CSR Committee:**

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives.

Sd/-  
K Neelima devi  
Whole Time Director &  
Chairman of CSR Committee  
DIN 06765515

Sd/-  
K Satyanarayana Murthy  
Managing Director  
DIN 05107525

Place: Panasapadu, Kakinada

Date: 05.06.2017

## Independent Auditor's Report

To

The Members

APEX FROZEN FOODS LIMITED,  
PANASAPADU

### Report on the Financial Statements

We have audited the accompanying financial statements of **APEX FROZEN FOODS LIMITED** (*"the Company"*) which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (*"the Act"*) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its Profit and its Cash Flow for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - 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. The Company has provided requisite disclosures in its financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December. Based on our audit procedure and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For and on behalf of  
BODA RAMAM & CO.,  
Chartered Accountants  
Firm's Regn. Number: 005383S

Sd/-  
(CA. BODA ANAND KUMAR)  
Partner  
Membership Number: 029123

Place: Kakinada  
Date: 05.06.2017



## “Annexure A” to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company. However it is observed that the title deeds of the factory land at Panasapadu, East Godavari, Andhra Pradesh are in the name of the Partnership Firm M/s. Apex Exports which is an erstwhile firm converted as company under part IX of the Companies Act, 1956.
- ii. (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2016 with regard to the deposits accepted from the public are not applicable.

- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.
  - b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute..
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi. Provisions of Section 197 of Companies Act, 2013 relating to managerial remuneration and restriction thereof are applicable to this company and the same were duly complied.
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii. In our opinion, all transactions with the related parties are in compliance with section 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards and provisions of section 177 of Companies Act, 2013 are not applicable to this company.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or

private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them as contemplated under provisions of S.192 of Companies Act, 2013 and hence the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of  
BODA RAMAM & CO.,  
Chartered Accountants  
Firm's Reg. Number: 005383S

Sd/-  
(CA. BODA ANAND KUMAR)  
Partner  
Membership Number :029123

Place: Kakinada  
Date: 05.06.2017

## **“Annexure B” to the Independent Auditor's Report of even date on the Financial Statements of APEX FROZEN FOODS LIMITED**

### **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 **APEX FROZEN FOODS LIMITED** (“the Company”) as of March 31, 2017 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. 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 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 Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on 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 and on behalf of  
BODA RAMAM & CO.,  
Chartered Accountants  
Firm's Reg. Number: 005383S

Sd/-  
(CA.BODA ANAND KUMAR)  
Partner  
Membership Number: 029123

Place: Kakinada  
Date: 05.06.2017

**Apex Frozen Foods Limited**  
**Balance Sheet as at 31<sup>st</sup> March, 2017**

(Rs. in Lakhs)

Particulars	Note No.		As at 31.03.2017		As at 31.03.2016
<b>I. Equity and Laibilities</b>					
<b>1. Share Holders Funds</b>					
(a) Share Capital	1	2,400.00		2,400.00	
(b) Reserves & Surplus	2	7,094.38	9,494.38	4,942.76	7,342.76
<b>2. Non-Current Liabilities</b>					
(a) Long-term borrowings	3	2,095.34		1,189.15	
(b) Deferred tax liability		156.44	2,251.78	109.03	1,298.18
<b>3. Current Liabilities</b>					
(a) Short-term borrowings	4	8,474.47		6,418.36	
(b) Trade Payables	5	3,088.99		1,613.55	
(c) Other Current liabilities	6	443.67		314.09	
(d) Short-term Provisions	7	1,990.46	13,997.59	891.93	9,237.93
<b>TOTAL</b>			<b>25,743.75</b>		<b>17,878.87</b>
<b>II. Assets</b>					
<b>1. Non-Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	8	8,287.16		5,518.23	
(ii) Capital work-in-progress		77.57		799.74	
(b) Other non-current assets	9	207.72	8,572.45	4.96	6,322.93
<b>2. Current Assets</b>					
(a) Inventories	10	6,382.46		5,958.69	
(b) Trade receivables	11	8,281.26		4,146.22	
(c) Cash & Cash equivalents	12	456.43		183.05	
(d) Short-term loans & advances	13	2,051.16	17,171.30	1,267.98	11,555.94
<b>TOTAL</b>			<b>25,743.75</b>		<b>17,878.87</b>
Notes on Accounts	22-28				
Significant accounting Policies	29				

The Notes referred to above, forms and integral part of these financial Statements

As per our report of even date

For and on behalf of the Board of directors

For BODA RAMAM & CO.,

Chartered Accountants

Firm Registration No. 005383S

Sd/-

Sd/-

Sd/-

(CA. BODA ANAND KUMAR)

K. S. Chowdary

K. Satyanarayana Murthy

Partner

Executive Director

Chairman & Managing Director

Membership No. 029123

DIN : 03619259

DIN : 05107525

Sd/-

Sd/-

Place : Kakinada.

