



# 8<sup>TH</sup> ANNUAL REPORT 2019-20





# Index

1. Company Overview	04
2. The Chairman's Message	12
3. Corporate Information	14
4. Directors' Report	16
5. MGT-9	24
6. Report on Corporate Governance	36
7. Secretarial Audit Report	54
8. Annual Report on CSR Activities	57
9. Management Discussion and Analysis Report	62
10. Business Responsibility Report	68
11. Independent Auditor's Report	77
12. Balance Sheet	84
13. Statement of Profit and Loss	86
14. Cash Flow Statement	90
15. Notes to Financial Statements & Schedules	92
16. Notice	114



## Company Overview



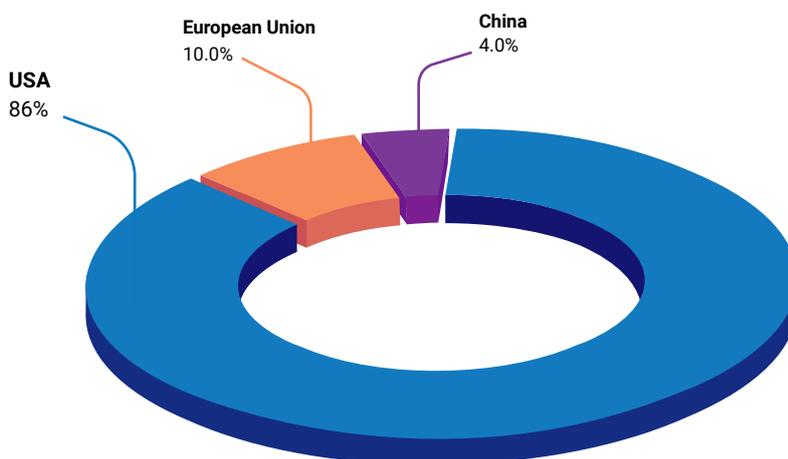
Apex Frozen Foods, which began its operations in 1995, has grown to become one of India's leading producers and exporters of processed shrimp. Starting as a processor of shrimp, the Company has made continuous investments to morph into an integrated player with a strong presence across most part of the value chain. The strategic focus on backward integration and value addition in product offering has helped the Company cement place with its customers as a premier supplier of high-quality shrimp.

With a combined breeding capacity of 1.2 to 1.4 billion specific pathogen free (SPF) seeds in its hatcheries; almost 1,500 acres of farmland; close to 29,000 MTPA of owned processing capacity and about 3,500 MT of cold storage capacity, the Company has well-integrated operations across most of the shrimp-processing value chain.

The Company has also worked hard in developing strong processes and systems to ensure that the finished product complies with the stringent quality standards that are set by the markets that it operates in. It also focuses on R&D to make sure that its products meet the evolving requirements of its end customers.

The Company today, prides itself in delivering high-quality shrimp to a wide array of customers such as Food Companies, Retail Chains, Restaurants, Club Stores and Distributors spread across multiple geographies in the USA, European Union and China.

## Key Export Markets - Fiscal 2020



### Well Integrated Operations



#### Hatchery

Production of SPF shrimp seed



#### Farming

Cultivation of shrimp, reared in ponds



#### Processing

Cleaning, cooking, freezing of shrimp



#### Packaging

In-house, as per customer/brand specifications



#### Logistics

Owned cold storage and fleet of reefer trucks

## Product Offering - Moving up the Value Chain

The majority of exports comprise variants of processed White-leg shrimp (L. Vannamei) and Black Tiger shrimp (P. Monodon) in frozen form. These are mostly sold under the brands owned by the customers and through the Company's own brands namely *Bay Fresh*, *Bay Harvest* and *Bay Premium*.

Recently forayed into value-added

### Ready-to-Eat products

with the onset of the new Processing Unit

Of the total processing capacity of 20,000 MTPA at the new plant,

### 5,000 MTPA

is dedicated to R-T-E products

#### Ready-to-Eat (RTE)

- Cooked Peeled & De-veined, Tail-on
- Cooked in Shell
- Shrimp Rings
- Dusted and Breaded
- Par-fried



#### Specialty Product

- Butterfly
- Skewered
- Seasoned

#### Peeled Product

- Peeled, Deveined, Tail-on
- Peeled Un-deveined, Tail-on
- Peeled, Deveined, Tail-off
- Peeled, Un-deveined
- Peeled and Deveined



#### Base Product

- Head On, Whole
- Headless, Shell-on
- Easy Peel





## Manufacturing Facilities – Strategically Located



Andhra Pradesh accounts for  
**~60-65%**  
of the total shrimp farming in India

Our facilities are in proximity to one another, enabling

**smooth transition**  
of products to the next stage



Our processing plants are located close to key ports  
(almost 150 kms from Vishakapatnam Port and almost 20 kms from Kakinada Port)

## Completion of the Capex Cycle

With the completion of the new greenfield project in fiscal 2020– the state-of-the-art facility at Ragampeta in Andhra Pradesh, the Company's total shrimp processing capacity has nearly doubled to 29,240 MTPA from 15,240 MTPA, of which, 6,000 MTPA was on leased basis and has been gradually discontinued during the second half of the last fiscal with the advent of this new processing facility.

While the Company still awaits certain regulatory approvals to service the European Union markets, the plant has already begun catering to customers in the USA and China, amongst other geographies.

The new plant, which has an installed capacity of 20,000 MTPA (including a 5,000 MTPA ready to eat capacity) will help

usher in a new era in the Company's journey. The Company has, for the first time in its history, built capabilities to process and export high value-added, Ready-To-Eat products, and is hopeful that that should not only help bolster revenues, but should also strengthen profitability.

In fiscal 2019, the Company had operationalised two new Hatcheries and the output (seed) has been well received by the primary producers (shrimp farmers).

With this, the Company's capex outlay of almost Rs. 1,618 million, over the past three fiscals, largely towards the construction of the new processing plant and two new hatcheries, has put it in a strong position to capitalise on the growth opportunities in the future.



# KEY MILESTONES IN OUR JOURNEY SO FAR



2006



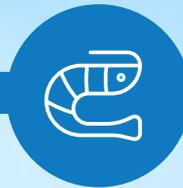
- Started exports to EU.
- Expanded pre-processing at Kakinada for Value Added Products (VAP).

1995



- Commenced business operations as a partnership firm named "Apex Exports".

2004



- Set up our own processing facility at Kakinada.
- Started exports to USA.

2007-12



- Received certifications from multiple agencies on processes and quality
- Recognised as a star export house by DGFT.
- Converted into a Pvt. Ltd. Co. named Apex Frozen Foods Pvt. Ltd.



## 2019-20

- Commercial operations began at the new Processing Plant, taking the total capacity to 29,240 MTPA (owned)
- Discontinued the leased facility having a capacity of 6,000 MTPA
- Expanded presence in China market



## 2015 -17



- Set up a pre-processing unit at Tallarevu to enhance production of Value Added Products (VAP).
- Farming of shrimp in over 1,500 acres of land.
- IPO and Listing on BSE & NSE in Sep 17

## 2018 -19



- Added two new Hatcheries in Andhra Pradesh
- Constructed a new Processing Plant at Ragampeta, in Andhra Pradesh with an installed capacity of 20,000 MTPA

## 2013-14



- Started in-house farming.
- Initiated hatchery operations and enhanced processing capacity.



# Key Performance Indicators

Total Income (Rs mn)



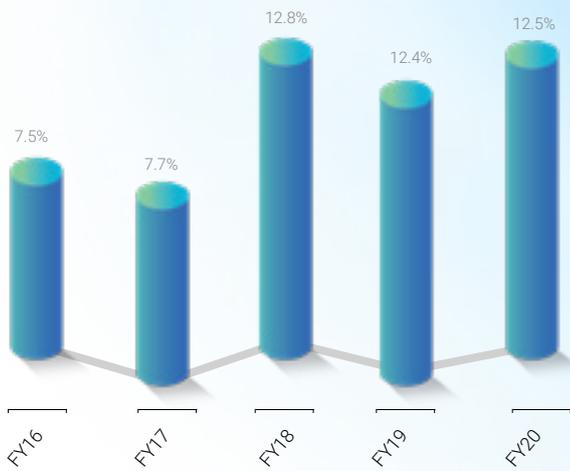
EBITDA (Rs mn)



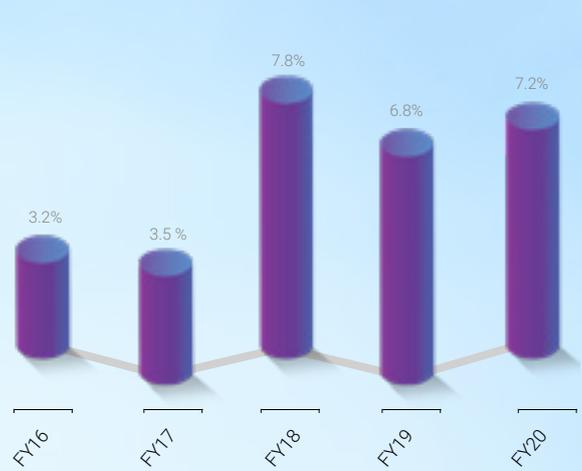
Profit After Tax (Rs mn)



EBITDA Margin (%)



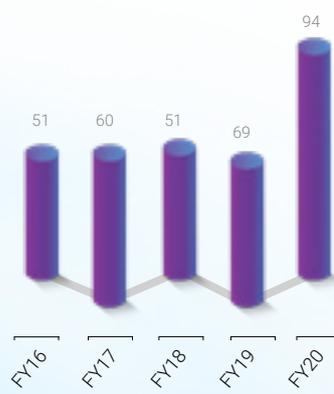
PAT Margin (%)



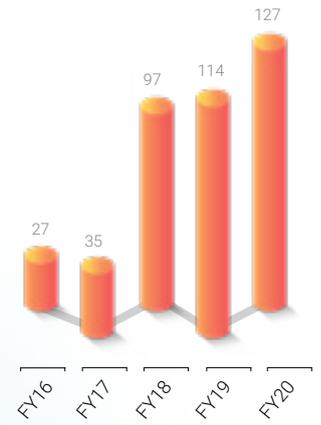
Net Debt/Equity (times)



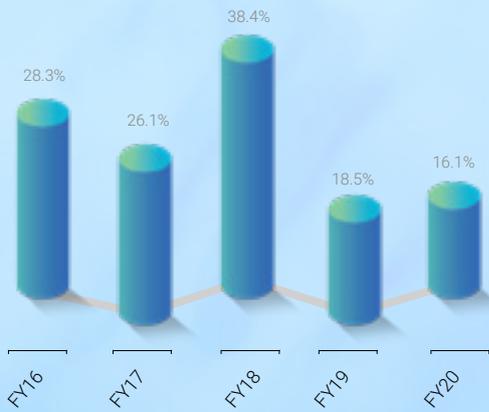
Working Capital (days)



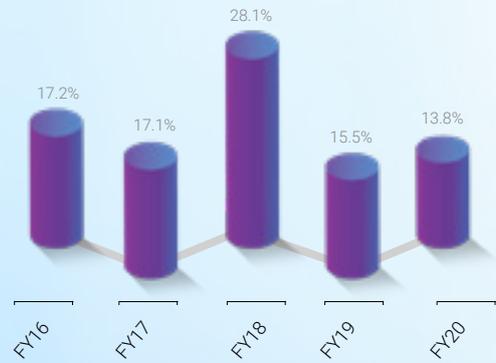
Book Value (Rs/share)



Return on Networth (%)



Return on Capital Employed (%)





## The Chairman's Message



“The path to becoming a fully integrated player is now complete with the Company being present in most parts of the supply chain.”

*K Satyanarayana Murthy,  
Chairman and Managing Director*

### Dear Shareholders,

We find ourselves in one of the most trying times that the world has faced in history. The Covid-19 pandemic is not only unprecedented in its reach, but also the impact that it is having on the global and domestic economy. The severity, and longevity, of the pandemic's impact on the domestic and global economy remains uncertain. During these trying times, the safety and well-being of all our partners – our employees, suppliers and customers is paramount. Like all challenges, we are hopeful that we can put this behind us and continue on the path of progress that we were on.

### Industry trends

After a challenging fiscal 2019 that saw a contraction in demand and the attendant impact on prices and overall shrimp production in India, the past fiscal, that is, fiscal 2020 started on a positive note with the Aquaculture Industry seeing green shoots of recovery in the form of improving demand and stabilizing international prices of shrimp. Primary producers too, seeing this stability, regained

confidence and ensured consistent supply of shrimp almost throughout the year.

The Covid-19 pandemic, which saw global economic activity being impacted, however, put the brakes on this recovery. The Indian Aquaculture Sector, which is mostly export focused, faced challenges on account of lockdown restrictions imposed by its customer countries a few weeks ahead of India, where the lockdown began on March 25, 2020, resulting in logistical difficulties both domestically as well as internationally. Our key markets of USA and EU saw a complete shuttering of food services and restaurants, with partial re-opening happening in mid-May. Retail demand, however, continued to grow as household consumption increased during the lockdown. We are hopeful that demand will return as the global economy limps back to normalcy.

### Poised for Growth

Fiscal 2020 saw the Company complete its capex cycle with the commissioning of its new facility for Shrimp Processing



located at G. Ragampeta in Andhra Pradesh. The new plant has an installed capacity of 20,000 MTPA, and with this, the Company's entire 29,240 MTPA capacity is now owned and operated by itself. While certain regulatory approvals to operate for the EU markets are still awaited, shipments to the USA and China have already commenced from the new plant.

The commencement of this new plant not only provides volume-growth visibility but is also likely to enhance the profitability as we built capabilities to cater to the higher value Ready-to-Eat segment at the new facility. Further, discontinuation of operations at the leased facility and the expanded cold storage at the new plant will help us rationalize the operating costs

further and provide us with higher flexibility in procurement and production planning.

The two new hatcheries that were added in the fiscal 2019 are operating well and the output – shrimp seed, has been well received by our shrimp farmers' network.

The path to becoming a fully integrated player is now complete with the Company being present in most parts of the supply chain. We are confident that once our customer markets begin operating normally, we will be in a strong position to capitalize on the economies of scale as well as focused cost rationalization measures which is likely to lead to healthier profit margins.

## The Road Ahead:

Over the past 2-3 years, we have made strategic choices like utilizing equity for expansion, maintaining a strong balance sheet and focus on cost rationalization. Further, with our Ready-to-Eat products complementing our Ready-to-Cook range of products, we believe that we are well-positioned to navigate these challenging times.

Food services is generally a resilient industry since it caters to basic requirements and this has helped us remain operational, even in these trying times. Going forward, we believe our key focus areas would be:

### Increased sales

of value-added products like ready-to-eat, to our existing and new customers

### Expand our geographical reach

to newer markets; already begun exporting to China in the past fiscal

**Improve the client mix** further to bring in more end-user retail customers

### Cost rationalization

to enhance the operating performance; and improve liquidity management to further strengthen our balance sheet

It is fitting that we thank all the front-line warriors, including our employees, who continue to make sure that our plants are operational, while adhering to laid down procedures. We would also like to thank all our stakeholders, including our shareholders, bankers, customers, partners as well as the Central, State and Local Governments, for their support. We look forward to your interest and encouragement.



## Corporate Information

### Board of Directors

<b>Mr. K. Satyanarayana Murthy</b>	Chairman & Managing Director
<b>Mr. K. Subrahmanya Chowdary</b>	Executive Director
<b>Mrs. K. Neelima Devi</b>	Whole time Director
<b>Mr. D. Venkata Subba Raju</b>	Independent Director
<b>Mr. M. Lakshmipathi Raju</b>	Independent Director
<b>Mrs. Talluri Deepthi</b>	Independent Director (Additional director)

### Key Managerial Personnel

<b>Mr. Ch. Vijay Kumar</b>	Chief Financial Officer
<b>Ms. S. Sarojini</b>	Company Secretary & Compliance officer

### Registered office

#### Apex Frozen Foods Limited

3-160, Panasapadu, Kakinada,  
East Godavari District,  
Andhra Pradesh -533005.  
Ph: 0884 – 2383902/3/4  
Email Id : kkd@apexfrozenfoods.com  
Website : www.apexfrozenfoods.in  
CIN: L15490AP2012PLC080067

### Statutory Auditors

#### M/s. Boda Ramam & Co.

Chartered Accountants  
# 2-18-24/1, Madhav Nagar,  
Kakinada - 533003,  
Andhra Pradesh

### Secretarial Auditors

#### M/s A.S.Ramkumar & Associates

Company Secretaries,  
Suit No 107, 1st Floor,  
Down Town Mall, # 6-2-27, 27A & 28  
Adj. to Lotus Hospital,  
Lakadi Ka Pul, Hyderabad-500004

### Share transfer agents

#### Bigshare Services Pvt. Ltd

Hyderabad Branch: 306, Right Wing, 3rd  
Floor, Amrutha Ville, Opp. Yashoda  
Hospital, Smajiguda, Rajbhavan Road  
Hyderabad - 500082

### Audit Committee

Mr. D. Venkata Subba Raju	Chairman
Mr. M. Lakshmipathi Raju	Member
Mr. K. Subrahmanya Chowdary	Member

### Nomination and Remuneration Committee

Mr. D. Venkata Subba Raju	Chairman
Mr. M. Lakshmipathi Raju	Member
Mrs. T. Deepthi	Member

### Stakeholders' Relationship Committee

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

### 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, Rama Rao Pet,  
3<sup>rd</sup> line, Prakasam Street, Kakinada







## Directors' Report

To,  
The Members

Your Directors have pleasure in presenting the 8<sup>th</sup> Annual Report together with the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2020.

### Financial Results

The performance of the Company for the financial year ended 31<sup>st</sup> March, 2020, is summarized below:

(Rs. in lakhs)

Particulars	2019-20	2018-19
Revenue from Operations	82,710.54	87,471.05
Other income	1,899.45	2,146.23
Total Income	84,609.99	89,617.28
Profit Before Interest, Depreciation & Tax (EBITDA)	10,599.20	111,08.54
Interest	1,063.81	654.92
Depreciation	1,459.35	1,086.45
Profit before Tax	8,076.04	9,367.17
Current Tax	2,024.06	3,260.66
Deferred Tax	-12.19	26.89
Total Tax Expenses	2,011.87	3,287.55
Net Profit for the period after tax	6,064.17	6,079.62
Earnings per share	19.41	19.45







**846 Cr**  
TOTAL INCOME



**10.80%**  
OPERATING PROFIT MARGIN



### Overview of financial performance

During the year under review, your company reported total income including net revenue and other income at ₹ 846.10 Crores as against ₹ 896.17 Crores in the previous year. At the EBITDA level, the company reported a profit of ₹ 105.99 Crores for the current year as compared with ₹ 111.08 Crores in the previous year. Profit after tax for the current year stood at ₹ 60.64 Crores as compared with ₹ 60.79 Crores in the previous year.