S. Sarojini

Ch. Vijaya Kumar

Date : 05.06.2017

Company Secretary

Chief Financial Officer

**Apex Frozen Foods Limited**  
**Statement of Profit and Loss for the Year ended 31<sup>st</sup> March, 2017**

(Rs. in Lakhs)

Particulars	Note No.	Current Year 31.03.2017	Previous Year 31.03.2016
<b><u>INCOME</u></b>			
Revenue from Operations	14	69,911.50	60,352.68
Other income	15	1,056.52	473.90
	<b>TOTAL</b>	<b>70,968.02</b>	<b>60,826.57</b>
<b><u>EXPENDITURE</u></b>			
Raw material	16	53,593.64	46,032.38
Stores & Spares		1,750.24	1,641.80
Changes in inventories	17	(423.77)	(928.76)
Manufacturing expenses	18	5,132.75	4,055.38
Salaries & Benefits to employees	19	2,491.99	2,349.00
Administration & Selling expenses	20	2,836.21	3,144.47
Financial expenses	21	1,122.02	1,041.17
Depreciation & Amortisation expenses	8	627.17	492.69
	<b>TOTAL</b>	<b>67,130.23</b>	<b>57,828.13</b>
<b>Profit before Exceptional and Extraordinary Items</b>			
Profit Before Tax		3,837.79	2,998.44
Less: Provison for Taxation Current Year		3,837.79	2,998.44
<b>Net Profit</b>		<b>2,539.95</b>	<b>1,981.81</b>
Add: Deferred Tax Asset / Liability		(47.41)	(24.03)
Less: Prior Period Expenses		-	21.06
Less : CSR expenses		52.06	41.80
<b>Net Profit after Deferred tax</b>		<b>2440.48</b>	<b>1894.92</b>
Notes on Account	22-28		
Significant accounting Policies	29		
<b>Computation of Earning per Share</b>			
(a) Net Profit for the Year		2,440.48	1,894.92
(b) Number of Shares outstanding during the year		24000000	24000000
(c) Weighted average No. of Equity Shares		24000000	24000000
(d) Earning per share (Rs.)		10.17	7.90
(e) Nominal Value of Share (Rs.)		10.00	10.00

The Notes referred to above, forms and integral part of these financial Statements

As per our report of even date

For and on behalf of the Board of directors

For BODA RAMAM & CO.,

Chartered Accountants

Firm Registration No. 005383S

Sd/-

Sd/-

Sd/-

(CA. BODA ANAND KUMAR)

K. S. Chowdary

K. Satyanarayana Murthy

Partner

Executive Director

Chairman & Managing Director

Membership No. 029123

DIN : 03619259

DIN : 05107525

Sd/-

Sd/-

Place : Kakinada.

S. Sarojini

Ch. Vijaya Kumar

Date : 05.06.2017

Company Secretary

Chief Financial Officer

**APEX FROZEN FOODS LIMITED**  
**Cash flow Statement for the Year ended 31<sup>st</sup> March 2017**

(Rs. in Lakhs)

Particulars	As at 31.03.2017		As at 31.03.2016	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax as per Profit & Loss Statement		3,837.79		2,998.44
<b>Add:</b>				
Depreciation & Amortisation Expenses	627.17		492.69	
Interest Expenses	982.98	1,610.15	956.48	1,449.17
<b>Less:</b>				
CSR Expenses	(52.06)		(41.80)	
Prior period Expenses	-		(21.06)	
Interest Income	(20.37)		(8.89)	
Profit/Loss on Sale of Asset	-	(72.43)	(1.59)	(73.33)
<b>Operating Profit before Working Capital Changes</b>		<b>5,375.52</b>		<b>4,374.28</b>
<b>Add:</b>				
Increase / (Decrease) in Payables	1,475.43		465.28	
Increase / (Decrease) in Other Current Liabilities	129.58		(38.46)	
Increase / (Decrease) in Short Term Provisions	1098.53		119.81	
Decrease / (Increase) in Inventories	(423.77)		(928.76)	
Decrease / (Increase) in Receivables	(4,135.03)		875.02	
Decrease / (Increase) in Short Term Loans & Advances	(783.18)	(2,638.44)	(195.53)	297.36
<b>Cash generated from Operations</b>		<b>2,737.08</b>		<b>4,671.64</b>
Income Tax		1,297.84		1,016.63
<b>Net Cash flow from Operating activities(A)</b>		<b>1,439.24</b>		<b>3,655.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment in Fixed Assets	(2,673.93)		(1,584.26)	
Proceeds on Sale of Asset	0.00		1.59	
Other Non-Current Assets	(202.76)		-	
<b>Net Cash used in Investing activities(B)</b>		<b>(2,876.68)</b>		<b>(1,582.67)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital	-		-	
Proceeds from Short Term Borrowings	2,056.11		-	
Repayment of Long Term Borrowings			-	
Repayment of Short Term Borrowings			(1,352.46)	
Proceeds from Long Term Borrowings			251.79	



Application of Reserves - Proposed Dividend & Tax thereon	(288.86)		0.00	
Long term Loans and Advances	906.19		-	
Interest Income	20.37		8.89	
Financing Charges	(982.98)		(956.48)	
<b>Net Cash flow from Financing Activities (C)</b>		<b>1710.83</b>		<b>(2,024.22)</b>
<b>Net increase / (Decrease) in cash &amp; Cash Equivalents</b>				
<b>(A+B+C)</b>		<b>273.38</b>		<b>24.06</b>
<b>Opening Balance of Cash and Cash equivalents</b>		<b>183.05</b>		<b>158.99</b>
<b>Closing Balance of Cash and Cash equivalents as at</b> <b>31.03.2017</b>		<b>456.43</b>		<b>183.05</b>

As per our report of even date  
For BODA RAMAM & CO.,  
Chartered Accountants  
Firm Registration No. 005383S

Sd/-  
(CA.BODA ANAND KUMAR)  
Partner  
Membership No. 029123

Place : Kakinada.  
Date : 05.06.2017

For and on behalf of the Board of directors

Sd/-  
K. S. Chowdary  
Executive Director  
DIN : 03619259

Sd/-  
S. Sarojini  
Company Secretary

Sd/-  
K. Satyanarayana Murthy  
Chairman & Managing Director  
DIN : 05107525

Sd/-  
Ch. Vijaya Kumar  
Chief Financial Officer

## Apex Frozen Foods Limited

### NOTES FORMING PART OF FINANCIAL STATEMENTS

The previous period's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. However, the previous year financials are true and fair and are free from material misstatements. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

#### 1. SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Authorized: 3,60,00,000 equity shares of Rs.10 each	3600	2415
	3600	2415
Issued, Subscribed and Paid-up: 2,40,00,000 equity shares of Rs.10 each	2400	2400
	2400	2400

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number	Rs.	Number	Rs.
<i>Shares outstanding at the beginning of the year</i>	2,40,00,000	24,00,00,000	2,40,00,000	24,00,00,000
<i>Add: Issued during the year</i>	0	0	0	0
<i>Shares outstanding at the end of the year</i>	2,40,00,000	24,00,00,000	2,40,00,000	24,00,00,000

Details of Share holders holding more than 5% of the aggregate share in the Company

Name of Shareholder	As at March 31, 2017		As at 31 March, 2016	
	No. of Shares	%Held	No. of Shares	%Held
K.S.Murthy	96,00,000	40.00	96,00,000	40.00
K.Padmavathi	47,04,000	19.60	47,04,000	19.60
K.S.Choudary	96,00,000	40.00	96,00,000	40.00

**2. Reserves & Surplus**
*(Rs. in Lakhs)*

Particulars	As at 31.03.2017		As at 31.03.2016	
	<b>General Reserve</b>			
Opening Balance	1,000.00		1,000.00	
Add: Transfer from profit for the year	-	1,000.00		1,000.00
<b>Surplus</b>				
Opening Balance	3,942.76		2,047.84	
Less :Capitalization of Reserves by issue for Bonus Shares	-		-	
Add : Profit/loss for the year	2440.48		1894.92	
Less: Proposed Dividend	240.00		-	
Less: Tax on Proposed Dividend	48.86		-	
Less: Adjustment pursuant to Schedule - II	-		-	
Less: Transfer to General reserve	-	6094.38	-	3942.75
<b>Total</b>		<b>7094.38</b>		<b>4942.76</b>

**3. LONG TERM BORROWINGS**
*(Rs. in Lakhs)*

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Non- Current	Current Maturities	Non- Current	Current Maturities
(i) Secured Loans				
- Term loan from Banks	595.60	382.42	316.85	242.16
- Vehicle Loans	66.76	61.25	0.00	71.93
Other Long Term Liabilities	1092.98	-	474.54	-
	<b>1755.34</b>	<b>443.67</b>	<b>791.39</b>	<b>314.09</b>
(ii) Unsecured Loans				
Loan from Directors and Shareholders	340.00	-	397.76	-
	<b>340.00</b>	<b>0.00</b>	<b>397.76</b>	<b>0.00</b>
<b>Total</b>	<b>2095.34</b>	<b>443.67</b>	<b>1189.15</b>	<b>314.09</b>

The amounts shown under the column "Current Maturities", above, Rs 443.67 Lakhs pertains to the repayment commitments of the Company during the next 12 months.

**Secured Loans**
**Term Loans from Bank:**

As at the period end the company has a total secured term borrowings of **Rs. 978.02 Lakhs** from Bank of India and HDFC bank excluding vehicle loans. The same have been classified under non-current liabilities (Rs.595.60 Lakhs) and current liabilities (Rs.382.42 Lakhs).

### Primary Securities

Term Loan-I from Bank of India, Kakinada Branch has an outstanding balance of Rs. 171.45 lakhs as on 31<sup>st</sup> March, 2017, which is secured by way of first charge on Company's Land, Building and Plant & machineries.