### Dividend

The Board of Directors at their meeting held on 14<sup>th</sup> March, 2020, has declared Interim dividend of ₹ 2.00/- (Rupees Two only) per equity share of ₹10.00/- each (which is 20% of the face value of the equity shares) for the financial year ending on March 31, 2020 and same was paid to the shareholders.

### Transfer of unclaimed dividend to investor education and protection fund

There are no amounts due to be credited to Investor Education and Protection Fund in accordance with Section 125 of the Companies Act, 2013, as at the year end.

### Material changes and commitments

There were no material changes and commitments affecting the financial position of the Company that have occurred between the end of the Financial Year 2019-20 of the Company and the date of the report.

### Transfer to reserves

During the year under review, no amount has transferred to General Reserve.

### Fixed deposits

Your Company has not accepted any fixed deposits and as such no principal or interest was outstanding as on the date of the Balance sheet.

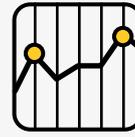
### Share capital

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

The paid up share capital of the company as on date of balance sheet is ₹31,25,00,000/- divided into 3,12,50,000 equity shares of ₹10/- each.



**61 Cr**  
PROFIT AFTER TAX



**19.41**  
EARNING PER SHARE

**(a) Change in the capital structure of the Company**

There was no change in the capital structure of the company

**(b) Status of Shares**

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2020, 99.99% of the Company's total paid up capital representing 3,12,49,990 shares are in dematerialized form.

**(c) Other shares**

Your Company has not issued any 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.

**Details of appointment/ Resignation of Directors and Key Managerial Personnel (KMP):**

During the year under review,

- Mr. Datla Chandrasekhar Raju (DIN:07714265) has resigned as, Independent Director from the Board of the Company w.e.f. 14.03.2020.
- On recommendation of the Nomination and Remuneration Committee, the Board of Directors have appointed Mrs. Deepthi Talluri (DIN: 08726143) as an Additional Director (Non Executive, Women Independent) for a period of 5 years w.e.f. 31<sup>st</sup> March, 2020, subject to the approval of the shareholders at the ensuing Annual General Meeting. The appointment of Mrs. Deepthi Talluri (DIN: 08726143) is being placed for approval of the members at the ensuing Annual General Meeting. A brief profile of Mrs. Deepthi Talluri and other related information is provided in the AGM notice. The Board on the recommendation of Nomination & Remuneration Committee recommends her re-appointment at the ensuing Annual General Meeting.
- Mr. K Satyanarayana Murthy (DIN:05107525) has re-appointed as Managing Director for a period of 3 years w.e.f 01.12.2019 at Annual General meeting held on 19.09.2019.
- Mr. K. Subrahmanya Chowdary (DIN:03619259) has re-appointed as Executive Director for a period of 3 years w.e.f 01.12.2019 at Annual General meeting held on 19.09.2019.

- Mrs. K. Neelima Devi (DIN:06765515), has re-appointed as whole time Director for a period of 3 years w.e.f 01.12.2019 at Annual General meeting held on 19.09.2019.
- In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. K Satyanarayana Murthy (DIN:05107525), Managing Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment.

**Board Meetings:**

The Board met six (6) times during the financial year. The meeting details are provided in the corporate governance report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

**Committees of the Board**

**Audit Committee**

The Audit Committee was constituted pursuant to the Board meeting held on 27.01.2017 and reconstituted on 14.03.2020. 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 as on 31.03.2020 are:

- |                               |   |          |
|-------------------------------|---|----------|
| • Mr. D. Venkata Subba Raju   | - | Chairman |
| • Mr. M. Lakshmi Pathiraju    | - | Member   |
| • Mr. K. Subrahmanya Chowdary | - | Member   |

None of the recommendations made by the Audit Committee were rejected by the Board. During the year under review, the Audit Committee was met 4 times.

The details of the Committees of the Board viz., Audit Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholders Relationship Committee are reported in the Report on Corporate Governance, which forms part of the Board's Report.

**Meeting of Independent Directors**

The details of the separate meeting of the Independent Directors are reported in the Report on Corporate Governance, which forms part of the Board's Report.



### Statement on declaration given by Independent Directors under sub-section (6) of section 149

The Independent Directors have submitted their disclosures to the Board that they fulfil 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.

### Familiarisation programme for Independent Directors

All new Independent Directors (IDs) inducted into the Board are presented with an overview of the Company's business operations, products, organization structures and about the Board constitution and its procedures. A policy on familiarization program for IDs has also been adopted by the Company. Policy for familiarisation of Independent Directors is available at [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in).

### Annual evaluation of Board performance and Performance of its Committees and Directors

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit and other Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgments, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process. .

### Policy on Director's and Key Managerial Personnel Appointment & Remuneration:

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. Policy is available at [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in).

### Vigil Mechanism / Whistle Blower Policy

The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company and is available at [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in).

### Risk Management Policy

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.

In terms of the requirement of Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented the Risk Management Policy. The details of the Policy is available on the Company's website [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in).

### Related party transactions

There are no transactions with related parties except remuneration to Key Managerial Persons as mentioned in notes to accounts, which fall under the scope of section 188(1) of the Companies Act, 2013. The policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company at [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in)

### 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.

### Directors' Responsibility Statement

In pursuance of Section 134 (5) of the Companies Act, 2013, your directors hereby confirm that, to the best of their knowledge and belief and according to the information and explanation obtained by them,

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. Such accounting policies as mentioned in the notes to the financial statements have been selected and applied consistently and made judgments and made estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2019-20 and of the profit and loss of the Company for that period;
3. proper and sufficient care has been taken 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;
4. The annual accounts for the year 2019-20 have been prepared on a going concern basis.
5. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
6. That devised systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### Information about Subsidiary / Joint Ventures / Associate Companies

Your Company don't have any subsidiary or Joint Ventures or Associate Company. It is not a subsidiary or Joint Venture or Associate to any other Company.

### Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as '**Annexure - I**' to this report.

### Secretarial Standards

The Company has complied with Secretarial Standards formulated by the Institute of Company Secretaries of India and notified by the Central Government for implementation.

### Corporate Governance Report

Your company's philosophy on Corporate Governance sets the goal of achieving the highest level of transparency with integrity in all its dealings with its stakeholders including shareholders, employees, lenders and others. A report on Corporate Governance along with a Certificate from M/s A.S. RamKumar & Associates, Company Secretaries regarding the Compliance of Conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations forms part of the Annual Report as **Annexure - II**

### Business Responsibility Report

The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and amendments made thereto mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for the top 1,000 listed entities based on market capitalization. In compliance with the regulation the BRR is enclosed as **Annexure - X** and forms part of the Annual Report.

### Annual Secretarial Compliance Report

A Secretarial Compliance Report for the financial year ended 31st March, 2020 on compliance of all applicable SEBI Regulations and circulars/guidelines, issued by M/s.A.S.Ram Kumar & Associates, Compnay Secretaries, Secretarial Auditors was submitted to Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

## Auditors

### a) Statutory Auditors

M/s. BodaRamam & Co., Chartered Accountants, Kakinada, (Firm Reg No. 005383S) were appointed as Statutory Auditors of the Company at Annual General meeting held on 19.09.2019 to hold the office for a period of 3 years.

### b) Internal Auditors

"The Board of Directors at their meeting held on 22.05.2019, have appointed M/s Praturi & Sriram, Chartered Accountants, Hyderabad, as the Internal Auditors of your company to hold office for FY 2019-20. The Internal Auditors had submitted their reports to the management.



At the board Meeting held on 26.06.2020, Board of directors have appointed In-house Internal Audit team headed by Mr. M.S Srikanth, a qualified Chartered Accountant & Cost Accountant, employee of the company as the Internal Auditor of the company.

### 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 2019-20. The Report of the Secretarial Auditor is annexed to this report as **Annexure – VI**

### Auditors Report

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

### 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.

### Details in respect of frauds reported by auditors:

During the year under review, no frauds were reported by auditors under sub-section (12) of section 143 of companies act, 2013.

### Disclosure under Sexual Harassment of Women at Workplace

The Company has in place the requisite Internal Committees as envisaged under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No complaints on the issues covered by the above Act were received during the year.

### Corporate Social Responsibility (CSR)

The Annual Report on CSR activities in terms of the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure - VII** which forms part of this Report.

The Company has a Corporate Social Responsibility Policy and the same has been posted on the website of the Company at **[www.apexfrozenfoods.in](http://www.apexfrozenfoods.in)** .

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

#### 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 31.03.2020	Year ended 31.03.2019
Earnings in Foreign Exchange	70707.341	74655.89
Foreign Exchange Outgo	4920.09	6096.76

**Particulars of Employees**

The information required under Section 197 of the Act and the Rules made thereunder, in respect of employees of the Company has been disclosed in 'Annexure - VIII'

**Management Discussion and Analysis Report**

The Management Discussion and Analysis as required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is incorporated herein by reference and forms an integral part of this report as **Annexure -IX**

**Internal Control Systems & their Adequacy**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

**Maintenance of Cost Records**

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 business activities carried on by the Company.

**Significant and material orders passed by the regulators or courts**

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

**Human resources**

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

**Appreciation**

The Board wishes to gratefully acknowledge the understanding and support received by the Company from its employees. It wishes also to thank the banking system, the Central Government, the various State Governments and the local authorities for the unstinted support received during the year.

This Report will be incomplete without a specific appreciation for the Members of the Company who have shown immense confidence and understanding in the Company's well being.

On Behalf of the Board  
For Apex Frozen Foods Limited

Place: Panasapadu, Kakinada  
Date: 28.08.2020

Sd/-  
D.V Subba Raju  
Independent Director  
DIN 07717952

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



## Form No. MGT-9

### Extract of Annual Return of

### M/s. Apex Frozen Foods Limited

As on the financial year ended on 31.03.2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and details		
i)	CIN	L15490AP2012PLC080067
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 and Contact Details	3-160, Panasapadu, Kakinada, East Godavari – 533005, Andhra Pradesh Phone: 0884-2383902/3/4, Email id: <b>kkd@apexfrozenfoods.com</b> , Website: <b>www.apexfrozenfoods.in</b>
vi)	Whether listed company	Yes, Listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd(NSE)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Bigshare Services Private Limited</b> Main Branch:1st Floor, Bharat Tin Works Building Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai- 400059 Tel: 022- 6263 8200  Hyderabad Branch: 306, Right Wing, 3rd Floor, Amrutha Ville, Opp.Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500082, Ph: 040- 40144582

#### 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.	Processing and preserving of fish, crustaceans and molluscs and products thereof	1020	100%

**III. Particulars of Holding Subsidiary and Associate Companies**

Sl. No.	Name and 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				% change during the year
	Demat	Physical	Total Shares	% of Total Shares	Demat	Physical	Total Shares	% of Total Shares	

**A. Shareholding of Promoter and Promoter Group 2****(1) Indian**

a) Individual/ HUF	22,684,174	-	22,684,174	72.59	22,694,060	-	22,694,060	72.62	0.03
b) Central Govt	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e) Any Others (Specify)	-	-	-	-	-	-	-	-	-
(i) Group Companies	-	-	-	-	-	-	-	-	-
(ii) Trusts	-	-	-	-	-	-	-	-	-
(iii) Directors Relatives	-	-	-	-	-	-	-	-	-
Sub Total (A)(1) :	22,684,174	-	22,684,174	72.59	22,694,060	-	22,694,060	72.62	0.03

**Foreign**

(a) Bodies Corporate	-	-	-	-	-	-	-	-	-
(b) Individual	-	-	-	-	-	-	-	-	-
(c) Institutions	-	-	-	-	-	-	-	-	-
(d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e) Any Others (Specify)	-	-	-	-	-	-	-	-	-
Sub Total (A)(2) :	-	-	-	-	-	-	-	-	-
Total holding for promoters (A)=(A)(1) + (A)(2)	22,684,174	-	22,684,174	72.49	22,694,060	-	22,694,060	72.62	0.03



#### IV. Share holding pattern (Equity share capital breakup as percentage of total equity)

<b>(i) Category-wise share holding</b>									
Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total Shares	% of Total Shares	Demat	Physical	Total Shares	% of Total Shares	
<b>(B) Public shareholding</b>									
<b>Institutions</b>									
a) Central Govt State Govt(s)	-	-	-	-	-	-	-	-	-
b) Financial Institutions / Banks	29,263	-	29,263	0.09	52,994	-	52,994	0.17	0.08
C) Mutual Funds / UTI	2,565,676	-	2,565,676	8.21	2,924,393	-	2,924,393	9.36	1.15
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance	-	-	-	-	-	-	-	-	-
f) FII's	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Any Others (Specify)	-	-	-	-	-	-	-	-	-
j) Foreign Portfolio Investor	10,357	-	10,357	0.03	288	-	288	-	(0.03)
k) Alternate Investment Fund	-	-	-	-	-	-	-	-	-
Sub Total (B)(1) :	2,605,296	-	2,605,296	8.34	2,977,675	-	2,977,675	9.53	1.19



Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Bodies Corp.	800,902	0	800,902	2.56	203,763	0	203,763	0.65	(1.91)
b) Individuals									
i) (Capital upto to Rs. 1 lakh)	3,908,809	10	3,908,819	12.51	4,096,198	10	4,096,208	13.11	0.60
ii) (Capital greater than Rs. 1 lakh)	659,218	0	659,218	2.11	807,729	0	807,729	2.58	0.48
c) Any Others (Specify)									
(i) Hindu undivided family	13,0471	0	130,471	0.42	130,984	0	130,984	0.42	0.00
(ii) Trusts	1000	0	1000	0.00	1000	0	1000	0.00	0.00
(iii) Clearing Member	292,328	0	292,328	0.94	176,238	0	176,238	0.56	(0.37)
(iii) Non Resident Indians (NRI)	136,448	0	136,448	0.44	152,565	0	152,565	0.49	0.05
(iv) Directors' Relatives	0	0	0	0.00	0	0	0	0.00	0.00
(v) Employee	31,344	0	31,344	0.10	9778	0	9778	0.03	(0.07)
(vi) Overseas Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
(vii) Unclaimed Suspense Account	0	0	0	0.00	0	0	0	0.00	0.00
(viii) IEPF	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2):-	5,960,520	10	5,960,530	19.07	5,578,255	10	5,578,265	17.85	(1.22)
Total Public Shareholding									
(B)=(B)(1) + (B)(2)	8,565,816	10	8,565,826	27.41	8,555,930	10	8,555,940	27.38	(0.03)



**(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				% change during the year
	Demat	Physical	Total Shares	% of Total Shares	Demat	Physical	Total Shares	% of Total Shares	

**(C) Shares held by Custodians and against which Depository Receipts have been issued**

**Shares held by custodians**

a) Shares held by custodians	-	-	-	-	-	-	-	-	-
(i) Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(ii) Public	-	-	-	-	-	-	-	-	-
Sub total (c)(1) :	-	-	-	-	-	-	-	-	-
(C)=(C)(1)	-	-	-	-	-	-	-	-	-
Grand Total (A) + (B) + (C)	31,249,990	10	31,250,000	100	31,249,990	10	31,250,000	100	-

**ii) Share holding of promoters / Promoters Group**

Sl. No.	Share holder's name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Karuturi Satyanarayana Murthy	89,18,779	28.54	0	89,18,779	28.54	0	-
2	Karuturi Subrahmanya Chowdary	96,33,942	30.83	0	96,43,828	30.86	0	0.03
3	Karuturi Padmavathi	40,54,853	12.98	0	40,54,853	12.98	0	-
4	S. Anitha Devi	24,000	0.08	0	24,000	0.08	0	-
5	Karuturi Neelima Devi	24,000	0.08	0	24,000	0.08	0	-
6	V. Hanumantha Rao	28,600	0.09	0	28,600	0.09	0	-

<b>(iii) Change in promoters / Promoters group share holding</b>					
<b>Sl. No.</b>	<b>Particulars</b>	<b>Share holding at the beginning of the year</b>		<b>Cumulative share holding during the year</b>	
		<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
1	<b>Karuturi Satyanarayana Murthy</b>				
	At the beginning of the year	89,18,779	28.54	89,18,779	28.54
	Change in the shareholding pattern	-	-	89,18,779	28.54
	At the End of the year	-	-	89,18,779	28.54
2	<b>Karuturi Subrahmanya Chowdary</b>				
	At the beginning of the year	9,633,942	30.83	9,633,942	30.83
	Brought during the year	9886	0.03	96,43,828	30.86
	At the End of the year	-	-	96,43,828	30.86
3	<b>Karuturi Padmavathi</b>				
	At the beginning of the year	40,54,853	12.98	40,54,853	12.98
	Change in the shareholding pattern	-	-	40,54,853	12.98
	At the End of the year	-	-	40,54,853	12.98
4	<b>S. Anitha Devi</b>				
	At the beginning of the year	24,000	0.08	24,000	0.08
	Change in the shareholding pattern	-	-	24,000	0.08
	At the End of the year	-	-	24,000	0.08
5	<b>Karuturi Neelima Devi</b>				
	At the beginning of the year	24,000	0.08	24,000	0.08
	Change in the shareholding pattern	-	-	24,000	0.08
	At the End of the year	-	-	24,000	0.08
6	<b>V. Hanumantha Rao</b>				
	At the beginning of the year	28,600	0.09	28,600	0.09
	Change in the shareholding pattern	-	-	28,600	0.09
	At the End of the year	-	-	28,600	0.09



iv) Share holding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs)