Term Loan- II from Bank of India, Kakinada Branch has an outstanding balance of Rs. 62.44 lakhs as on 31<sup>st</sup> March, 2017 which is secured by way of first charge on Company's Land, Building and Plant & machineries.

Term Loan -III from Bank of India, Kakinada Branch Rs. 150.51 is outstanding as on 31<sup>st</sup> March, 2017, which is secured by way of first charge on Machinery of Company.

Term Loan- IV from HDFC bank , Kakinada Branch Rs. 593.62 is outstanding as on 31<sup>st</sup> March, 2017, which is secured by Property situated near D.No. 2-56, R.S.No. 389/1, Korangi Village, Tallarevu Mandal comprising of Land, Building, and Plant & Machinery.

### Hire Purchase Loans:

The Company has availed purchase loans for Vehicles from Banks and financial institutions with a tenor of 36 Instalments. As on 31.03.2017, the Company has total such Loans of Rs. 128 Lakhs of which Rs. 61.25 Lakhs have been classified under current liabilities and Rs. 66.75 Lakhs have been classified under Non-current liabilities.

### Other Long term Liabilities

Other long term liabilities includes loan from Life Insurance Corporation of India.

### DEFERRED TAX LIABILITY (NET)

The cumulative deferred tax liability as on 31<sup>st</sup> March, 2017 stands at Rs.156.44 Lakhs, including the current year provision of Rs.47.41 Lakhs (*Deferred tax Liability*).

## 4. SHORT TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Secured Loans		
- Working Capital Loan from Bank of India	6488.34	6418.36
- Working Capital Loan from HDFC	1986.13	-
<b>Total</b>	<b>8474.47</b>	<b>6418.36</b>

The company has been availing its working capital requirements from Bank of India and HDFC Bank. Working Capital limits utilised as at the year end are as per the above table, while the total working capital limits sanctioned by the bank are in the table given below.

*(Rs. in Lakhs)*

Bank	Nature of Borrowing	Limits as at	
		31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Bank of India	EPC	3000	3000
Bank of India	SWC	1500	1500
Bank of India	FBP	2500	4500
HDFC	PCFC	2000	-
<b>Total</b>		<b>9000</b>	<b>9000</b>

EPC - Export Packing Credit

SWC- Stand by Working Capital

FBP - Foreign Bill Purchase

PCFC - Packing Credit Foreign Currency

PCFC limit @ 50% of the EPC limits and SWC Limit i.e., at Rs. 2250 Lakhs rate of interest at 250 basis points over LIBOR.

Working Capital facilities from the Banks are secured by hypothecation by way of first charge on the following assets of the company:

#### **Primary Security**

Exclusive charge on Current assets of the Company by way of hypothecation of stocks of shrimps which inter-alia include stocks of raw material, work in process, finished goods.

#### **Collateral Securities:**

Equitable mortgage of residential Land & Building owned by Mr. K.S. Murthy, Managing Director of the company situated at D.No.2.23.14/1, Ward no.2, Block No.2, Sarada Street, Srinagar, Kakinada.

Equitable mortgage of residential Land and building owned by Mr. K.S. Murthy, Managing Director of the company extent of 477.20 sq.yards situated at D.No.7-30, Seetharamapuram Sivaru, Tallarevu Mandal, East Godavari District.

Equitable mortgage of Agricultural Land owned by Mrs. K.Padmavathi, Share Holder of the Company extent of 12 acres situated at Survey No.273, 274 & 275, S.Yanam Village, Uppalaguptham Mandal, East Godavari District.

Factory land and building and plant and machinery situated at Survey No.214, 271/5 and 271/4, Panasapadu village, Achampeta Panchayat, Samalkota Mandal, East Godavari District are shown as principal security for the Term loans have been obtained as collateral security for the working capital limit.

#### **Guarantees:**

1. Mr. K.S. Murthy
2. Mr. K.S. Choudary
3. Mrs. K. Padmavathi

**5. TRADE PAYABLES***(Rs. in Lakhs)*

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Creditors for Raw material	2189.24	784.05
Creditors for packing material	162.88	177.79
Creditors for Expenses	736.87	651.71
<b>Total</b>	<b>3088.99</b>	<b>1613.55</b>

Creditor balances are subject to confirmation and Reconciliation.

In the absence of necessary information relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be complied and disclosed.

**6. OTHER CURRENT LIABILITIES***(Rs. in Lakhs)*

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Current maturities of long term debt (Refer Note No.3)	443.67	314.09
Other Liabilities	-	-
<b>Total</b>	<b>443.67</b>	<b>314.09</b>

**7. SHORT TERM PROVISIONS***(Rs. in Lakhs)*

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Provision for Current year Income Tax (Net of Advance tax)	352.84	266.63
Other Provisions	1637.62	625.30
<b>Total</b>	<b>1990.46</b>	<b>891.93</b>

Short term provisions include an amount of Rs. 352.84 Lakhs of income tax payable (net off advance tax), managerial remuneration and payments to employee welfare schemes including insurance commitments to the tune of Rs. 367.73 Lakhs

**8. FIXED ASSETS**

Particulars	(Rs. in Lakhs)									
	Gross block			Depreciation			Net block			
	Balance as at 01.04.2016	Additions during the year	Balance as at 31.03.2017	Balance as at 01.04.2016	SLM for the period	Deletions during the year	Balance as at 31.03.2017	Balance as at 01.04.2016	Balance as at 31.03.2017	
Land	1331.95	924.06	2256.01	0.00	0.00	0.00	0.00	1331.95	2256.01	
Factory Buildings	397.78	726.34	1124.11	55.11	27.71	0.00	82.82	342.67	1041.30	
Building Other than Factory Building	120.58	159.29	279.87	7.53	2.67	0.00	10.20	113.05	269.68	
Plant & Machinery	3369.63	1195.48	4565.11	741.27	390.03	0.00	1131.30	2628.36	3433.80	
Computers	12.55	1.66	14.22	5.92	3.34	0.00	9.26	6.63	4.96	
Furniture & Fixtures	576.75	144.51	721.26	101.83	57.95	0.00	159.77	474.93	561.49	
Vehicles	949.52	244.84	1194.28	328.88	145.48	0.00	474.36	620.64	719.93	
CWIP	799.74	77.57	77.57	0.00	0.00	0.00	0.00	799.74	77.57	
<b>TOTAL</b>	<b>7558.51</b>	<b>3473.75</b>	<b>10232.44</b>	<b>1240.53</b>	<b>627.17</b>	<b>0.00</b>	<b>1867.70</b>	<b>6317.97</b>	<b>8364.73</b>	

In the opinion of the management there are no assets of the company carried in the financial statements whose value in use stands diminished vis-a-vis their carrying cost, and hence no provision or charge off is considered necessary.

**9. NON-CURRENT ASSETS***(Rs. in Lakhs)*

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
TDS receivable	2.76	4.96
Advances for capital Goods	96.76	-
Advances for IPO	108.20	-
<b>Total</b>	<b>207.72</b>	<b>4.96</b>

**10. INVENTORIES***(Rs. in Lakhs)*

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Raw Materials	-	-
Finished Goods	3613.83	4812.96
Work in Process -Shrimp Farming & Hatchery	2591.40	988.14
Stores & Spares	177.23	157.59
<b>Total</b>	<b>6382.46</b>	<b>5958.69</b>

Inventory quantities & values as at the balance sheet date are as certified by the management. Shrimp Farming work-in-progress includes the amount spent on the un-harvested Crops at the period end.

**11. TRADE RECEIVABLES***(Rs. in Lakhs)*

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Export Receivables Over Six Months Considered Good	-	-
Export receivables less than six months	7378.26	3613.88
<b>Total Export Debtors</b>	<b>7378.26</b>	<b>3613.88</b>
Hatchery & other Debtors	190.37	18.03
Duty Drawback receivable	712.63	514.31
<b>Total</b>	<b>8281.26</b>	<b>4146.22</b>

Sundry debtors are subject to confirmation and reconciliation.



**12. CASH AND CASHEQUIVALENTS**
*(Rs. in Lakhs)*

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Cash in hand	49.97	69.71
With Scheduled Banks:		
Current Accounts	58.22	41.54
Margin deposits	348.23	71.80
<b>Total</b>	<b>456.43</b>	<b>183.05</b>

Margin money of Rs.348.23 Lakhs is deposited with Bank of India against security for Non-fund based limits of Rs.750 Lakhs. (Letter of Credit DP/DA - 90 days: Limit of Rs. 150 Lakhs & Stand - by - Letter of Credit: Limit of Rs. 600 lakhs).

**13. SHORT TERM LOANS AND ADVANCES**
*(Rs. in Lakhs)*

Particulars	As at	
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
(Unsecured and Considered Good)		
Advances- Employees	108.14	79.16
Deposits and other Receivables	608.34	138.61
Advances to Farms	768.38	599.10
Advances to Others	566.29	451.11
<b>Total</b>	<b>2051.16</b>	<b>1267.98</b>

Deposits include deposits paid to Electricity department on own and lease hold lands which are refundable / adjustable at the time of termination of the lease as per the Lease Deed.

Advances to Farms Rs.768.38 Lakhs represents amount advanced to various persons in-charge of shrimp farms & Hatcheries.

Advances to Others Rs.566.29 Lakhs represents amount given as advances towards supply of material & services.