Sl. No.	Particulars	Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Reliance Capital Trustee Co. Ltd-A/C</b>				
	<b>Reliance Small Cap Fund</b>				
	At the beginning of the year	1,550,827	4.96	1,550,827	4.96
	Brought during the year	436,558	1.40	1,987,385	6.36
	At the End of the year	-	-	1,987,385	6.36
2	<b>Invesco Trustee Private Limited-A/C</b>				
	<b>Invesco India Contra Fund</b>				
	At the beginning of the year	634,809	2.03	634,809	2.03
	Sold during the year	(21,009)	(0.07)	613,800	1.96
	At the End of the year	-	-	613,800	1.96
3	<b>Ravi Kanth Sankuratri</b>				
	At the beginning of the year	157,287	0.50	157,287	0.50
	Change during the year	0	-	157,287	0.50
	At the End of the year	-	-	157,287	0.50
4	<b>Venkateswara Rao Vakalapudi</b>				
	At the beginning of the year	66,058	0.21	66,058	0.21
	Brought during the year	29,031	0.09	95,089	0.30
	Sold during the year	(5,000)	(0.02)	90,089	0.29
	At the End of the year	-	-	90,089	0.29
5	<b>Karvy Stock Broking Ltd</b>				
	At the beginning of the year	95,029	0.30	95,029	0.30
	Brought during the year	52999	0.17	148,028	0.47
	Sold during the year	(145,540)	(0.47)	2,488	0.01
	At the End of the year	-	-	2488	0.01
6	<b>Ravindra Kaur Chadha</b>				
	At the beginning of the year	0	0	0	0
	Brought during the year	139051	0.44	139,051	0.44
	Sold during the year	(57,125)	(0.18)	81,926	0.26
	At the End of the year	-	-	81,926	0.26
7	<b>Akb Trexim Private Limited</b>				
	At the beginning of the year	61,250	0.20	61,250	0.20
	Change during the year	0	0	61,250	0.20
	At the End of the year	-	-	61,250	0.20

Sl. No.	Particulars	Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	<b>Prakash Gajanan Buva</b>				
	At the beginning of the year	60,581	0.19	60,581	0.19
	Brought during the year	102,488	0.33	163,069	0.52
	Sold during the year	(94,485)	(0.30)	68,584	0.22
	At the End of the year	-	-	68,584	0.22
9	<b>Rita Chhawchharia</b>				
	At the beginning of the year	50,600	0.16	50,600	0.16
	Change during the year	0	0	50,600	0.16
	At the End of the year	-	-	50,600	0.16
10	<b>Icici Bank Limited</b>				
	At the beginning of the year	17,467	0.06	17,467	0.06
	Brought during the year	94,800	0.30	112,267	0.36
	Sold during the year	(64,639)	(0.21)	47,628	0.15
	At the End of the year	-	-	47,628	0.15

**(v) Share holding of directors and key managerial personnel**

Sl. No.	Particulars	Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Karuturi Satyanarayana Murthy</b>				
	At the beginning of the year	89,18,779	28.54	89,18,779	28.54
	There was no change in the shareholding	-	-	-	-
	At the End of the year	0	-	89,18,779	28.54
2	<b>Karuturi Subrahmanya Chowdary</b>				
	At the beginning of the year	9,633,942	30.83	9,633,942	30.83
	Brought during the year	9886	0.03	96,43,828	30.86
	At the end of the year	0	-	96,43,828	30.86



Sl. No.	Particulars	Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	<b>Karuturi Neelima Devi</b>				
	At the beginning of the year	24,000	0.08	24,000	0.08
	There was no change in the shareholding				
	At the End of the year			24,000	0.08
4	<b>Chandrasekhar Raju Datla</b>				
	At the beginning of the year	0	0.00	0	0.00
	There was no change in the shareholding				
	At the End of the year			0	0.00
5	<b>Venkata Subba Raju Datla</b>				
	At the beginning of the year	0	0.00	0	0.00
	There was no change in the shareholding				
	At the End of the year				0.00
6	<b>Lakshmi pathi Raju Mantena</b>				
	At the beginning of the year	3,350	0.01	3,350	0.01
	Sold during the year	(3,350)	(0.01)	0	0.00
	At the End of the year			0	0.00
7	<b>Deepthi Talluri</b>				
	At the beginning of the year	0	0.00	0	0
	There was no change in the shareholding				
	At the End of the year				
8	<b>CH Vijaya Kumar</b>				
	At the beginning of the year	240	0.00	240	0.00
	There was no change in the shareholding				
	At the End of the year			240	0.00
9	<b>S.Sarojini</b>				
	At the beginning of the year	0	0.00	0	0.00
	There was no change in the shareholding				
	At the End of the year			0	0.00

**V. Indebtedness**

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

(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	10,568.24	225.13	0	10,793.37
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	10568.24	225.13	0	10793.37
<b>Change in Indebtedness during the financial year</b>				
Addition	1,17,539.86	255.00	0	1,17,794.86
Reduction	1,13,399.37	480.13	0	1,13,879.50
Net change	4140.50	(225.13)	0	3915.36
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	14708.73	0	0	14708.73
ii) Interest due but not paid	70.99	0	0	70.99
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	14779.72	0	0	14779.72





## 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 Executive Director	K Satyanarayana Murthy Managing 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	168.00	168.00	125.00	461.00
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission	0	0	0	0
	- as % of profit				
	- others, specify	0	0	0	0
5.	Others, please specify				
	Total (A)	168.00	168.00	125.00	461.00
	Ceiling as per the Act*				60.64

### B. Remuneration to other directors:

(Rs. in Lakhs)

Sl. No.	Particulars of remuneration	D Chandrasekhar Raju	D V Subba Raju	M Lakshmi pathi Raju	Total Amount Rs.
1	<b>Independent Directors</b>				
	Fee for attending board committee meetings	0.40	2.50	1.90	4.80
	Commission	0	Nil	Nil	Nil
	Others, please specify	0	Nil	Nil	Nil
	Total (1)	0	0	0	0
2	<b>Other Non-Executive Directors</b>				
	Fee for attending board committee meetings	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	Nil	Nil	Nil	Nil
	<b>Total (B)=(1+2)</b>	0.40	2.50	1.90	4.80
	<b>Total Managerial Remuneration(A+B)</b>				465.80
	<b>Overall Ceiling as per the Act</b>				6.06

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Particulars of Remuneration		
		CS (S.Sarojini)	CFO (Ch Vijaya Kumar)	Total
1.	Gross Salary	4.20	8.00	12.20
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	-
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission as % of profit	0	0	0
5.	Others, please specify			
	TOTAL	4.20	8.00	12.20

**vii. Penalties /Punishment/ Compounding of offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. Directors</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. Other officers in default</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

On Behalf of the Board  
For Apex Frozen Foods LimitedPlace: Panasapadu, Kakinada  
Date: 28.08.2020Sd/-  
D.V Subba Raju  
Director  
DIN 07717952Sd/-  
K. Satyanarayana Murthy  
Chairman & Managing Director  
DIN 05107525



## Report on Corporate Governance

### 1. Company's Philosophy on Code of Governance

The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising in any way on compliance with the extant laws and regulations. Your Company continuously endeavors to review, strengthen and upgrade its systems and processes so as to provide timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance and firmly believes that business is built on ethical values and principles of transparency.

A Report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

### 2. Board of Directors

#### Size of the Board

The composition of Board is in consonance with the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31<sup>st</sup> March, 2020, Board of the Company consisted of Six (6) Members. The Company has Three (3) Promoter Executive Directors (including women director), out of which one director is the Chairman & Managing director and Three (3) Non Executive Independent Directors (including Women director).

All the Independent Directors have confirmed that they meet the criteria of independence as laid out under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereto. The Board confirms that in its opinion the independent directors fulfil the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

It is further confirmed that none of the directors of the Company have been debarred or disqualified from being appointed or continuing as a director of the Company by the Ministry of Corporate Affairs or the Securities and Exchange Board of India or any other Statutory Authority. The said affirmation is confirmed by the Practicing Company Secretary in the compliance certificate which is appended hereto.

#### i. Composition and category of Directors

Name of the Directors	Category	Designation	No. of shares held in the Company (%)	Names of the listed entities where the person is a director and the category of directorship
Mr. K. Satyanarayana Murthy	Chairman & Managing Director – Promoter	Managing Director	89,18,779 (28.54%)	Nil
Mr. K. Subrahmanya Chowdary	Executive Director - Promoter	Whole time director	96,43,828 (30.86%)	Nil
Mrs. K. Neelima Devi	Whole time Director - Promoter - Woman Director	Whole time director	24,000 (0.08%)	Nil
Mr. D. Chandra Sekhar Raju *	Non Executive Independent Director	Director	0 (0.00%)	Nil
Mr. D. Venkata Subba Raju	Non Executive Independent Director	Director	-	Nil
Mr. M. Lakshmi pathi Raju	Non Executive Independent Director	Director	-	Nil
Mrs. Deepthi Talluri #**	Non Executive Independent Director	Director	-	Nil

\* Mr. D. Chandra Sekhar Raju has resigned as director w.e.f., 14.03.2020

#\*\* Mrs. Deepthi Talluri was appointed as an additional director (women, independent) w.e.f, 31.03.2020.

**ii. Number of other board of directors or committees in which a directors is a member or chairperson as on 31.03.2020:**

Sl. No.	Name of the Director	*No. of other Companies in which he/she is Director	**No. of Committees Chairpersonship / Membership (including this company)	
			Member	Chairperson
1	Mr. K. Satyanarayana Murthy	2	1	0
2	Mr. K. Subrahmanya Chowdary	2	1	0
3	Mrs. K. Neelima Devi	1	1	0
4	Mr. D. Venkata Subba Raju	1	1	1
5	Mr. M. Lakshmipathi Raju	1	0	1
6	Mrs. Deepthi Talluri	1	0	0

\*Directorship in public and private companies includes Section 8 Companies but excluding Foreign Companies.

\*\*Committee positions only of the Audit Committee and Stakeholders Relationship Committee in Public Limited Companies.

**iii. Attendance of Directors at the Board Meetings held during FY 2019-20 and Annual General meetings held during the year 2019-20:**

During the Financial Year 2019-20 the Board met on Six (6) times i.e. 22.05.2019, 13.08.2019, 13.11.2019, 07.02.2020, 14.03.2020 and 27.03.2020.

The gap between any two meetings is not more than 120 days.

Directors	Category	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the last AGM
Mr. K. Satyanarayana Murthy	Chairman & Managing Director Promoter	6	6	Yes
Mr. K. Subrahmanya Chowdary	Executive Director - Promoter	6	2	Yes
Mrs. K. Neelima Devi	Whole time Director - Promoter - Woman Director	6	3	Yes
Mr. D. Chandra Sekhar Raju	Non Executive Independent Director	5	1	No
Mr. D. Venkata Subba Raju	Non Executive Independent Director	6	6	Yes
Mr. M. Lakshmipathi Raju	Non Executive Independent Director	6	5	No
Mrs Deepthi Talluri	Non Executive Independent Director	0	0	NA

**iv. Relationship among directors**

- K. Satyanarayana Murthy: K. S. Chowdary – Son, K. Neelima devi - Daughter-in-law
- K. Subrahmanya Chowdary: K.S. Murthy – Father, K. Neelima devi - Wife
- K. Neelima Devi: K. S. Chowdary – Husband, K. S. Murthy - Father-in-law

**v. Code of conduct**

The Board of Directors has laid down a Code of Conduct for all Board members and all employees in management grade of the Company. The Code of Conduct is posted on the website of the Company at [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in).

A declaration to this effect signed by the Managing Director in terms of the Listing Regulations is attached and forms part of the Annual Report of the Company.

**vi. Independent directors**

Mrs.Deepthi Talluri, Mr.D Venkata SubbaRaju and Mr. M. Lakshmiipathi Raju are Non executive Independent Directors of the company as on 31.03.2020.

**vii. Details of Familiarisation Programmes Imparted to Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, etc., through various programmes. These include orientation programme upon induction of new Director, as well as other initiatives to update the Directors on an ongoing basis. The Policy for Familiarization Programme for Independent Directors is disclosed on the Company's website at [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in).

**viii. Meeting of Independent Directors**

In Compliance with the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Independent Directors Meeting of the Company was held on 07.02.2020. Independent Directors Meeting considered the performance of Non-Independent Directors and Board as whole, reviewed the performance of Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

**Attendance of Independent Directors in Independent Directors Meeting**

Name of the Director	No. of meetings held	No. of meetings attended
Mr. D. Chandra Sekhar Raju	1	0
Mr. D. Venkata Subba Raju	1	1
Mr. M. Lakshmiipathi Raju	1	1

**ix. Confirmation that in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management:**

The Board of Directors be and is hereby confirm that in the opinion of the Board, the Independent Directors fulfil the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

**x. Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure along with****a confirmation by such director that there are no other material reasons other than those provided:**

Mr. Datla Chandrasekhar Raju, Independent Director has resigned w.e.f 14.03.2020, As per the resignation letter received from Mr. Datla Chandrasekhar Raju, Independent Director and the resignation is due to his present professional engagements and other personal reasons.

Further he confirmed that there are no other material reasons other than those provided.

**xi. List of core Skills/ Expertise/ Competencies required in the Company's Board to enable it function effectively and those actually available:**

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

Sl. No.	Skills/ Expertise/ Competencies identified by the Board	K. Satyanarayana Murthy	K. Subrahmanya Chowdary	K. Neelima Devi	D. Chandra Sekhar Raju	D. Venkata Subba Raju	M. Lakshmi pathi Raju	Deepti Talluri
1.	Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates	✓	✓	✓	✓	✓	✓	✓
2.	Behavioural skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company	✓	✓	✓	✓	✓	✓	✓
3.	Business Strategy, Forex Management, Administration, Decision Making, Sales & Marketing	✓	✓	✓				
4.	Corporate Governance & Compliance	✓	✓	✓	✓	✓	✓	✓
5.	Financial and Management skills	✓	✓	✓	✓	✓	✓	
6.	Technical / Professional skills and specialized knowledge in relation to Company's business	✓	✓	✓				

### 3. Committees of the Board

Currently, there are four Board Committees – The Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The terms of reference of the Board Committees are determined by the Board from time to time, The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below:

#### (i). Audit committee

In compliance with the requirements of the Companies Act, 2013 and of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted an Audit Committee on 27.01.2017 and re-constituted on 14.03.2020.

#### The brief terms of reference of the Audit Committee includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending to the Board the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the Company and the fixation of audit fee and other payments, Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Reviewing, with the management, quarterly, half-yearly, annual financial statements and auditor's report thereon before submission to the



Board for approval.

- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), and monitoring the use/application of the funds raised through the Issue by the Company;
- Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
- Reviewing and monitoring the statutory and internal auditors performance, effectiveness of statutory and internal audit procedures and Evaluating of internal financial controls, risk management systems and adequacy of the internal control systems;
- Scrutinizing of inter-corporate loans and investments and Valuing of undertakings or assets of the Company, wherever it is necessary;
- Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances
- Discussing with internal auditors on any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

#### **Powers of the Audit Committee shall include the following**

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary."

#### **Audit Committee shall mandatorily review the following information:**

- Management's discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses
- The appointment, removal and terms of remuneration of the chief internal auditor.
- Statement of deviations:

#### **Composition Audit Committee and Attendance of Members at the Meetings of the Audit Committees held during 2019-20:**

Sl. No.	Name of the Member	Category	Designation	No of Meetings held during the tenure of the members	Meetings attended
1	Mr. D. Venkata Subba Raju	Non Executive Independent Director	Chairman	4	4
2	Mr. D. Chandra Sekhar Raju*	Non Executive Independent Director	Member	4	1
3	Mr.Karuturi Subramanya Chowdary	Executive Director	Member	4	2
4	Mr. M. Lakshmipathi Raju**	Non Executive Independent Director	Member	3	3

\* Mr. D. Chandra SekharRaju has resigned as member of audit committee w.e.f., 14.03.2020 due to his resignation as director.

\*\* Mr. M. Lakshmipathi Raju invited as member of audit committee w.e.f, 01.06.2019 as per board resolution dated 22.05.2019.

The Audit Committee of the Company has met Four (4) times during the year i.e., on 22.05.2019, 13.08.2019, 13.11.2019 and 07.02.2020.

#### **(ii). NOMINATION AND REMUNERATION COMMITTEE (NRC)**

In compliance with the requirements of the Companies Act, 2013 and of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted Nomination and Remuneration Committee on 27.01.2017 and re-constituted on 31.03.2020.

**Terms of reference of the Nomination and Remuneration Committee shall include the following:**

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
  - (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (ii) relationship of remuneration to performance is clear and meets appropriate performance bench marks; and
  - (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- Formulating of criteria for evaluation of the independent directors and the Board and Devising a policy on Board diversity;
- Identifying persons, who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Analyzing, monitoring and reviewing various human resource and compensation matters;
- Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- Reviewing and approving compensation strategy from time to time in the context of the current Indian market in accordance with applicable laws;
- Recommend to the board, all remuneration, in whatever form, payable to senior management
- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

**Composition NRC and Attendance of Members at the Meetings of the NRC held during 2019-20**

Sl. No.	Name of the Member	Category	Designation	Meetings held during the tenure of the Directors	Meetings attended
1	Mr.D Venkata Subba Raju	Non executive Independent Director	Chairman	2	2
2	Mr.M Lakshmi pathi Raju	Non executive Independent Director	Member	2	2
3	Mrs. Deepthi Talluri	Non executive Independent Director	Member	0	0
4	* Mr.D Chandra Sekhar Raju	Non executive Independent Director	Member	2	0

During the year, Nomination and Remuneration Committee has met twice on 13.08.2019 and 14.03.2020.

**(iii) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee was constituted by our Board of Directors at its meeting held on 01.08.2014 and reconstituted on 27.01.2017. The terms of reference of the Corporate Social Responsibility Committee of our Company shall include the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company in accordance with the provisions of the Companies Act, 2013;
- Review and recommend the amount of expenditure to be incurred on activities to be undertaken by our Company;
- Monitor the Corporate Social Responsibility Policy of our Company and its implementation from time to time;

**Composition and Attendance of Members at the Meetings of CSR Committee held during 2019-20:**

Sl. No.	Name of the Member	Category	Designation	No of Meetings held during the tenure of the members	Meetings attended
1	Karuturi Neelima Devi	Whole-Time Director-Promoter-Women Director	Chairman	3	1
2	Karuturi -Satyanarayana Murthy	Chairman and Managing Director- Promoter	Member	3	3
3	Datla Venkata Subba Raju	Non-Executive Independent Director	Member	3	3

The Corporate Social Responsibility Committee of the Company has met three times during the year i.e., on 13.08.2019, 07.02.2020 and 27.03.2020.