**14. REVENUE FROM OPERATIONS**
*(Rs. in Lakhs)*

Particulars	Year ended	Year ended
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Sale of Products	65939.23	57451.29
Export Benefits (Net)	3972.27	2901.38
<b>Total</b>	<b>69,911.50</b>	<b>60,352.68</b>

## Revenue from Operations:

### Sale of Products:

- Export Sales are accounted for as and when Sale Invoices are raised as per RBI reference rate on the date of invoice. The difference if any between negotiation rate and exchange rate of invoice is accounted as foreign exchange difference on receipt of particulars from negotiating bank.
- The company during the year, besides processing and exporting of Shrimp has developed Hatcheries and the sales above include seed sales. Sales also includes sale of scrap arising out of processing of Shrimp.

### Export benefits (net)

#### a. Duty Draw Back:

Company is entitled for Duty Draw Back @ Rs. 32.00 p. per Kg (Previously Rs.28 per Kg.) Or 4% (previously 3.80%) on FOB (whichever is lower) of Exports done. Accordingly, income on account of Duty Draw Back is recognized for Sale Invoices raised up to 31/03/2017 at the applicable rate.

#### b. M.E.I.S:

Company is also entitled for Merchandise Exports from India Scheme (MEIS) from D.G.F.T. As per the scheme, company is eligible for grant of Duty Credit Scrip from D.G.F.T. @ 5% of realizations. The said Scripts are in turn, encashed by way of sale to importers at agreed rate. The company during the year has recognized such income to the extent realized and is disclosed under Export benefits.

## 15. OTHER INCOME

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Profit on Sale of Assets	0.00	1.59
Interest Received	20.37	8.89
Other Income	1036.16	463.42
<b>Total</b>	<b>1056.52</b>	<b>473.90</b>

Other Income includes Foreign Exchange Fluctuation to the tune of Rs1036.16 Lakhs.

## 16. RAW MATERIAL

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Purchases	45,787.88	40,396.19
In house Shrimp Farming & Hatchery expenses	7,805.75	5,636.19
<b>Total</b>	<b>53,593.64</b>	<b>46,032.38</b>

**17. STORES & SPARES**
*(Rs. in Lakhs)*

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Chemicals	273.56	387.86
Consumables	148.07	118.10
Packing material	1328.61	1135.84
<b>Total</b>	<b>1750.24</b>	<b>1641.80</b>

**18. CHANGES IN INVENTORIES**
*(Rs. in Lakhs)*

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
<b>Opening Stock</b>		
Farming and Hatchery Work-in-Progress	988.14	653.47
Finished Goods	4812.96	4246.42
Stores & Spares	157.59	130.04
	<b>5958.69</b>	<b>5029.93</b>
<b>Closing Stock</b>		
Farming and Hatchery Work-in-Progress	2591.40	988.14
Finished Goods	3613.83	4812.96
Stores & Spares	177.23	157.59
	<b>6382.46</b>	<b>5958.69</b>
<b>Increase / Decrease in Stock</b>	<b>(423.77)</b>	<b>(928.76)</b>

Inventories include the finished goods at both the production locations Kakinada and Bapatla and work in progress includes the cost incurred on un-harvested shrimp farms and Hatcheries while stores and spares included chemicals and packing material.

**19. MANUFACTURING EXPENSES**
*(Rs. in Lakhs)*

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Inward Transport Charges	755.18	513.10
Purchase Expenses	81.34	58.04
Electricity Charges	651.26	644.90
Generator Diesel & Maintenance	65.97	19.60
Repairs & Other Maintenance	108.05	57.83

Ice Purchase	127.12	78.19
Wages	1,009.80	707.94
Plant Maintenance	1,051.01	667.40
Machinery Maintenance	66.15	78.28
Freezing & Storage Expenses	40.20	54.43
Uniform Expenses	21.57	14.94
Water Charges	11.69	7.14
Rents	11.55	8.41
Sample Testing Expenses	64.60	32.52
Security Expenses	41.92	25.80
Processing Charges	1,002.37	1,064.62
Lab Maintenance	22.97	22.24
<b>Total</b>	<b>5132.75</b>	<b>4055.38</b>

Processing charges pertains to the amounts incurred on additional production facility at Bapatla which is leased in by the company to cater to its increased production requirements.

## 20. SALARIES & BENEFITS TO EMPLOYEES

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Director's Remuneration	491.60	550.00
Salaries, Wages & Other benefits	1,041.85	728.86
Staff Welfare Expenses	83.00	59.22
Employee and Employer's Insurance Scheme	771.34	929.49
Contribution to funds	104.20	81.43
<b>Total</b>	<b>2491.99</b>	<b>2349.00</b>

### Managerial Remuneration:

Particulars of remuneration paid/payable to Directors

(Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Salary and Allowances	491.60	550.00
<b>Total</b>	<b>491.60</b>	<b>550.00</b>

**21. ADMINISTRATION & SELLING EXPENSES**
*(Rs. in Lakhs)*

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Rates & Taxes	257.84	188.96
Export Expenses (Net)	1,681.95	2240.17
Other Expenses	9.18	21.85
Survey Charges	21.93	18.89
Loading & Unloading Charges	28.31	29.52
Commission	34.16	33.85
Business promotion expenses	50.00	33.06
Vehicle Maintenance	131.71	142.62
Printing & Stationery	24.54	20.36
Computer Maintenance	4.68	3.02
Travelling & Conveyance	68.21	57.79
Consultancy & Certification Fee	104.32	66.96
Statutory & Tax Audit Fee	6.00	6.00
Duty Review Fees	-	15.45
News Papers & Periodicals	0.09	0.11
Telephones	21.30	13.84
Membership & Subscriptions	26.05	11.68
Insurance Premium	365.94	240.33
<b>Total</b>	<b>2836.21</b>	<b>3144.47</b>

## Notes on Accounts

### 22. FINANCIAL CHARGES

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Interest on Term Loans	62.76	71.36
Interest on Working Capital	751.95	820.69
Interest on Others	168.27	64.43
Bank Charges	139.04	84.69
<b>Total</b>	<b>1122.02</b>	<b>1041.17</b>

Interest on others includes interest on vehicle loans of Rs 12.74 Lakhs, Interest on Unsecured Loan (LIC) of Rs 123.26 Lakh.

#### Payments to Auditor:

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Statutory Audit Fees	4.00	4.00
Tax Audit & Related Matters	2.00	2.00
<b>Total</b>	<b>6.00</b>	<b>6.00</b>

### 23. PRIOR PERIOD ADJUSTMENTS - EXTRAORDINARY ITEM

#### **Corporate Social Responsibility:**

During the year company has provided an amount of Rs. 52.06 Lakhs as CSR as per the requirements of Section 135 of the Companies Act, 2013. The said amount is yet to be spent. A detail of unspent amount which includes earlier years is reported as under:

(Rs. in Lakhs)

Year	Amount Provided	Total Amount Spent	Amount Unspent
2016-17	52.06	-	52.06
2015-16	41.80	26.50	15.30

### 24. CONTINGENT LIABILITIES

#### **Bank guarantees:**

The Company has provided bank guarantees to the tune of Rs. 5 Lakhs to AP Pollution Control Board.

**Standby Letter of Credit:** Rs 693.77 Lakhs

**Letter of Credit:** Rs 56.61 Lakhs

**Export Obligations:**

Export obligation on FOB value of sales amounting to INR 5.89 Crores under E.P.C.G. scheme is yet to be fulfilled by 31.03.2017.

**25. Additional information pursuant to the provisions of paragraph Viii (a), Viii (b) & Viii (e) of Part II of Schedule III to the Companies Act, 2013.**
**CIF Value of Imports**
*(Rs. in Lakhs)*

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Raw Materials	0.00	0.00
Capital Goods & Maintenance Spares	259.30	616.52
<b>Total</b>	<b>259.30</b>	<b>616.52</b>

**Earnings in Foreign Currency (on accrual basis)**
*(Rs. in Lakhs)*

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
FOB Value of Exports	63280.42	53588.06

**Expenditure in Foreign Currency**
*( USD In Lakhs )*

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Administration and Selling Expenses	34.14	30.16
Stores and Spares Consumed	4.09	0.50
Financial Expenses	0.14	NIL
Exhibition & Others	NIL	NIL
Dividend to Non Resident Share Holders (No. of Shares)	NIL	NIL

**26. Earnings per Share**
*(Rs. in Lakhs)*

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Profit available for equity share holders	2440.48	1894.92
Weighted Average number of equity shares outstanding for BEPS	240	240
Weighted Average number of potential equity shares, warrants and ESOP's outstanding	NIL	NIL
Weighted Average number of equity shares for DEPS	240	240
Earning per share*		
Basic	10.17	7.90
Diluted	10.17	7.90

## 27. Related Party Disclosures

### Related Parties and Nature of Relationship :

NIL

NIL

### Key Management Personnel :

K. Satyanarayana Murthy Chairman &amp; Managing Director

K.Subrahmanya Chowdary Executive Director

Smt. K.Neelima Devi Director.

### Related Party transactions

*(Rs. in Lakhs)*

Name of the Party	Relationship	Nature of Transaction	Current Year 31.03.2017	Previous Year 31.03.2016
1. K.S. Murthy	KMP	Total Remuneration	175.10	200
		Un-secured Loan Payable	190.00	0.00
2. K.S. Chowdary	KMP	Total Remuneration	175.10	200
		Un-secured Loan Payable	140.00	140.00
3. K. Padmavathi	Relative of KMP	Total Remuneration	76.63	100
		Un-secured Loan Payable	0.00	190.00
4.K Neelima Devi	KMP	Total Remuneration	64.77	150
		Un-secured Loan Payable	10.00	50.00
5.Ch. Vijaya Kumar	CFO	Remuneration	1.49	-
6. S. Sarojini	Company Secretary	Remuneration	1.20	-

## 28. Disclosure on Specified Bank Notes (SBNs)

Information as required in the MCA notification G.S.R. 308 (E) dated 31st March, 2017, on the details of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016, is furnished as under:

*(Rs. in INR)*

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	21,73,500	55,06,956	76,80,456
(+) Permitted Receipts	-	15,20,000	15,20,000
(-) Permitted Payments	3,75,000	30,38,260	34,13,260
(-) Amount Deposited in Banks	17,98,500	-	17,98,500
Closing Cash in hand as on 30.12.2016	-	39,88,696	39,88,696

Note: The amount shown as permitted receipts are those withdrawn from bank during the period.