**(iv) Stakeholders Relationship Committee (SRC)**

The Stakeholders' Relationship Committee was constituted at board meeting held on 08.03.2017 and re-constituted on 14.03.2020. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013, which includes:

- Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, annual reports of the Company or any other documents or information to be sent by the Company to its shareholders etc.
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities, Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and rematerialisation of shares, split and issue of duplicate/consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;
- Oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended and other related matters as may be assigned by the Board of Directors.

**Composition SRC and Attendance of Members at the Meetings of the SRC held during 2019-20:**

Sl. No.	Name of the Member	Category	Designation	No of Meetings held during the tenure of the members	Meetings attended
1	Mr. M. Lakshmipathi Raju	Non executive Independent Director	Chairman	1	1
2	Karuturi Neelima Devi	Whole time director	Member	1	0
3	Mr. K. Subrahmanya Chowdary	Executive Director	Member	1	1

During the year, the Stakeholders' Relationship Committee has met once on 14.03.2020.

**Details of shareholders' requests/complaints received and resolved during FY 2019-20 are as under:**

No. of requests/complaints received	1
No. of requests/complaints resolved	1
No. of requests/complaints not solved to the satisfaction of the shareholders	0
No. of pending requests/complaints	0

Name of non-executive director heading the committee: Mr. M Lakshmipathi Raju

Name and designation of compliance officer: Ms. S.Sarojini, Company Secretary & Compliance officer

#### 4. Remuneration of Directors

##### Policy on directors' and key managerial personnel appointment & remuneration:

Your company adopted a policy relating to the remuneration for the directors (for both executive & non-executive) and key managerial personnel, which forms part of Policy on Director's and Key Managerial Personnel Appointment & Remuneration and same is available at company website [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in).

##### Non-executive Directors' Compensation & Disclosures:

The Non-executive Directors are entitled for (i) a sitting fee of Rs. 20,000/- per meeting of the Board of Directors attended and for committee meetings Rs. 10,000/- per meeting attended and (ii) Reimbursement of travel and hotel accommodation and other expenses incurred by them, for attending Board/Committee Meetings. Pursuant to Reg.34(3) and Sch.V of the SEBI(LODR) Regulations, 2015, the details of the remuneration paid to all directors and Key managerial are indicated in the Extract of MGT-9 enclosed to the Board's Report.

##### Performance Evaluation Criteria for Directors

The Nomination and Remuneration Committee at its meeting held on 08.03.2017 decided to implement an internal assessment method of evaluation and formulated criteria for evaluation of Directors, Committees and Board taking in to account the criteria indicated by the SEBI in its Guidance Note circulated on 05.01.2017

##### Performance evaluation

Pursuant to the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as evaluation of the workings of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, obligations and governance.

A meeting of the Independent Directors was held on 07.02.2020, which reviewed the performance of Non-Independent Directors, Chairman and the quality of the information and follow up action is being taken on suggestions made therein.



## 5. General body meetings

### Location and time of last three AGM's held

Year	Location	Date	Time
2016-17	At the Registered Office at 3-160, Panasapadu, Kakinada-533005, East Godavari District, Andhra Pradesh	11.08.2017	at 11.00 am
2017-18	At Hotel Grand Kakinada by GRT Hotels, D.No: 11-3-11, Veterinary Hospital road, Ramaraopeta, Kakinada -533004, Andhra Pradesh	22.09.2018	at 10.30 am
2018-19	At Paradigm Sarovar Portico, D.No 20-1-60, near Thirumal Theatre, Subhash road, Kakinada -533004, East Godavari district, Andhra Pradesh	19.09.2019	at 4.00 pm

- Details of special resolutions passed in the previous three annual general meetings

Description of resolution passed	Date of AGM
Re-Appointment of Mr. K. Satyanarayana Murthy(DIN 05107525) as the Managing Director	19.09.2019
Re-Appointment of Mr. K. Subrahmanya Chowdary (DIN 03019259) as the Executive Director	19.09.2019
Re-Appointment of Mr. Neelima Devi(DIN 06765515) as wholetime Director	19.09.2019

- Details of Postal Ballot Resolutions passed during the year 2019-20: Nil
- Whether any special resolution is proposed to be conducted through postal ballot: No

## 6. Means of communication

Sl. No.	Description	Remarks
1	Quarterly results	The quarterly and half-yearly unaudited/audited financial results are informed to Bombay Stock Exchange and National Stock Exchange as prescribed under SEBI(LODR) Regulations and posted at companys website
2	Newspapers wherein results are normally published	Andhra Bhoomi & Business Standard
3	Website	www.apexfrozenfoods.in
4	Whether it also displays official news releases	Yes
5	Presentations made to institutional investors or to analysts	Yes

## 7. General shareholders' information

Sl. No.	Description	Details
i.	Date, time and Venue of AGM	Date: Monday, 28 <sup>th</sup> September, 2020. Time: 9.30 A.M. Mode of Meeting: The Annual General meeting will be conducted through Video Conferencing (VC)/Other Audio-Visual Means (OAVM)
ii.	Financial Year	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020
iii.	Dividend payment date	Board of Directors has declared interim dividend of Rs. 2.00/- Per Equity share of Rs 10/- each fully paid for the financial year 2019-20. The dividend has paid within prescribed time limit.
iv.	Dates of book closure	Thursday, 24 <sup>th</sup> September, 2020 to Monday, 28 <sup>th</sup> September, 2020
v.	Name and address of Stock Exchange(s) at which the equity shares are listed and confirmation about payment of annual listing fee to each of such Stock Exchanges.	The Company's Shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchanges (NSE). The addresses of these Exchanges is as under: <b>1.</b> Bombay Stock Exchange Limited, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai – 400 001. <b>2.</b> National Stock Exchange of India Limited, Exchange Plaza , BandraKurla Complex, Bandra (East), Mumbai-400 051.  The Company has duly paid the Listing fees for the year 2019-20 to BSE Limited and National Stock Exchange where the shares of the Company are Listed.
vi.	Stock Code	BSE : 540692 NSE : APEX

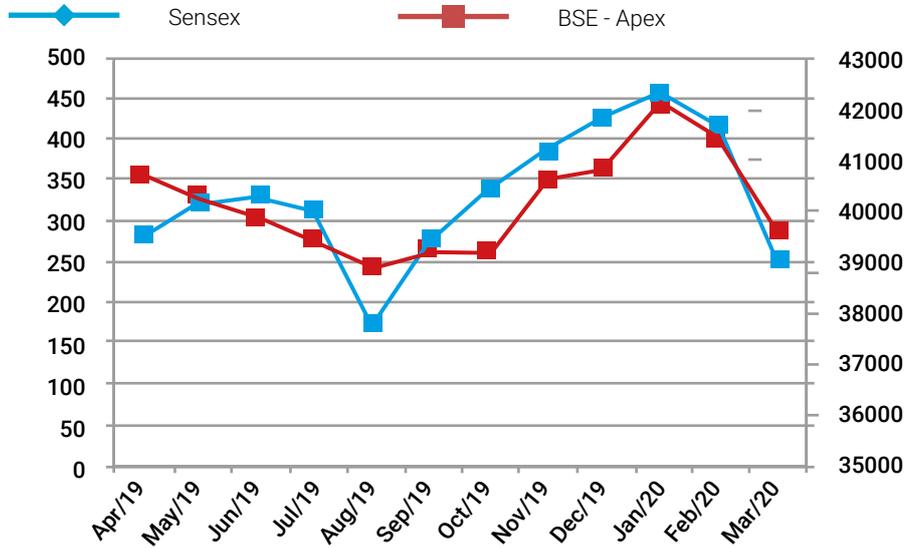
vii. **Market Price Data: High / Low / Close During each month in the last Financial Year:**

Month	BSE				NSE			
	Open	High	Low	Close	Open	High	Low	Close
Apr-19	329.35	350.00	301.50	305.00	331.00	347.90	301.70	306.70
May-19	307.50	326.00	237.50	301.25	306.00	327.80	238.00	301.30
Jun-19	299.40	299.40	238.00	256.50	299.05	300.80	233.70	256.30
Jul-19	257.35	275.00	207.00	241.90	259.70	274.80	206.45	241.55
Aug-19	236.45	239.55	190.10	205.95	236.80	239.95	190.00	204.80
Sep-19	201.10	262.00	197.20	241.30	201.10	263.90	196.75	241.70
Oct-19	245.10	260.00	205.60	235.75	241.70	258.00	205.00	236.90
Nov-19	234.00	346.70	225.60	303.75	233.90	346.65	227.45	303.70
Dec-19	302.85	363.05	267.05	344.35	301.55	363.00	266.00	345.35
Jan-20	365.00	444.75	328.20	349.50	347.50	444.85	328.00	347.60
Feb-20	345.90	401.30	263.20	271.20	347.95	401.80	261.75	271.35
Mar-20	282.00	287.70	132.05	168.50	282.00	288.00	132.00	168.55

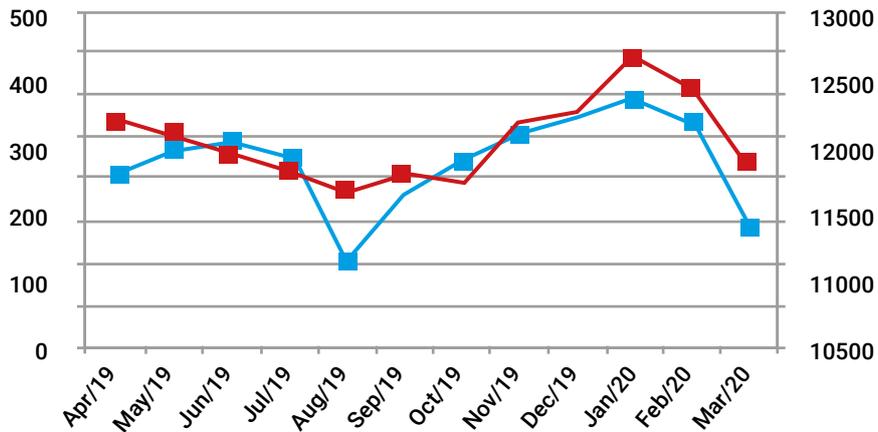


viii.

Relative Performance of Apex Frozen Foods Limited Share Price V/S. BSE Sensex:



Relative Performance of Apex Frozen Foods Limited Share Price on NSE V/S. NSE NIFTY 50:



Sl. No.	Description	Details
ix.	Registrar to an issue and share transfer agents	Bigshare Services Private Limited Head office:1 <sup>st</sup> Floor, Bharat Tin Works Building Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai- 400059 Tel: 022- 6263 8200  Hyderabad Branch: 306,Right Wing, 3 <sup>rd</sup> Floor, Amrutha Ville, Opp.Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500082, Ph: 040 40144582
x.	Share Transfer System	All transfers received are electronically processed and approved by the Share Transfer Committee which normally meets once in a fortnight or more depending upon the volume of transfers. The summary of transfers, transmissions etc., are placed before every Board Meeting and Stakeholders Relationship Committee Meeting.

xi. Distribution of shareholding as on 31.03.2020:

No. of Equity shares	No. of share holders	% of Shareholders	No. of shares	% of Shares
01-5000	36731	96.2275	26061880	8.3398
5001-10000	823	2.1561	6198850	1.9836
10001-20000	345	0.9038	4940040	1.5808
20001-30000	111	0.2908	2881140	0.9220
30001-40000	36	0.0943	1256370	0.4020
40001-50000	34	0.0891	1605940	0.5139
50001-100000	51	0.1336	3501890	1.1206
100001and above	40	0.1048	266053890	85.1372
Total	38171	100.00	312500000	100

xii. Dematerialization of shares and liquidity as on 31.03.2020

Sl. No.	Description	No. of Shareholders	No. of shares	% of Equity
1	Shares in Demat mode with NSDL	19311	27976247	89.52
2	Shares in Demat mode with CDSL	18859	3273743	10.48
3	Shares in Physical mode	1	10	0.00
	Total	38171	31250000	100.00

The company's shares are regularly traded on BSE and NSE.



Sl. No.	Description	Details
xiii.	Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:	Nil
xiv.	Commodity Price Risk or Foreign Exchange Risk and hedging activities	Nil
xv.	Plant locations	Owned Processing  1. Apex Frozen Foods Limited #3-160, Panasapadu, Kakinada East Godavari District, Andhra Pradesh. -533005.  2. G.Ragampeta Village, Peddapuram Mandal, East Godavari District, Andhra Pradesh- 533437  Owned Pre Processing 32. Apex Frozen Foods Limited # 389/1, Korangi village, Tallarevu (Mandal) East Godavari District, Andhra Pradesh 533461
xvi.	Address for correspondence	Registered Office: 3-160, Panasapadu, Kakinada, East Godavari District, Andhra Pradesh -533005.
xvii.	Credit ratings given by CRISIL for bank loan facilities	Long term Rating: CRISIL A- (Stable)(Reaffirmed) Short term rating: CRISIL A2+ (Stable)( Reaffirmed)



## 8. Other disclosures

### i. Disclosure on materially significant Related Party Transactions

There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large.

Your Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transaction same is available at company website [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in).

### ii. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed by Stock Exchange(s) or the Board or any Statutory Authority on any matter related to Capital markets during last 3 years: Nil

### iii. Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company has in place a Whistle Blower Policy for Vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud, violation of Company's Code of Conduct. None of the personnel have been denied access to the Audit Committee.

### iv. Disclosure under Sexual Harassment of Women at Workplace

The Company has in place the requisite Internal Committees as envisaged in the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

Complaints on the issues covered by the above Act were received during the year as follows:

- a. number of complaints filed during the financial year 2019-20: Nil
- b. number of complaints disposed of during the financial year 2019-20: Nil
- c. number of complaints pending as at the end of the financial year 2019-20: Nil

### v. Disclosure regarding compliances made with Mandatory requirements and adoption of Non-Mandatory requirements.

All mandatory Requirements were complied with for the year ending 31.03.2020.

- The Company has fulfilled the following non-mandatory requirements as prescribed in Schedule II, PART E of Regulation 27(1) of (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the following:
  - o Audit Qualification – The financial statements of the Company of the Company are unqualified.
  - o Shareholders' Rights: As the quarterly and half yearly financial performance are submitted to the Stock Exchanges, published in the press and posted on the Company's website. These are not sent to shareholders separately.

### vi. CEO/CFO Certification

In terms of Part-B of Schedule – II read with Regulation 17(8) of the SEBI (LODR) Regulations, 2015, the Certificate duly signed by the Managing Director and CFO of the Company was placed before the Board of Directors along with the financial statements for the year ended 31.03.2020, at its meeting held on 26.06.2020 and forms part of this Annual Report and same is annexed as **Annexure- IV** forms an integral part of the Annual Report.

### vii. Policy on Material Subsidiaries

Your Company does not have any Subsidiaries; hence, it has not adopted any policy on Material Subsidiaries.

### viii. Disclosure of Accounting Treatment:

The Company in the preparation of financial statements has followed the treatment laid down in the Accounting standards prescribed by the Institute of Chartered Accountants of India. There are no audit qualifications in the Company's financial statements for the year under review.

### ix. Compliance with Corporate Governance requirements

Your Company has complied with corporate governance requirements specified in regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



**x. Details with respect to utilisation of funds raised through Preferential Allotment or Qualified Institutions**

**Placement:**

During the Year, the Company has not raised funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the LODR Regulations.

**xi. Certificates from a Practising Company Secretary**

- a. The Company has obtained a Certificate from a Practising Company Secretary confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority and is annexed as Annexure-.... and forms an integral part of the Annual Report.
- b. The Company has obtained a Certificate from a Practising Company Secretary confirming that it is in compliance with the conditions of Corporate Governance as stipulated in Para C of the Schedule V of the LODR Regulations and same is annexed as **Annexure-V** and forms an integral part of the Annual Report..

**xii. Disclosure with respect to payment made to Statutory Auditors**

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: **Rs. 10,00,000/-**

xiii. During the year, the board has accepted all the recommendations of all the committees of board.

---

**Declaration by the Managing Director under para D of schedule V of the SEBI (Listing obligations and disclosure requirements) regulations, 2015**

**Code of Conduct**

In terms of Reg.26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Codes of Conduct, as applicable to them for the year ended 31<sup>st</sup> March, 2020.

For Apex Frozen Foods Limited

Sd/-

K. Satyanarayana Murthy  
Chairman & Managing Director  
DIN 05107525

Place: Panasapadu, Kakinada  
Date: 28.08.2020

## Annexure-III

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
Apex Frozen Foods Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of APEX FROZEN FOODS LIMITED having CIN L15490AP2012PLC080067 and having registered office at 3-160, Panasapadu, Kakinada, East Godavari, Andhra Pradesh, 533005 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Karuturi Subrahmanya Chowdary	03619259	30/03/2012
2	Mr. Satyanarayana Murthy Karuturi	05107525	30/03/2012
3	Mrs. Karuturi Neelima Devi	06765515	18/12/2013
4	Mrs. Deepthi Talluri	08726143	31/03/2020
5	Mr. Venkata Subba Raju Datla	07717931	25/01/2017
6	Mr. Venkata Subba Raju Datla	07717952	25/01/2017

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 28.08.2020  
Place: Hyderabad  
UDIN: A053561B000625572

for M/s A. S. Ramkumar & Associates  
Company Secretaries

Sd/-  
Arun Marepally  
Partner  
ACS 53561  
CP. 19797.



## Compliance Certificate by Managing Director (MD) and Chief Financial Officer (CFO)

We, K. Satyanarayana Murthy, Managing Director and Mr. Ch. Vijay Kumar, CFO of M/s. Apex Frozen Foods Limited, to the best of our knowledge and belief, certify that:

We have reviewed the financial statements and the cash flow statement for the year under review and to the best of our knowledge and belief:

- these statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading;
- these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

To the best of our knowledge and belief, no transactions entered into by the Company during the years, which are fraudulent, illegal or violative of the Company's code of conduct.

We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and disclosed to the auditors and audit committee, the deficiencies in the design and operation of such internal controls and the steps taken to rectify these deficiencies.

We have indicated to the auditors and the audit committee that

- there are no significant changes in internal control over financial reporting during the year.
- there are no significant changes in accounting policies during the year except as stated in the notes to financial statements
- there are no frauds of which we are aware, that involves management or other employees who have a significant role in the Company's internal control system.

Place: Panasapadu, Kakinada  
Date: 26.06.2020

For Apex Frozen Foods Limited

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

Sd/-  
Ch. Vijay Kumar  
Chief Financial officer

Annexure-V

## Certificate on Corporate Governance

To,  
The Members  
Apex Frozen Foods Limited

We have examined the compliance of conditions of Corporate Governance by Apex Frozen Foods Limited ('the Company') for the year ended 31<sup>st</sup> March, 2020 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 28.08.2020  
Place: Hyderabad  
UDIN: A053561B000625583

for M/s A.S.Ramkumar & Associates  
Company Secretaries

Arun Marepally  
Partner  
ACS 53561,  
CP. 19797



## Secretarial Audit Report

Form No. MR-3

For the financial year ended 31<sup>st</sup> March 2020

[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  
3-160, Panasapadu, Kakinada,  
East Godavari District,  
Andhra Pradesh -533005.

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 **Apex Frozen Foods Limited**, registers, records, 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 from **01<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020** 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 have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by **Apex Frozen Foods Limited** for the financial year ended on 31<sup>st</sup> March 2020, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and by-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and 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;
  - b. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time;
  - c. The SEBI (Prohibition of Insider Trading) Regulations, 2015
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the Audit Period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: (Not applicable to the Company during the Audit Period);
  - f. The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014: (Not applicable to the Company during the Audit Period);
  - g. 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;
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 : (Not applicable to the Company during the Audit Period);
  - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: (Not applicable to the Company during the Audit Period);
- 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. The Water (Prevention and control of pollution) Act, 1974
  - d. The Air (Prevention and control of pollution) Act, 1981
  - e. The Environment Protection Act, 1986 and rules made thereunder

- f. Hazardous Waste (Management and Handling and transboundary Movement) Rules, 2008
- g. Customs Act, 1962
- h. The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013
- i. Food Safety and Standards Act, 2006
- j. The Legal Metrology (Packaged Commodities) Rules, 2011
- k. Factories Act, 1948
- l. Industrial Disputes Act, 1947
- m. The Payment of Wages Act, 1936
- n. The Minimum Wages Act, 1948
- o. Employee State Insurance Act, 1948
- p. Employees Provident Funds and Miscellaneous Provisions Act, 1952
- q. The Payment of Bonus Act, 1965
- r. The Payment of Gratuity Act, 1972
- s. The Contract Labour (Regulation & Abolition) Act, 1970
- t. The Child Labour (Prohibition & Regulation) Act, 1986
- u. The Industrial Employment (Standing Order) Act, 1946
- v. Equal Remuneration Act, 1976
- w. Shops and Establishment Act, 1988
- x. Trade Marks Act, 1999

Further, we have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India., with respect to Board General Meetings and dividend
- ii. The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 etc. as mentioned above.

We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 and the Rules made thereunder as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company.

**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. During the period under review, and changes in composition of board of director is in compliance with applicable provisions of the act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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 during the audit period the Company does not have any major events / actions which either directly or indirectly effect the Company's affair in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

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 the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

Place: Hyderabad  
Date: 28.08.2020  
UDIN: A053561B000625605

for A. S. Ramkumar & Associates  
Company Secretaries

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. Management Responsibility

Maintenance of Secretarial record 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. Auditor's Responsibility

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. We believe that audit evidence and information provided by the Company's management is adequate and appropriate for us to provide a basis for our opinion.
6. 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.

### Disclaimer

7. 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.
8. As regards the Secretarial Audit for the FY 2019-20, a substantial portion of the audit programme was completed prior to the outbreak of the pandemic COVID 19 in the country. However, owing to the lockdown measures imposed across the country and the cascading impact thereof, for certain verifications and cross checks, we have relied on the management representations and assurances, wherever required, for forming our opinion and eventual reporting.

Place: Hyderabad  
Date: 28.08.2020  
UDIN: A053561B000625605

for A. S. Ramkumar & Associates  
Company Secretaries

Arun Marepally  
Partner  
ACS 53561,  
CP. 19797

# Annual Report on Corporate Social Responsibility (CSR) Activities

The CSR is being reported from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020.

## 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's 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 multifold 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. 8122.04 lakhs

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

The Company is required to spend Rs. 162.44 lakhs towards CSR for the financial year 2019-20

## E. Details of CSR spent for the financial year

- Accumulated outstanding balance of CSR expenditure for F.Y. 2019-20: Rs.158.08 lakhs.
- Amount unspent: Rs.225.88 lakhs (Company is in the process of identifying suitable areas for spending amount pertaining to corporate social responsibility, it has not yet identified suitable areas to spend CSR funds)
- Manner in which the amount spent during the financial year is detailed alongside.





Sl. No.	CSR project or activity identified	Sector in which the Project is covered/ Relevant Section of Schedule VII in which the project is covered	Project or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Eradicating hunger, Promotion of Education	Midday Meal Scheme (Andhra Pradesh)	Akshayapatra Foundation	Rs.36.00 lakhs	Rs.36.00 lakhs	Rs.36.00 lakhs	Direct
2	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries;	Construction of monument (Andhra Pradesh)	Nauyana Monastery	Rs.29.24 lakhs	Rs.29.24 lakhs	Rs.29.24 lakhs	Direct
3	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.	Promotion of Health Care (Andhra Pradesh)	Sankurathri Foundation	Rs.15.29 lakhs	Rs.15.29 lakhs	Rs.15.29 lakhs	Direct

Sl. No.	CSR project or activity identified	Sector in which the Project is covered/ Relevant Section of Schedule VII in which the project is covered	Project or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
4	Protection of national heritage, art and culture	Promotion of Traditional Art (Andhra Pradesh)	Nataraj Music & Dance Academy	Rs.5.00 lakhs	Rs.5.00 lakhs	Rs.5.00 lakhs	Direct
5	protection of national heritage, art and culture	Promtion of Traditional Art (Andhra Pradesh)	The Youngman's Happy Club	Rs.4.15 lakhs	Rs.4.15 lakhs	Rs.4.15 lakhs	Direct
6	To promote rural sports, nationally recognised sports, paralympic sports and olympic sports	Promotion of sports (Andhra Pradesh)	Kakinada Runners Trust	Rs.1.50 lakhs	Rs.1.50 lakhs	Rs.1.50 lakhs	Direct



**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.

Place: Panasapadu, Kakinada  
Date: 28.08.2020

Sd/-  
K. Satyanarayana Murthy  
Managing Director & Member  
of CSR Committee  
DIN 05107525

**ANNEXURE-VIII****Disclosures Pursuant to Section 197 (12) of The Companies Act, 2013 and Rule 5 of Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year

Sl.No.	Name	Designation	Total remuneration (Rs in Lakhs)	Ratio of remuneration of director to the median remuneration
1	K. Subrahmanya Chowdary	Executive Director	168.00	1211:1
2	K. Satyanarayana Murthy	Managing Director	168.00	1211:1
3	K. Neelima Devi	Whole time Director	125.00	901:1

**Notes:**

- The aforesaid details are calculated on the basis of remuneration for the financial year 2019-20.
- The remuneration to Directors includes sitting fees paid to them for the financial year 2019-20.
- Median remuneration of all its employees is Rs.13862/- for the financial year 2019-20.

2. The percentage increase/decrease in the median remuneration of employees in the financial year 2019-20: 11%

3. The number of permanent employees on the rolls of Company:

Executive & Staff	462
Workers	2295
Total	2858

4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the Key Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Particulars	2018-19	2019-20	Increase %
Average salary of all employees (in Rupees) (Other than Key Managerial Personnel)	12457	13862	11.00%
Salary of Managing Director (Rs in lakhs)	168.00	168.00	0.00
Salary of Whole Time Director (Rs in lakhs)	168.00	168.00	0.00
Salary of Whole Time Director (Rs in lakhs)	125.00	125.00	0.00
Salary of Chief Financial Officer (Rs in lakhs)	8.00	8.00	0.00
Salary of Company Secretary (Rs in lakhs)	3.00	4.20	28.57

List of top ten employees of the Company in terms of remuneration drawn and employed throughout the financial year 2019-20.

Name(s)	Salary P.A ( Rs in lakhs)	Qualification	Years of exp.	Previous employment
G.V.RaghavaRaju	39.00	B.SC	23	Surya Chakra Sea foods ltd
U. Vinod	24.00	B.A.,	21	-
Ch. Siva Rama Krishna	12.00	B.A.,	16	-
D. SatyaMadhavi	12.00	M.SC	18	Jasper Aqua
M. Satyanarayana	10.56	ITI	26	NJR Marine
N. Uday Kumar Raju	9.00	B. TECH	6	-
M. Srikanth	9.00	C.A	6	Mahaveer Automobiles
N. Suresh	9.84	B.SC	11	Sandhya Marine
R. Trimurthulu	8.40	B.SC	13	-
L. Satyanarayana	7.20	B.SC	16	-

**Notes:**

- i. No employee is a relative of any Director or Manager of the Company.
- ii. All appointments are contractual and terminable by notice on either side.
- iii. Remuneration includes salary, bonus, commission, various allowances, contribution to provident fund and superannuation fund and taxable value of perquisites excluding provision for gratuity and leave encashment.
- iv. Company has not paid remuneration to any of the employee exceeding Rs 1.02 Crore

7. There is no employee in the Company, who has drawn remuneration exceeding more than One crore and Two lakhs per annum for the financial year 2019-20; and there is no employee in the Company, who has drawn the remuneration exceeding Eight lakhs and Fifty thousand per month during the financial year 2019-20.

For **Apex Frozen Foods Limited**

Place: Panasapadu, Kakinada

Date: 28.08.2020

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



# Management Discussion and Analysis

Annexure –IX

### Disclaimer

This section contains a discussion on the opinions and perceptions of the Management on the trends that impact the Company. It has been collated from information available publicly and reports by various nodal and governmental agencies that the management believes to be accurate at the time of publishing this report. The Company does not undertake to update or revise any of the opinions or statements expressed in this report, consequent to, inter alia, revisions to the reports mentioned herein, new information, future events, or otherwise.

### A. ECONOMIC ENVIRONMENT

The year 2019 ended on a mixed note with most global economies witnessing slowing economic growth, with some green shoots of recovery popping up in pockets around the world. The World Economic Outlook (WEO, a periodic report by the International Monetary Fund (IMF) dated January 2020) reported that the World GDP growth slowed to 2.9% in CY 2019 from 3.6% in CY 2018. However, the WEO, Jan-2020, reported that market sentiment had been boosted by tentative signs that manufacturing activity and global trade are bottoming out, a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminished fears of a no-Brexit deal. This had set the stage for an improved GDP growth for CY 2020.

The World then faced an unprecedented global pandemic, Covid-19, that led to a unique combination of factors, i.e. voluntary social distancing, lockdowns being imposed to slow transmission and allow health care systems to handle critical patients. This led to a severe impact in the form of consumption and services output dropping markedly, depressed mobility, a severe hit to the labor market causing steep income losses and weaker consumer confidence and this has been playing out for the past 3-6 months across the world. Consequently, the WEO, Jun-2020, believes that in CY 2020, the global economy is expected to shrink by 4.9%. However, as countries begin easing lockdowns across the world, global growth is projected to recover to 5.4% in CY 2021.

In India, per the WEO, Jun-2020, the real GDP grew by 4.2% in CY 2019 as compared to 6.1% in CY 2018. As mentioned above, the global pandemic has put the brakes on most well-laid plans and consequently, India's GDP is expected to shrink by 4.5% in CY 2020 but is estimated to grow at 6.0% in CY 2021. The Government, on its part, has tried to step in to help. The reduction in corporate tax rate is a big boost to the industry; it makes India much more competitive globally. Further, to combat Covid-19, the slew of policy measures and announcements are welcome and signal the Government's strong commitment to arrest and reverse the slowdown.

### B. INDUSTRY OVERVIEW

#### Global Shrimp Industry

Shrimp trade plays an important role in international fish trade, representing about 18% of total world fish trade in value terms. As per the FAO, Jul-2020 report, the shrimp production in CY 2019 increased 17% to reach 4.45 million tonnes, led by increased production mainly in China, India, and Indonesia. The Asia-Pacific region continued to be the largest producer of shrimp, followed by Ecuador, the top producer in Latin America.

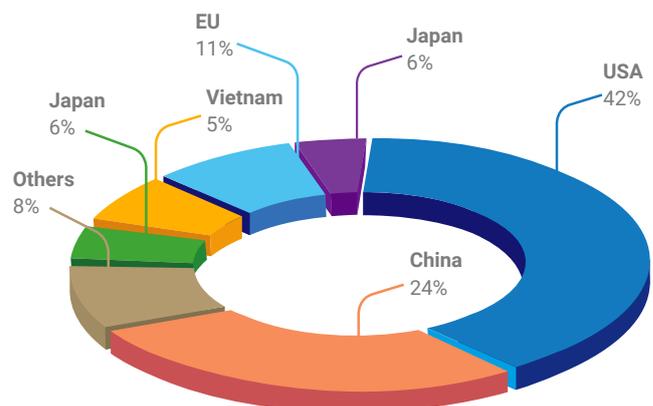
In terms of the consuming markets for global farmed shrimp, the European Union, USA, and China continued to be in the top three, in CY 2019. In the EU, internal economic environs kept up the weak trend with a 3.9% y-o-y decline in Shrimp imports to ~ 800,000 MT. USA too, saw a very subdued 0.4% growth in CY 2019, but was on course for a strong revival following good consumer demand, reduced inventories, and lower import prices from the beginning of CY 2020 and registered a ~15% y-o-y growth in shrimp imports in Q1 CY 2020. On the back of strong internal demand, China became the focus of global shrimp exporters and registered an increase of 179% y-o-y to ~722, 000 MT in CY 2019.

While shrimp prices remained weak in the initial period, the green shoots of recovery helped stabilized it over the second half of CY 2019.

#### India Shrimp Industry

India's shrimp production saw a significant jump of ~30% from 615,692 MT in CY 2018 to 804,000 MT in CY 2019 (reports the Ministry of Commerce and Industry). Exports too saw an 8% increase with 667,879 MT being exported in CY 2019. While the countries that India has been exporting to has remained stable, the proportion has kept on changing. In CY 2019, while USA remained the largest market, China became the second driven by increased imports. The breakup of exports in CY 2019 were as follows:

#### Break-up of Shrimp Exports - CY19



Source: Ministry of Commerce, Govt





**10.80%**  
OPERATING PROFIT MARGIN



**7.17%**  
NET PROFIT MARGIN



### Outlook CY 2020

**Production:** Early season's farming activities, that is typically in the months of April/May slowed down on account of the outbreak of Covid-19 and the attendant restrictions imposed on both the consumer as well as the resources for production and has pushed down the stocking season to June/July.

**Demand:** In the EU and the USA, while there have been significant increases in retail grocery sales and takeout delivery as the majority of the population preferred staying at home, overall consumption in the markets has declined because of the almost total shut down of restaurant and catering trade worldwide that were the key centers of demand for shrimp. Interestingly however, China saw a 27% increase in shrimp imports in Q1 CY 2020 underscoring the latent demand for shrimp that is expected to revert to normalcy as the situation continues to improve.

As one of the world's largest exporters of Shrimp, India has significant opportunities that are likely to present itself over Fiscal 2020 and 2021.

### C. BUSINESS OVERVIEW

#### Company overview:

The Company is an integrated producer and exporter of variants of processed L. Vannamei (White-leg) and Black Tiger shrimp. Our clientele consists of food companies, retail chains, restaurants, club stores and distributors spread across the markets of the USA, European Union and China.

The Company's integrated operations include three (owned) Hatcheries with a combined breeding capacity of about 1.2 to 1.4 billion SPF seeds, Farming activity over ~1,500 acres of land (owned + leased) and shrimp Processing capacity of 29,000 MTPA (owned).

The Company's total employee strength as of March 2020 stood at 2,858.

#### Fiscal 2020 and Outlook

The Fiscal 2020 has been an eventful year and has seen its share of ups and downs. During the year, the Company completed its planned capex cycle and the new plant, after finishing trial runs, commenced commercial production towards the latter part of the year. While EU approval for the plant is awaited, the plant started catering to the US and other markets. However, as the transition from the old leased facilities to the newly constructed plant was ongoing, the Company was faced with capacity



**3.87 times**  
CURRENT RATIO



**8.59 times**  
INTEREST COVERAGE

constraints in the second and third quarters of the fiscal. Further, in the last 2-3 weeks of the fiscal, the Covid-19 pandemic caused severe disruptions to production resources, and even though the capacities came online completely, the demand began tapering off and as a result, for fiscal 2020, we sold 12,243 MT of processed shrimp as against sales of ~13,051 MT in the previous fiscal. After a sharp decline in fiscal 2019, the export prices of shrimp have remained largely stable during the fiscal 2020.

Despite the lower volumes and revenues, the EBITDA margin was maintained due to the inherent cost savings of operationalisation of the new processing plant and cold storage facilities, and importantly strong cost discipline followed by the Company coupled with lower raw material costs and improving product and customer mix.

With the expanded capacity coming online, the sale of high value ready-to-eat products and the continuing cost optimisation measures, the Company is well poised to capitalise on the growth opportunities that are likely to present itself as the situation across the world improves.

#### D. OPPORTUNITIES AND THREATS

##### Opportunities

With a long coastline and other geographical advantages, India has a competitive edge and is well suited for developing Aquaculture industry. The success story of L. Vannamei could be replicated for other species of fish and thereby strengthening India's position in the seafood export markets, globally. Further, given its small presence currently, India could increase its market share in value added products going forward.

The global consumption pattern is witnessing a change, at least in the near term, with consumers staying at home and reducing their eating-out experiences. As this is happening, retail sales are seeing an uptick as compared to food service sales. Over the years, the Company has been strategically focusing on improving its customer mix to make end-use customers as the key market and this strategy has benefitted the Company given the current situation and market dynamics

##### Threats

One of the key threats for the Aquaculture Industry is the risk

of disease, and in the present situation, any outbreak could threaten the long-term prospects of the Industry. Further, being situated near the coastline and water bodies, several parts of the supply chains are susceptible to the vagaries of nature such as the recent cyclones that made landfall on the east coast of India. While natural calamities are difficult to prepare for, measures such as traceability and scientific pond management help reduce the impact of diseases.