## 29. SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

Company is engaged in the business of Export of Frozen Shrimp, Shrimp Farming Activity and Hatchery.

### Method of Accounting

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies are consistent with those used in the previous year.

The company generally recognizes income and expenditure on an accrual basis except those with significant uncertainties.

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Examples of such estimates include provisions for doubtful receivables, employee benefits, provision for income taxes, the useful lives of depreciable fixed assets and provisions for impairment. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known / materialized.

### Fixed Assets:

Fixed Assets are stated at original cost including taxes, freight and other incidental expenses related to acquisition/installation and after adjustment of CENVAT benefits in accordance with Accounting Standards 10 and 26 issued by ICAI. Interest/financing costs on borrowed funds attributable to assets are treated in accordance with Accounting Standard 16 issued by the Institute of Chartered Accountants of India (ICAI).

### Depreciation

Depreciation of Fixed Assets is provided on Straight line method over the useful life of the assets as prescribed under part C of Schedule II of the Companies Act, 2013 for the financial year.

### Impairment of Assets

The company periodically tests its assets for impairment and if the carrying values are found in excess of value in use, the same is charged to profit and loss account as per AS 28. The impaired loss charged to profit and loss account will be reversed in the year on the event and to that extent of enhancement in estimate of value in use. There is no impairment loss or gain during the current financial year.

### Inventories

Finished goods are valued at lower of cost or net realizable value and Work-in-progress is valued at Cost. Stores and Spares are valued at Cost.

### **Interest and Financial Charges**

Documentation, Commitment and Service Charges other than for term loans are spread over the tenure of the finance facility.

Interest on Hire Purchase finance is charged to Profit and Loss Account as per AS 19 'leases' issued by ICAI.

### **Revenue Recognition**

Income from Sale is recognized upon transfer of significant risks and rewards of ownership of goods to the customer which generally co-insides with raising of invoices and shipping bills.

Interest Income is recognized on accrual basis.

Turnover includes Sale proceeds from frozen shrimp, seed sale & Wastage sales. Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate of interest applicable.

**Other Income:** Other Income is in the nature of Export incentives namely, Duty Drawback is recognized on Accrual basis. To ensure prudential accounting, MEIS recognized on receipt basis.

### **Foreign Currency Transactions:**

1. **Initial Recognition:-** Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions.

2. **Conversion:-** Foreign monetary items outstanding are reported using the closing rate

3. **Exchange Differences:-** Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of Profit and Loss.

### **Taxes on Income**

Provision for current tax is made in accordance with the provisions of the Income-tax Act, 1961. Deferred tax provisioning on account of timing difference between taxable & accounting income, is made in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

### **Borrowing Costs**

Borrowing Cost directly attributable to the acquisition, construction or production of qualifying asset is capitalized till the month in which asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

### **Employee Benefits**

#### **Gratuity:**

Gratuity is provided for the year as per the valuation suggested by Life Insurance Corporation of India.

**Provident Fund:** Expenditure pertaining to contributory provident fund account is charged to Profit and Loss Account.

### **Provisions and contingencies :**

A Provision is recognized when an enterprise has a present obligation as a result of the past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not

recognized, however contingent liabilities are disclosed in the notes on accounts.

**Earnings per Share :**

The Basic earnings per share (“BEPS”) is calculated by dividing the net profit or loss after taxes for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The diluted Earnings per share (“DEPS”) is calculated after the weighted average number of Equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**Cash and Cash Equivalents :**

Cash and Cash equivalents for the purposes of cash flow statement comprise cash in hand, at Bank and margin deposits with Banks.

**Leases :**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the Lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss.

**Bad-Debts :**

Bad-Debts are written off to Profit and Loss account as and when the debt is determined as un-realizable as per opinion of the Management.

**Cash flow Statement :**

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 – Cash flow statement. Cash and Cash equivalents for cash flow statement comprises cash at Bank and in hand bank deposits.

As per our report of even date  
For BODA RAMAM & CO.,  
Chartered Accountants  
Firm Registration No. 005383S

Sd/-  
(CA.BODA ANAND KUMAR)  
Partner  
Membership No. 029123

Place : Kakinada  
Date : 05.06.2017

For and on behalf of the Board of directors

Sd/-	Sd/-	Sd/-
K. S. Chowdary	K. Satyanarayana Murthy	
Executive Director	Chairman & Managing Director	
DIN : 03619259	DIN : 05107525	
Sd/-	Sd/-	
S. Sarojini	Ch. Vijaya Kumar	
Company Secretary	Chief Financial Officer	