#### E. RISK MANAGEMENT

The Company's revenues are largely realised in foreign currency. Further, the nature of the business requires investment in working capital and therefore management of liquidity positions carefully.

##### Foreign Exchange Risk

The Company is exposed to foreign exchange rate risk as a significant portion of the revenues are denominated in foreign currencies, while a large part of the expenses is incurred in the Indian currency. Any appreciation in the value of the Indian Rupee (INR) against the U.S. Dollar (USD) or other foreign currencies would decrease the realization of the Company's products in INR terms. The exchange rate between INR and USD has changed substantially in recent years and may continue to fluctuate significantly in the future. While the Company does partially hedge its positions, the recent movements in currencies could mean that a certain portion of the risk could still impact profitability.

##### Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. The Company has thus far managed to ensure that relationships with customers and suppliers are cordial and will continue working on that ethos.

#### F. INTERNAL CONTROL SYSTEMS

The Company's independent and robust Internal Audit processes provide assurance on the adequacy and effectiveness of internal controls, compliance with operating systems, internal policies, and regulatory requirements.

The Company has in place an adequate system of internal



**0.36 times**  
DEBT EQUITY RATIO



**16.29%**  
RETURN ON NET-WORTH

control commensurate with its size and nature of its business. These have been designed to provide reasonable assurance that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly and the business operations are conducted as per the prescribed policies and procedures of the Company.

The Audit committee and the management have, at periodic intervals, reviewed the adequacy of the internal control systems and suitable steps are taken to improve the same.

#### **G. Discussion on financial performance and key financial ratios**

The Financial Statements comply in all material aspects with

Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

On the Revenue front, shipments of the finished products were disrupted during the last fortnight of March due to Covid-19 which has had some impact on revenues in Q4FY20. Further, transition from leased facility to new plant also led to certain capacity constraints during the second half of the fiscal. As a result, for the full year, revenues corrected from Rs. 8,962 million in fiscal 2019 to Rs. 8,461 million in fiscal 2020. However, with favourable product mix and cost saving measures during the year, the Company has maintained its margins and posted a Profit after Tax of Rs 606 million in fiscal 2020, largely in-line with Profit after Tax of Rs 608 million in fiscal 2019.





Financial Ratio	Fiscal 2020	Fiscal 2019
Operating Profit Margin	10.80%	11.18%
Net Profit Margin	7.17%	6.78%
Debtors Turnover (times)	10.69	9.58
Inventory Turnover (times)	5.70	8.42
Current Ratio (times)	3.87	5.34
Interest Coverage Ratio (times)	8.59	15.30
Debt-Equity Ratio (times)	0.36	0.29
Return on Net-worth (%)	16.29%	17.67%

**Notes:**

1. Net Profit margin and Return on Net-worth have been calculated based on Profit after Tax and before Other Comprehensive Income
2. Debtor and Inventory Turnover ratio have been calculated based on Net Revenue
3. Inventory Turnover reduced due to relatively higher inventory, on account of accumulated raw & semi processed and processed goods due to Covid-19 situation
4. Current ratio declined due to higher inventory
5. Interest coverage ratio lowered as finance cost increased in-line with increased debt, largely to meet working capital requirements



# Business Responsibility Report

Annexure –X

## Section A: General Information about the Company

- 1) Corporate Identity Number (CIN) of the Company: L15490AP2012PLC080067
- 2) Name of the Company: Apex Frozen Foods Limited
- 3) Registered Address: 3-160, Panasapadu, Kakinada, East Godavari 533005, Andhra Pradesh, India
- 4) Website: www.apexfrozenfoods.com
- 5) Email: info@apexfrozenfoods.com
- 6) Financial Year Reported: 2019-20
- 7) Sector(s) that the Company is engaged in (industrial activity code-wise NIC-2008):
  - a) 1020 – Processing and preserving of fish, crustaceans and molluscs and products thereof
- 8) List three key products/services that the Company manufactures/provides (as in balance sheet):
  - a) Head On / Headless, Shell-on Shrimp
  - b) Easy Peel Shrimp
  - c) Peeled Shrimp
- 9) Total number of locations where business activity is undertaken by the Company
  - a) Number of International Locations: NIL
  - b) Number of National Locations: Two (2) Processing Plants; One (1) Pre-Processing Unit; Three (3) Hatcheries
- 10) Markets served by the Company: Local/State/ National/International
  - a) National: The shrimp seed from the Company's Hatcheries is marketed to shrimp farmers in the state of Andhra Pradesh.
  - b) International: During the year under review, the Company exported processed shrimp to the USA, European Union, and China

## Section B: Financial Details of the Company

- 1) Paid Up Capital: Rs. 3,125.00 lacs
- 2) Total Turnover: Rs. 82,710.54 lacs
- 3) Total Profit after Taxes: Rs. 6,064.17 lacs
- 4) Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.50%
- 5) The Company has spent Rs. 158.08 lakhs on CSR which formed 2.52% of the profit after tax for the financial year 2019-20.
- 6) List of activities in which expenditure in 4 above has been incurred:
  - a) Eradicating hunger, poverty and malnutrition
  - b) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art.
  - c) Promoting Health care.
  - d) Promoting sports.

## Section C: Other Details

- 1) Does the Company have any Subsidiary Company/Companies?
  - No
- 2) Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?
  - Not Applicable
- 3) Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?
  - The Company engages with many suppliers, distributors, farmers and third parties. None of these entities participate in the BR activities / initiatives of the Company.

## Section D: BR Information

- 1) Details of Director/Directors responsible for BR
  - a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Particulars	Details
DIN Number	05107525
Name	Mr. K Satyanarayana Murthy
Designation	Chairman & Managing Director

## b) Details of the BR head

Particulars	Details
DIN Number	03619259
Name	KARUTURI SUBRAHMANYA CHOWDARY
Designation	Executive director
Telephone number	0884 2383902
E-mail ID	cs@apexfrozenfoods.com

## 2) Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Business should provide goods and services that are safe and contribute to Sustainability throughout their life cycle
P3	Business should promote the well- being of all employees
P4	Business should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Business should respect and promote human rights
P6	Business should respect, protect and make efforts to restore the environment
P7	Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Business should support inclusive growth and equitable development
P9	Business should engage with and provide value to their Customers and consumers in a Responsible manner



2) Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business

released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

Sl. No.	Name of the Member	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, Policy conform to National Voluntary Guidelines on Social Environmental and Economic Responsibilities of Business issued by Ministry of Corporate Affairs								
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes, The policies have been approved by the Board and signed by Managing director / executive director								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Indicate the link for the policy to be viewed online?	Policies are available on the website of the Company <a href="http://www.apexfrozenfoods.com">www.apexfrozenfoods.com</a> and the policies which are internal to the Company are available on the intranet of the Company.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8	Does the company have in-house structure to implement the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No	No	No	No	No	No	No	No	No

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Name of the Member	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	NA								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA								
3	The company does not have financial or manpower resources available for the task	NA								
4	It is planned to be done within next months	NA								
5	It is planned to be done within the next 1 year	NA								
6	Any other reason (please specify)	NA								

3) Governance related to BR:

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

- Once a year

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

- This is the first year that the BR report is applicable to the Company and it forms a part of the Annual Report.

## Section E: Principle-Wise Performance

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Apex frozen Foods Limited lays a strong emphasis on ethical corporate citizenship and establishment of good corporate culture. It has always believed in adhering to the best governance practices to ensure protection of interests of all stakeholders of the Company in tandem with healthy growth of the Company. The Company has always discouraged practices that are abusive, corrupt, or anticompetitive.

Our philosophy is to conduct the business with high ethical standards in our dealings with all the stakeholders that include employees, customers, suppliers, government and the community. The Company has a strong and effective Whistle Blower Policy which aims to deter and detect actual or

Suspected misconduct. It has been established to ensure that genuine concerns of misconduct/ unlawful conduct, which an individual believes may be taking place within the organisation, are raised at an early stage in a responsible and confidential manner. This mechanism also provides for adequate safeguards against victimisation of employees who avail of the mechanism. Any employee may report such incident without fear to the Chairman of the Audit Committee. The Policy on Vigil Mechanism may be accessed on the Company's website at [http://apexfrozenfoods.in/wp-content/uploads/2017/11/Apex\\_Whistle-Blower-Policy.pdf](http://apexfrozenfoods.in/wp-content/uploads/2017/11/Apex_Whistle-Blower-Policy.pdf)

1) Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

- The Company's Code of Conduct for Directors, Key Managerial Personnel and Senior Managers covers the fundamentals of the first principle.

2) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved



by the management? If so, provide details thereof, in about 50 words or so.

- As laid out the Corporate Governance Report, the Company received one Investor Complaints during the financial year 2019-20, which was addressed satisfactorily. Other than these, there were no complaints received by the Company.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1) List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- The Processing plants are designed to ensure that the practices followed consider the environment right from procurement, packing to discharge of waste materials
- The Farming activity conducted on our farms ensures environmental sustainability and ecological balance

2) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
  - Reduction in sourcing / distribution is proportionate to our business. There has been no reduction in resource usage other than this
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?
  - There has been no material change in the usage patterns of energy and water in comparison to the previous year.

3) Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

- Yes, the Company has procedures in place for sustainable sourcing throughout its supply chain. In our mission to reduce our environmental impact, the involvement of our supply chain partners is vital. We encourage our partners to adopt sustainable practices in their operations for improvement in their environmental performance.

4) Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

- Yes, the Company sources raw shrimp from local and small producers. With the purpose of achieving sustainable procurement, local sourcing is an essential aspect in developing the supply chain and hence most of the shrimp that is processed comes from within almost 200 to 250 kms of the Company's operating base. The Company also supports local producers by providing technical inputs to upgrade and maintain the quality of their produce.

5) Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

- The Company has a mechanism of recycling products and waste which is less than 5%.

**Principle 3: Businesses should promote the well-being of all employees**

1) Please indicate the total number of employees: 2858

2) Please indicate the total number of employees hired on temporary/contractual/casual basis: 320

3) Please indicate the number of permanent women employees: 24

4) Please indicate the number of permanent employees with disabilities: 2

5) Do you have an employee association that is recognized by management: Nil

6) What percentage of your permanent employees is members of this recognized employee association? Not applicable

7) Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl.No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

- 8) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- Permanent Employees: 100%
  - Permanent Women Employees: 100%
  - Casual/Temporary/Contractual Employees: 100%
  - Employees with Disabilities: 100%

**Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized**

- 1) Has the company mapped its internal and external stakeholders? Yes/No
- Yes, the Company has mapped its internal and external stakeholders as follows:
    - Employees
    - Customers
    - Suppliers
    - Shareholders
    - Bankers
    - Regulatory Authorities
    - Members of the Society
- 2) Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
- The Company is engaged with its stakeholders and focusses on being responsive and proactive in communicating with them and is sensitive towards their needs and expectations. The Company is in the process of identifying the disadvantaged, vulnerable & marginalized stakeholders to be able to undertake special initiative based on the need of such stakeholders
- 3) Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
- The Company undertakes various social initiatives in and around the vicinity of the Company's facilities.

**Principle 5: Businesses should respect and promote human rights**

- 1) Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
- The current policy of Human Rights currently covers the Company and its employees.
- 2) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
- There were no complaints regarding human rights violation during the past financial year 2019-20

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

- 1) Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
- The Company's current policy pertaining to the Environment covers the Company and its employees
- 2) Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
- The Company is conscious of its role in ensuring the protection of the environment and it has adhered to all laid down principles of water conservation, making the supply chain more sustainable by guiding our key suppliers to incorporate sustainability initiatives into their operations etc. Further, we have ensured that our plants are equipped with class leading equipment to reduce



wastage and effluents.

3) Does the company identify and assess potential environmental risks? Y/N

- Weather is an important aspect especially for the farming stage of the supply chain. Extreme events are floods can cause disruption in aquaculture ponds and thereby affect the value chain from material sourcing aspect. Apart from that, there are no potential environmental risks.

4) Does the company have any project related to Clean Development Mechanism? If so, provide detailsthereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

- No, the Company does not have any projects registered with the United Nations Framework Convention on Climate Change (UNFCCC) as a Clean Development Mechanism (CDM) project in the reporting year

5) Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewableenergy, etc. Y/N. If yes, please give hyperlink for web page etc.

- Yes, the Companyconstantly explores means to reduce energy consumption through vigilant energy management and through the adoption of emerging efficient renewable technologies.

6) Are the Emissions/Waste generated by the company within the permissible limits given byCPCB/SPCB for the financial year being reported?

- Yes, all the facilities of the Company complywith the prescribed emission norms of StatePollution Control Boards and the emissions and wastegenerated during the financial year 2019-20 were within thepermissible limits given by SPCB

7) Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved tosatisfaction) as on end of Financial Year

- Nil

**Principle 7: Businesses, when engaged in influencing publicand regulatory policy, should do so in a responsible manner**

1) Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.

- Company is member of Federation of Indian Chambers of Commerce and Industry, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, the Andhra Pradesh Chambers of Commerce & Industry Federation, Indian Wind Power Association, Compound Livestock Feed Manufacturers Association of India and Federation of Indian Export Organization

2) Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

- The Company has lobbied with MPEDA for effective monitoring mechanismfor stopping usage of antibiotics in shrimpculture and to check the menace of illegalhatcheries.Company lobbying along with associations forcontinuous power supply to farmers at rates applicable to agricultural sector with State and Central Governments

**Principle 8: Businesses should support inclusive growth andequitable development**

1) Does the company have specified programmes /initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

- The Company's 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.

2) Are the programmes /projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

- The Company engages 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 the Company will offer a multi fold benefit to the community.

3) Have you done any impact assessment of your initiative?

- The Company's CSR Committee does a periodic assessment of the various initiatives being undertaken and ensures that the impact of these initiatives is reaching the intended targets.

4) What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Sl.No.	Purpose for which CSR project undertaken	Recipient of CSR contribution	Cumulative expenditure upto to the reporting period
1	Midday Meal Scheme	Akshayapatra Foundation	Rs. 36.00 lacs
2	Construction of monument	Nauyana Monastery	Rs. 29.24 lacs
3	Promotion of Health Care	Sankurathri Foundation	Rs. 15.29 lacs
4	Promotion of Traditional Art	Nataraj Music & Dance Academy	Rs. 5.00 lacs
5	Promotion of Traditional Art	The Youngman's Happy Club	Rs. 4.15 lacs
6	Promotion of sports	Kakinada Runners Trust	Rs.1.50 lacs

5) Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

- The CSR Committee undertakes relevant projects based on its assessment of the requirements of the residential communities and after discussion with the village committees. The Company believes that these programmes were well received by the community that they were intended for

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1) What percentage of customer complaints/consumer cases are pending as on the end of financial year:

- zero

2) Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks(additional information)?

- The Company displays all the mandatory information on the product labels as per the governing laws

3) Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

- Nil

4) Did your company carry out any consumer survey/ consumer satisfaction trends?

- Nil





## Financial Statements



# Independent Auditor's Report

## To the Members of Apex Frozen Foods Limited

### Report on the Stand alone Ind AS Financial statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of APEX FROZEN FOODS LIMITED("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of changes in Equity and the Statement of Cash Flows for the year then ended on that date and notes to financial statements including a summary of significant accounting policies and other explanatory information. (herein after referred to as "Standalone Ind AS Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015 as amended, of State of affairs (financial position)of the Company as at 31<sup>st</sup> March, 2020, it's Profit (financial performance including other comprehensive income), Changes in Equity and its Cash Flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

#### Information other than the Standalone Ind AS Financial Statements and Auditor's Report thereon:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Management's Responsibility for the Standalone Ind AS Financial Statements:**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance, total comprehensive income), changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management of the company is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the company are also responsible for overseeing the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether these standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls 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 the requirements of section 197(16) of the act, as amended: In our opinion and to the best of our information and explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act.
  - h. 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, as amended, 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 in its standalone Ind AS financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For and on behalf of  
BODA RAMAM & CO.,  
Chartered Accountants  
FRN No: 005383S

Sd/-  
(CA. BODA ANAND KUMAR)  
Partner  
Membership No:029123  
UDIN: 20029123AAAADA5157

Place: Kakinada  
Date: 26-06-2020



**"Annexure A" to the Independent Auditor's Report**

**[Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date]**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b. The Fixed Assets have not been physically verified by the management during the year.
  - c. According to the information and explanations given to us, the records examined by us, we report that the title deeds of immovable properties are held in the name of the Company as at Balance Sheet date. However it is observed that the title deeds of the factory land at Panasapadu, East Godavari, Andhra Pradesh continued to be 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 in March, 2012.
- ii. According to the information and explanations given to us, the management has conducted physical verification of inventory at reasonable intervals. The discrepancies noticed on physical verification of the inventory as compared to books & records which have been properly dealt with in the books of account were not material.
- iii. According to the information and explanations given to us, 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 grant of loans, making investments and providing guarantees and securities as applicable.
- v. According to the information and explanations given to us, 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, 2014 with regard to the deposits accepted from the public are not applicable.
- vi. 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 business activities carried on by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.
- vii. According to information and explanations given to us in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods & Service Tax, Customs Duty, Duty of Excise, 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 31st March, 2020 for a period of more than six months from the date on when they become payable.
  - b. According to the information and explanations given to us, there are no dues of income tax, goods & service Tax, duty of customs, duty of excise, 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, governments and financial institutions. The Company did not have any debentures outstanding as at the year end.
- ix. According to the information and explanations given to us, there were no monies raised by way of initial public offer or further public offer (including debt instruments) during the year and term loans raised during the year are applied for the purpose for which they were sanctioned.
- x. To the best of our knowledge and according to the information and explanations given to us, we report that no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- xi. According to the information and explanations given to us and based on our examination of the records of the company, 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 and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, clause 3(xii) of the Order are not applicable to the Company.
- xiii. In our opinion and according to the information and explanations to us, the Company is in compliance with section 177 and 188 of Companies Act, 2013 where applicable, for all transactions with the related parties and the details have been disclosed in the standalone Ind AS Financial Statements as required by the applicable Indian accounting standards.
- 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. In our opinion and according to the information and explanations given to us, during the year the company has not entered into any non-cash transactions with directors or persons connected with them as contemplated under provisions of Section 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  
FRN No: 005383S

Place: Kakinada  
Date: 26.06.2020

(CA. BODA ANAND KUMAR)  
Partner  
Membership No: 029123  
UDIN: 20029123AAAADA5157



## **“Annexure B” to the Independent Auditor’s Report**

### **[Referred to in paragraph (f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date]**

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 31<sup>st</sup> March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended as of 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 on Audit of Internal financial controls over financial reporting issued by ICAI 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 includes 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 unqualified 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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, adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, 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  
FRN No: 005383S

Sd/-  
(CA. BODA ANAND KUMAR)  
Partner  
Membership No: 029123  
UDIN: 20029123AAAADA5157

Place: Kakinada  
Date: 26.06.2020





# Balance Sheet

Balance Sheet as at 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>I. Assets</b>			
<b>Non-current Assets</b>			
(a) Property, Plant and Equipment	3	26,666.55	11,467.75
(b) Right of use asset		1,354.45	-
(c) Capital Work-In-Progress	3	279.78	11,631.69
(d) Other Non-current Assets	4	494.09	1,139.57
(e) Deferred Tax Asset (Net)	5	337.39	325.19
<b>Total Non-Current Assets</b>		<b>29,132.26</b>	<b>24,564.20</b>
<b>Current Assets</b>			
(a) Inventories	6	18,404.99	10,628.49
(b) Financial Assets			
(i) Trade Receivables	7	7,912.19	9,354.44
(ii) Cash and Cash Equivalents	8	723.29	666.61
(iii) Other financial assets	9	1,618.97	2,183.77
(c) Current tax Asset (Net)		-	183.73
(d) Other Current Assets	10	4,858.70	3,395.79
<b>Total Current Assets</b>		<b>33,518.14</b>	<b>26,412.83</b>
<b>Total Assets</b>		<b>62,650.40</b>	<b>50,977.03</b>
<b>II. Equity &amp; liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	3,125.00	3,125.00
(b) Other Equity	12	36,461.23	32,383.44
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	2,406.29	709.91
(b) Deferred Tax Liabilities (Net)	5	0.00	0.00
(c) Other Non-Current Liabilities	14	28.31	232.17
<b>Total Non-Current Liabilities</b>		<b>2,434.60</b>	<b>942.08</b>

Particulars	Note	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	11,969.67	9,577.33
(ii) Trade Payables	16	4,533.23	3,148.42
(iii) Lease Liability		1,476.28	
(iv) Other Financial Liabilities	17	403.77	506.13
(b) Provisions	18	993.76	1,294.63
(c) Current Tax Liability (Net)	19	1,252.86	0.00
<b>Total Current Liabilities</b>		<b>20,629.56</b>	<b>14,526.51</b>
<b>Total Equity and Liabilities</b>		<b>62,650.40</b>	<b>50,977.03</b>

**Notes forming part of the financial statements 1- 34**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Boda Ramam & Co.,

Chartered Accountants

Firm Registration No. 005383S

For and on behalf of the Board of directors

Sd/-  
(CA. Boda Anand Kumar)  
Partner  
Membership No. 029123

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

Sd/-  
D V Subba Raju  
Director  
DIN : 07717952

Place: Kakinada  
Date: 26-06-2020

Sd/-  
Ch. Vijaya Kumar  
Chief Financial Officer

Sd/-  
S. Sarojini  
Company Secretary



## Statement of Profit & Loss

Statement of profit & loss for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

Particulars	Note	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Revenue</b>			
(a) Revenue from Operations	20	82,710.54	87,471.05
(b) Other Income	21	1,899.45	2,146.23
<b>Total Revenue</b>		<b>84,609.99</b>	<b>89,617.27</b>
<b>Expenses</b>			
(a) Cost of Materials	22	65,131.29	58,563.86
(b) Changes in Inventories	23	(7,776.50)	(468.54)
(c) Employee Benefits Expense	24	4,371.32	4,821.32
(d) Finance Cost	25	1,063.81	654.92
(e) Depreciation and Amortisation expense & Others	26	1,459.35	1,086.45
(f) Other Expenses	27	12,284.69	15,592.10
<b>Total Expenses</b>		<b>76,533.95</b>	<b>80,250.12</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>8,076.04</b>	<b>9,367.15</b>
<b>Exceptional items</b>		-	-
<b>Profit/(Loss) before tax</b>		<b>8,076.04</b>	<b>9,367.15</b>
<b>Tax Expenses</b>			
1. Current tax		2,024.06	3,260.66
2. Deferred tax	5	(12.19)	26.89
<b>Total Tax Expenses</b>		<b>2,011.87</b>	<b>3,287.55</b>
<b>Net Profit/(Loss) for the period after tax</b>		<b>6,064.17</b>	<b>6,079.60</b>
<b>Other Comprehensive Income (net of tax expense)</b>		385.23	193.32
<b>Total Comprehensive Income after tax</b>		<b>6,449.40</b>	<b>6,272.92</b>
<b>Earnings Per Equity share</b>	28		
(a) Basic		19.41	19.45
(b) Diluted		19.41	19.45

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Boda Ramam & co.,

Chartered Accountants

Firm Registration No. 005383S

For and on behalf of the Board of directors

Sd/-

(CA. Boda Anand Kumar)

Partner

Membership No. 029123

Sd/-

K. Satyanarayana Murthy

Chairman & Managing Director

DIN : 05107525

Sd/-

D V Subba Raju

Director

DIN : 07717952

Place: Kakinada

Date: 26-06-2020

Sd/-

Ch. Vijaya Kumar

Chief Financial Officer

Sd/-

S. Sarojini

Company Secretary





## Statement of Changes in Equity

Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

a. Equity		
Particulars	Number of Shares	Amount
<b>Balance as at 1<sup>st</sup> April 2018</b>	<b>3,12,50,000</b>	<b>3,125</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 1<sup>st</sup> April, 2019</b>	<b>3,12,50,000</b>	<b>3,125</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>3,12,50,000</b>	<b>3,125</b>

b. Other Equity				
Particulars	Reserves & Surplus			
	Securities Premium	General Reserve	Retained Earnings	Total
<b>Balance as at 1<sup>st</sup> April 2018</b>	<b>11,050.49</b>	<b>1,000.00</b>	<b>15,054.20</b>	<b>27,104.69</b>
Add: Profit for the Year	-	-	6,272.92	6,272.92
Dividend declared during the year	-	-	(753.47)	(753.47)
Less: IPO Expenses	(11.44)	-	-	(11.44)
Less: Other Adjustments	-	-	(229.27)	(229.27)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>11,039.05</b>	<b>1,000.00</b>	<b>20,344.38</b>	<b>32,383.44</b>
<b>Balance as at 1<sup>st</sup> April 2019</b>	<b>11,039.05</b>	<b>1,000.00</b>	<b>20,344.38</b>	<b>32,383.44</b>
Add: Profit for the Year	-	-	6,449.40	6,449.40
Less: Dividend Declared during the year	-	-	(1,506.94)	(1,506.94)
Less: Ind As -116 Adjustments	-	-	(121.83)	(121.83)
Less: Other Adjustments	-	-	(742.83)	(742.83)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>11,039.05</b>	<b>1,000.00</b>	<b>24,422.18</b>	<b>36,461.23</b>

The accompanying notes are an integral part of the financial statements  
As per our report of even date  
For Boda Ramam & Co.,  
Chartered Accountants  
Firm Registration No. 005383S

For and on behalf of the Board of directors

Sd/-  
(CA. Boda Anand Kumar)  
Partner  
Membership No. 029123

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

Sd/-  
D V Subba Raju  
Director  
DIN : 07717952

Place: Kakinada  
Date: 26-06-2020

Sd/-  
Ch. Vijaya Kumar  
Chief Financial Officer

Sd/-  
S. Sarojini  
Company Secretary





## Statement of Cash Flows

Statement of Cash Flows for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2020		For the year ended 31 <sup>st</sup> March, 2019	
<b>A. Cash Flow from Operating Activities</b>				
<b>Profit before tax</b>		<b>8076.03</b>		<b>9,367.15</b>
Adjustments for:				
Depreciation & Amortisation expense		<b>1,459.35</b>		1,086.45
Finance Costs		<b>936.40</b>		540.97
Interest Income & Sublease income		<b>(63.20)</b>		(110.32)
Other Income - Profit on sale of assets		<b>(26.08)</b>		(104.82)
Unrealised Gain/(Loss) on Forward Contracts		<b>(143.08)</b>		182.85
Regrouping of Actuarial Gain or Losses		<b>34.79</b>		16.08
Depreciation on Right of use of asset		<b>446.17</b>		
<b>Operating Profit before working capital changes</b>		<b>10,720.37</b>		<b>10,978.36</b>
<b>Changes in Working Capital:</b>				
Increase / (Decrease) in Payables	1,384.81		492.86	
Increase / (Decrease) in Other Financial Liabilities	(102.36)		13.38	
Increase / (Decrease) in Short Term Provisions	994.89		(200.36)	
Increase / (Decrease) in Other Non Current Liabilities	1696.38		48.12	
Decrease / (Increase) in Inventories	(7,776.50)		(468.54)	
Decrease / (Increase) in Receivables	1442.25		(2,615.55)	
Decrease / (Increase) in Other Financial Assets	564.80		(347.73)	
Decrease / (Increase) in Other Current Assets	(1,462.91)	<b>(3258.64)</b>	265.04	
<b>Cash Generated From Operations</b>		<b>7461.73</b>		<b>8,165.58</b>
Net Income Tax Paid		<b>(1631.60)</b>		<b>(3,266.28)</b>
<b>Net Cash Flow from Operating Activities (A)</b>		<b>5830.13</b>		<b>4,899.30</b>
<b>B. Cash Flow From Investing Activities</b>				
Capital Expenditure on Property, Plant & Equipment	(3,846.92)		(10,991.5)	
Proceeds on Sale of Property, Plant & Equipment	26.08		107.33	
Other Non-Current Assets	(645.48)		(604.32)	
Interest Received	63.20		110.32	
<b>Net Cash Flow from Investing Activities (B)</b>		<b>(4,403.12)</b>		<b>(11,378.16)</b>
<b>C. Cash Flow From Financing Activities</b>				
Proceeds from Borrowings	2,392.34		2,455.93	
Repayment of Borrowings	-		(219.19)	
Utilisation of Securities Premium	-		(11.44)	
Dividends Paid (Including Corporate Dividend Tax)	(1506.94)		(753.47)	
Application of Reserves	(710.02)		(229.27)	
Financing Charges	(936.40)		(540.97)	
Payment for lease liability	(609.31)			
<b>Net Cash Flow from Financing Activities (C)</b>		<b>(1370.33)</b>		<b>701.59</b>
<b>Net increase / (Decrease) in cash &amp; Cash Equivalents(A+B+C)</b>		<b>56.68</b>		<b>(5,777.28)</b>
Cash and Cash Equivalents as at the beginning of the year		<b>666.61</b>		6,443.89
Cash and Cash Equivalents as at the end of the year (Refer Note 1 Below)		<b>723.29</b>		666.61
Note (i): Cash and Cash Equivalents		-		
Balances with Banks	685.22	<b>723.29</b>	588.42	
Cash in Hand	38.07		78.19	<b>666.61</b>

The above Statement of Cash Flows has been prepared under the "Indirect Method" set out in IND AS - 7, 'Statement of Cash Flows' specified under section 133 of the Companies Act, 2013.

Purchase of property, plant and equipment includes movement of capital work-in-progress during the year.

The accompanying notes are an integral part of the financial statements  
As per our report of even date  
For Boda Ramam & co.,  
Chartered Accountants  
Firm Registration No. 005383S

For and on behalf of the Board of directors

Sd/-  
(CA. Boda Anand Kumar)  
Partner  
Membership No. 029123

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

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

Place: Kakinada  
Date: 26.06.2020

Sd/-  
S. Sarojini  
Company Secretary

Sd/-  
Ch. Vijaya Kumar  
Chief Financial Officer





# Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 1. Corporate information

Apex Frozen Foods Limited ("AFFL"- The Company) is a public limited company incorporated under "The Companies Act, 1956", with its registered office at Panasapadu, Kakinada under CIN No: L15490AP2012PLC080067. The Board of Directors consists of

i. Mr. Satyanarayana Murthy Karuturi	Managing Director
ii. Mr. Subrahmanya Chowdary Karuturi	Whole Time Director
iii. Mrs. Neelima Devi Karuturi	Whole Time Director
iv. Mrs. Deepthi Talluri	Additional Director
v. Mr. Lakshmipathi Raju Mantena	Independent Director
vi. Mr. Venkata Subba Raju Datla	Independent Director

The Company is having Shrimp Processing facility at Panasapadu, Kakinada besides Pre-Processing plant at Tallarevu, East Godavari District. The Company is also having Farms & Prawn Hatcheries. Construction of new shrimp processing plant of 20,000 tons capacity per day at G. Ragampeta is completed.

The Company has its listings on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Financial statements of the company are approved for issue by the company's board of directors on 26.06.2020.

## 2. Basis of Preparation and Significant Accounting Policies

### 2.1 Basis of Preparation and compliance with Ind AS

Compliance with Ind AS: These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods presented in the financial statements.

### 2.2 Significant account policies

The preparation of financial statements requires the management of the Company to make estimates, judgements and assumptions that affect the reported balances of assets and liabilities and disclosures of contingent liabilities at the date of the Ind AS financial statements and reported amounts of income and expense during the year. Management believes that the estimates used in the preparation of the standalone financial statements are prudent and reasonable.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to financial statements.

This note provides a list of significant accounting policies adopted during the preparation of these financial statements which have been consistently applied to all the years presented, unless otherwise stated.

### i. Basis of Measurement

The standalone Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS.

### Fair Value Measurement

The Company measures financial instruments, such as forward contracts at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and /or disclosure purpose in these financial statements is determined on such basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## ii. Functional and presentation currency

These standalone Ind AS Financial statements are prepared in Indian rupee which is the company's functional currency. All financial information presented in Rupees has been rounded to the nearest lakhs with two decimals.

## iii. Revenue Recognition

The company derives majority of its revenue through export of processed shrimp to international customers. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue upon transfer of significant risks and rewards of ownership of goods to the customer, when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

## iv. Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to the unused tax losses. Provision for current tax is made in accordance with provisions of the Income-tax Act, 1961.

The current income tax charge is calculated on the basis of the tax laws in force. The Management establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax is provided in full on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. It is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled.

Deferred Tax assets are recognized regarding all temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balance relates to the same taxation authority. Current Tax Asset and current tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## v. Leases

The company in capacity of a Lessee, holds many farm lands and hatcheries in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. In Accordance with new Indian Accounting Standard -116, the company is recognizing Lease liabilities and ROU ( Right of Use of assets)of the assets of the total leased farms. Interest expense on lease liabilities and depreciation on ROU of the assets are being charged off to the profit and loss account and balance of lease liability and ROU of the assets are carried over to Balance sheet.

## vi. Impairment of Assets

The company periodically tests its assets for impairment and if the carrying values are found in excess of recoverable value, impairment loss is recognized. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. There is no impairment loss or gain during the current financial year.



#### **vii. Cash and Cash Equivalents**

Cash and Cash equivalents for the purpose of Statement of Cash Flows includes Cash on hand, Cash at bank and Deposits.

#### **viii. Trade Receivables**

Trade Receivables are initially recognized at the amount for which Invoice is raised and subsequently restated with the RBI rate as at the end of the reporting period.

#### **ix. 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.

#### **x. Inventories**

Inventories comprises of Finished Goods, Work-In-Progress of Shrimp at Farms & Hatcheries and Stores & Spares. Finished goods are valued at lower of cost or net realizable value. Work-in-progress and Stores & Spares are valued at Cost.

#### **xi. Other Financial Assets**

Other Financial Assets include MEIS Receivable by the Company as at the end of the reporting period.

#### **xii. Property, Plant and Equipment:**

##### **a) Property, Plant and Equipment**

The Initial cost of property, plant and equipment comprises its purchase price, including the import duties and non-refundable purchase taxes, attributable borrowing costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation such as repairs and maintenance are normally charged to the statement of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### **b) Capital Work in progress**

Assets in the course of construction are capitalized to capital work in progress account. At the point when an asset is capable of operating in the manner intended by the management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed.

##### **c) Depreciation**

Assets in the course of development or construction and freehold land are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation on tangible assets has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at each financial year

end and changes in estimates, if any, are accounted for prospectively.

### xiii. Trade and Other Payables

These amounts represent liabilities that are unpaid for goods provided to the Company prior to the year end.

### xiv. Borrowing Cost

Borrowing Cost directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are those assets that necessarily take a substantial period of time to get ready for their intended use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

### xv. Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### xvi. Provisions:

Provisions are recognized when there is a present legal or constructive obligation as a result of past events that it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

These are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognized, however contingent liabilities are disclosed in Note No. 31.

### xvii. Employee Benefits:

#### Gratuity:

Gratuity is provided for the year under Defined Benefit Gratuity Plan as per the Actuarial valuation. The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

#### Provident Fund & E.S.I:

Expenditure pertaining to contributory provident fund and E.S.I account is charged to profit or loss.

### xviii. Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in Other equity as a deduction (net of tax) from the IPO proceeds.

### xix. Dividend:

During the year, at 7<sup>th</sup> Annual general meeting held on 19.09.2019, declared final dividend of Rs. 2.00 per equity share for the financial year ended March 31, 2019 and same was paid during Month of October, 2020.

The Board of directors at its meeting held on 14<sup>th</sup> March, 2020 recommended a Interim dividend of Rs. 2.00 per equity share for the financial year ended March 31, 2020. It resulted in a net cash outflow of Rs. 753.47 Lakhs including dividend distribution tax same was paid by 31<sup>st</sup> March, 2020.



The following is a detailed description of carrying amount of Dividend payable by the company for the Financial Year 2019-20

Particulars	(Rs. in Lakhs)
Unpaid dividend as at 1 <sup>st</sup> April 2019 (A)	0.70
Add: Final Dividend declared for FY 2018-19	625.00
less: Dividend paid during the FY 2018-19	624.17
Un-paid dividend pertaining to FY 2018-19 (B)	0.83
Add: Interim dividend declared for FY 2019-20	625.00
less: Dividend paid during the year 2019-20	622.97
Un-paid dividend pertaining to FY 2019-20 (C)	2.03
<b>Total un paid dividend as on 31.03.2020 ((D)=(A)+(B)+(C))</b>	<b>3.56</b>

## xx. Earnings per Share

### a) Basic Earnings per Share:

Basic Earnings per share is calculated by dividing the Profit attributable to Owners of the Company by the weighted average number of equity shares outstanding during the financial year.

### b) Diluted Earnings per Share:

Diluted Earnings per Share adjusts the figures used in determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming conversion of all dilutive potential equity shares.

## xxi. Rounding of Amounts

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

## xxii. Critical Estimates & Judgements

Areas involving critical estimates:

- Estimation of defined benefit obligation, refer note 29.







3. Property, plant and equipment and capital work-in-progress

(Rs. in Lakhs)

Particulars	Land	Factory Buildings	Building Other than Factory Buildings	Plant & Machinery	Computers	Furniture & Fixtures	Vehicles	Total	Capital Work -In-Pro-gress	Lease Hold Land Amorti-sation	Grand Total
<b>Gross Block</b>											
<b>Closing Gross carrying amount as at 31st March, 2018</b>	3,060.97	1,213.53	301.87	5,896.93	22.15	1,343.95	1,697.64	13,537.04	2,085.80	307.02	15,929.85
Additions	602.11	6.26	1.35	362.80	23.57	52.91	335.04	1,384.05	9,545.89	61.55	10,991.49
Disposals	-	-	-	74.83	-	-	44.50	119.33	-	-	119.33
<b>Closing Gross carrying amount as at 31st March, 2019</b>	3,663.07	1,219.79	303.22	6,184.90	45.72	1,396.86	1,988.19	14,801.76	11,631.69	368.57	26,802.02
Additions	60.07	5,958.71	3,599.08	6,406.56	35.33	415.90	317.21	16,792.87	2,912.00	-	19,704.87
Disposals	-	-	-	113.56	-	-	68.83	182.39	14,263.91	-	14,446.30
<b>Closing Gross carrying amount as at 31st March, 2020</b>	3,723.15	7,178.50	3,902.31	12,477.90	81.05	1,812.76	2,236.57	31,412.24	279.78	368.57	32,060.59
<b>Depreciation Balance as at 31st March, 2018</b>	-	121.14	14.74	1,637.98	13.08	256.92	659.40	2,703.27	-	29.67	2,732.94
Depreciation/ Amortisa-tion for the Year	-	40.51	4.80	580.00	6.26	129.75	261.15	1,022.47	-	63.98	1,086.45
Disposals	-	-	-	74.83	-	-	41.99	116.82	-	-	116.82
<b>Balance as at 31st March, 2019</b>	-	161.66	19.54	2,143.15	19.34	386.68	878.56	3,608.92	-	93.65	3,702.57
Depreciation/ Amortisa-tion for the Year	-	145.54	19.16	795.11	10.73	158.62	274.15	1,403.31	-	56.04	1,459.35
Disposals	-	-	-	-	-	-	47.66	47.66	-	-	47.66
<b>Balance as at 31st March, 2020</b>	-	307.20	38.70	2,938.26	30.07	545.29	1,105.05	4,964.56	-	149.69	5,114.26
<b>Net Carrying amount</b>											
<b>As at March 31, 2018</b>	3,060.97	1,092.39	287.13	4,258.95	9.06	1,087.02	1,038.24	10,833.76	2,085.80	277.35	13,196.91
<b>As at March 31, 2019</b>	3,663.07	1,058.14	283.68	4,041.75	26.38	1,010.18	1,109.63	11,192.84	11,631.69	274.91	23,099.44
<b>As at March 31, 2020</b>	3,723.15	6,871.30	3,863.60	9,539.65	50.99	1,267.46	1,131.52	26,447.67	279.78	218.88	26,946.33

4. Other non-current assets			(Rs. in Lakhs)
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	
Advances for Capital Goods & Others	180.58	818.49	
Advances for Lands	313.51	321.08	
<b>Total</b>	<b>494.09</b>	<b>1,139.57</b>	

5. Net deferred tax asset / (Liability)					(Rs. in Lakhs)
Particulars	Opening Balance	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance	
Deferred Tax Asset/ Liability for the Year ended March 31, 2019					
Depreciation & Amortisation	(352.08)	26.89	-	(325.19)	
<b>Total</b>	<b>(352.08)</b>	<b>26.89</b>	<b>-</b>	<b>(325.19)</b>	
Deferred Tax Asset/ Liability for the Year ended March 31, 2020					
Depreciation & Amortisation	(325.19)	( 12.19)	-	(337.39)	
<b>Total</b>	<b>(325.19)</b>	<b>(12.19)</b>	<b>-</b>	<b>(337.39)</b>	

6. Inventories			(Rs. in Lakhs)
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	
Farming and Hatchery Work-in-progress	1488.57	2,705.62	
Finished goods	14271.80	7,604.07	
Semi Finished & Unprocessed	2078.49	-	
Stores & Spares	566.14	318.80	
<b>Total</b>	<b>18404.99</b>	<b>10,628.49</b>	

Inventory quantities & values as at 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 end of reporting period.

Semi -Finished & Un Processed goods. In the prevailing marketing conditions due to covid 19 pandemic, Company has procured huge volume of raw material and kept in cold storage without any process for export. The value of the same are reported as "Semi -finished and un processed " goods

7. Trade receivables			(Rs. in Lakhs)
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	
Export Debtors	6813.16	8,624.09	
Hatchery & Other Debtors	759.84	357.87	
Duty Drawback Receivable	339.19	372.48	
<b>Total</b>	<b>7,912.19</b>	<b>9,354.44</b>	

Sundry Debtors are subject to Confirmation and Reconciliation.



8. Cash & cash equivalents (Rs. in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balances with Scheduled Banks:</b>		
Current Accounts	40.68	226.55
Margin & IPO Deposits	644.54	361.87
Cash in Hand	38.07	78.19
<b>Total</b>	<b>723.29</b>	<b>666.61</b>

9. Other financial assets (Rs. in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
MEIS Receivable	1618.97	2,183.77
<b>Total</b>	<b>1618.97</b>	<b>2,183.77</b>

10. Other current assets (Rs. in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
a. Advances - Others	692.19	191.49
b. Advances - Employees	86.71	68.63
c. Deposits and Other Receivables	2,990.35	1,956.05
d. Other Advances	1,089.45	1,179.62
<b>Total</b>	<b>4,858.70</b>	<b>3,395.79</b>

11. Equity share capital (Rs. in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Authorised 3,60,00,000 fully paid up Equity Shares of Rs.10/- each	3,600	3,600
<b>Issued, Subscribed and Paid-up</b> 3,12,50,000 fully paid Equity Shares of Rs.10/- each (31 <sup>st</sup> March,2020 - 3,12,50,000; 31 <sup>st</sup> March, 2019 - 3,12,50,000)	3,125	3,125

<b>(a) Reconciliation of number of shares outstanding</b>			(Rs. in Lakhs)
<b>Particulars</b>	<b>Number of Shares</b>	<b>Amount</b>	
<b>Balance as at 31<sup>st</sup> March, 2018</b>	3,12,50,000	3,125	
Changes in Equity Share Capital during the year			
<b>Balance as at 31<sup>st</sup> March 2019</b>	3,12,50,000	3,125	
Changes in Equity Share Capital during the year	-	-	
<b>Balance as at 31<sup>st</sup> March 2020</b>	3,12,50,000	3,125	

<b>(b) Details of shares held by each shareholder holding more than 5% shares</b>				
<b>Name of Shareholder</b>	<b>As at March 31<sup>st</sup>, 2020</b>		<b>As at 31<sup>st</sup> March 2019</b>	
	No. of Shares	% Held	No. of Shares	% Held
K.S.Murthy	89,18,779	28.54	89,18,779	28.54
K.Padmavathi	40,54,853	12.98	40,54,853	12.98
K.S.Chowdary	96,43,828	30.86	96,33,942	30.83
Reliance Capital Trustee Co Ltd-A/C	19,87,385	6.36	15,50,827	4.96

<b>12. Other equity</b>			(Rs. in Lakhs)
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>	
Securities Premium Account	11,039.05	11,039.05	
General Reserve	1,000.00	1,000.00	
Retained Earnings	24,422.18	20,344.38	
<b>Total Other Equity</b>	<b>36,461.23</b>	<b>32,383.44</b>	

**Securities premium reserve:**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of Companies Act 2013.

**Retained Earnings**

Retained Earnings represent the amount of accumulated earnings of the company.



13. Financial liabilities		(Rs in Lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	
<b>(i) Borrowings</b>			
<b>Secured</b>			
Term Loans from Banks	250.00	90.48	
Vehicle Loans	71.83	394.30	
Other Long Term Loan	2,084.46		
<b>Unsecured</b>			
Loan From Directors and Shareholders	-	225.13	
<b>Total</b>	<b>2,406.29</b>	<b>709.91</b>	

\* Current maturities on long-term borrowings have been disclosed under the head Other financial liabilities grouped under current liabilities.

### Secured borrowings

#### i. Primary Securities:

- Term Loan-I from Bank of India, Kakinada Branch has no outstanding balance as on 31<sup>st</sup> March, 2020, but still secured by way of first charge of Company's Land, Buildings and Plant & machineries.
- Term loan – II from Bank of India, Kakinada Branch has no outstanding balance as on 31<sup>st</sup> March, 2020, but still secured by way of first charge on Company's Land, Building and Plant & machineries.
- Term loan – III from Bank of India, Kakinada Branch has no outstanding balance on 31<sup>st</sup> March, 2020, but still secured by way of first charge on Machinery of the Company.
- Term loan – IV from HDFC Bank, Kakinada Branch Rs. 98.62 lakhs is outstanding as on 31<sup>st</sup> March, 2020, 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.

#### iii. Vehicle Loans

The Company has availed term loans for Vehicles from Banks and financial Institutions with tenor ranging from 36 to 38 Installments. As on 31<sup>st</sup> March, 2020, the Company has total such loans of Rs. 376.98 lakhs lakhs of which Rs. 305.15 lakhs has been classified under Other Financial liabilities under Financial Liabilities and Rs. 71.83 lakhs has been classified under Non-current Financial Liabilities.



14. Other non-current liabilities (Rs. in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Other Non-Current Liabilities	28.31	232.17
<b>Total</b>	<b>28.31</b>	<b>232.17</b>

15. Current liabilities (a) Financial liabilities - borrowings (Rs. in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Secured</b>		
Working Capital Loans From Bank of India	8,998.94	6,970.06
Working Capital Loans From HDFC Bank Limited	2,970.73	2,607.27
<b>Total</b>	<b>11,969.67</b>	<b>9,577.33</b>

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

Name of the Bank	Nature of Borrowing	Limits as at	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Bank of India</b>	<b>EPC</b>	<b>3,000</b>	<b>3,000</b>
<b>Bank of India</b>	<b>SWC</b>	<b>1,500</b>	<b>1,500</b>
<b>Bank of India</b>	<b>FBP</b>	<b>4,500</b>	<b>2,500</b>
<b>HDFC</b>	<b>PCFC</b>	<b>5,000</b>	<b>3,000</b>
<b>Total</b>		<b>14,000</b>	<b>10,000</b>

EPC- Export Packing Credit

SWC- Standby Working Capital

FBP - Foreign Bill Purchase

PCFC - Packing Credit Foreign Currency

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 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, SeetharamapuramSivaru, TallarevuMandal, East Godavari District.



Factory land and building and plant and machinery situated vide Survey No.214, 271/5, 271/4 at Panasapadu village, Achampeta-Panchayat, SamalkotaMandal and at Tallarevu vide Survey No.389/1 that are shown as principal security for the Term loans have been obtained as collateral security for the working capital limit

**Guarantors:**

1. Mr.K.S.Murthy
2. Mr.K.S.Chowdary

<b>16. Trade Payables</b> (Rs. in Lakhs)		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
Creditors for Raw materials	3,132.81	1,860.51
<b>Creditors for Stores &amp; Expenses</b>		
Packing Material Suppliers	200.84	290.95
Creditors for Expenses	1,199.58	996.96
<b>Total</b>	<b>4,533.23</b>	<b>3148.42</b>

\* Credit 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.

<b>17. Other Financial Liabilities</b> (Rs. in Lakhs)		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
<b>Secured</b>		
<b>Current Maturities of Long-term Borrowings (refer note 13)</b>		
From Bank of India - Term Loan – I	-	-
From Bank of India - Term Loan – II	-	-
From Bank of India - Term Loan – III	-	-
From HDFC Bank Ltd - Term Loan - IV	98.62	180.94
From Kotak Mahindra Bank - Vehicle Loans	305.15	305.15
From HDFC Bank - Vehicle Loans	-	20.04
<b>Total</b>	<b>403.77</b>	<b>506.13</b>

<b>18. Provisions</b> (Rs. in Lakhs)		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
Other Provisions	993.76	1,294.63
<b>Total</b>	<b>993.76</b>	<b>1,294.63</b>

19. Current tax liability (Net) & provisions (Rs. in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Provision for Taxation ( Net of Advance Tax)	1252.86	-
<b>Total</b>	<b>1252.86</b>	<b>-</b>

#### Revenue

20. Revenue from operations (Rs. in Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Sales of Products	77,553.95	79,648.60
Export Benefits (Net)	5,156.59	7,822.45
<b>Total</b>	<b>82,710.54</b>	<b>87,471.05</b>

#### Revenue from operations

##### Sale of products

- Export Sales are accounted for as and when Sale Invoices are raised and goods are dispatched out of factory as per RBI reference rate on the date of invoice. The difference if any between negotiation / realization 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

- Company is entitled for Duty Draw Back @ Rs. 21.00/ Rs.23.60 p( From 01/02/2020). per Kg Or 2.7%/ 3 % ( From 01/02/2020) on FOB (whichever is lower) of Exports done. Accordingly, income on account of Duty Draw Back is recognized for Sale Invoices raised up to March 31, 2020 at the applicable rate.
- 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. The said Scripts are in turn, encashed by way of sale to importers at agreed rate.





21. Other income		(Rs. in Lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	
<b>Interest Income on</b>			
Fixed Deposits	44.45	110.32	
Others	44.83	104.82	
Surplus from Foreign Currency Fluctuation	1,810.16	1,931.09	
<b>Total</b>	<b>1,899.44</b>	<b>2,146.23</b>	

**Expenses**

22. Cost of materials		(Rs. in Lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	
Raw Material Purchases	56,148.38	48,456.46	
In house Shrimp Farming & Hatchery Expenses	8,684.36	9,838.47	
Feed Purchases	298.55	268.93	
<b>Total</b>	<b>65,131.29</b>	<b>58,563.86</b>	

23. Changes in inventories		(Rs. in Lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	
<b>Opening Stocks</b>			
Farming and Hatchery Work-in-Progress	2,705.62	3,925.49	
Finished Goods	7,604.07	5,915.76	
Stores & Spares - Packing Material & Chemicals	318.80	318.70	
<b>Total</b>	<b>10,628.49</b>	<b>10,159.95</b>	
<b>Closing Stocks</b>			
Farming and Hatchery Work-in-Progress	1,488.57	2,705.62	
Finished Goods	14,271.80	7,604.07	
Semi Finished & Unprocessed	2,078.49	-	
Stores & Spares - Packing Material & Chemicals	566.14	318.80	
<b>Total</b>	<b>18,404.99</b>	<b>10,628.49</b>	
<b>Increase / Decrease</b>	<b>(7,776.50)</b>	<b>(468.54)</b>	

Inventories include the unsold finished goods produced at both the production locations i.e., Kakinada and G. Ragampeta and work in progress includes the cost incurred on un-harvested shrimp at farms and Hatcheries while stores and spares includes chemicals and packing material.

24. Employee benefit expenses (Rs. in Lakhs)		
Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Salaries, Wages & Other Benefits	2,783.31	3,087.18
Contribution to Funds	204.93	245.41
Director's Remuneration	461.00	461.00
Staff Welfare Expenses	141.38	103.99
Employee and Employer's Insurance Scheme	780.69	923.74
<b>Total</b>	<b>4,371.32</b>	<b>4,821.32</b>

25. Finance cost (Rs. in Lakhs)		
Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
<b>Interest Expense</b>		
-Term Loans	15.79	18.30
-Working Capital	823.75	469.94
-Others	96.87	52.73
Bank Charges	127.40	113.96
<b>Total</b>	<b>1063.81</b>	<b>654.92</b>

Interest on Others includes Interest on Vehicle Loans of Rs. Rs 47.73 Lakhs and Other Interest expenditure.

26. Depreciation and amortisation expense & others (Rs. in Lakhs)		
Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Depreciation on Property, Plant & Equipment	1,403.31	1,022.47
Amortisation of Leasehold Land Development	56.04	63.98
<b>Total</b>	<b>1,459.35</b>	<b>1,086.45</b>





<b>27. Other Expenses</b>		(R.s in Lakhs)
<b>Particulars</b>	<b>Year Ended 31<sup>st</sup> March, 2020</b>	<b>Year Ended 31<sup>st</sup> March, 2019</b>
<b>Manufacturing Expenses</b>		
Inward Transport Charges	1,021.03	1,222.97
Purchase Expenses	88.46	104.06
Electricity Charges	982.84	893.66
Generator Diesel & Maintenance	37.04	51.78
Repairs & Other Maintenance	32.17	66.69
Ice Purchase	154.50	225.02
Wages	593.40	684.67
Plant Maintenance	1,076.49	1,027.00
Machinery Maintenance	101.66	163.87
Freezing & Storage Expenses	60.11	246.78
Uniform Expenses	34.71	23.72
Water Charges	21.15	18.78
Rents	19.99	19.97
Sample Testing Expenses	51.42	65.72
Security Expenses	57.25	52.27
Processing Charges	1,200.40	1,756.85
Lab Maintenance	37.19	47.22
<b>Administrative &amp; Selling Expenses</b>		
Rates & Taxes	311.64	297.80
Export Expenses	3,110.02	5,465.82
Other Expenses	16.15	21.21
Survey Charges	13.03	25.34
Loading & Unloading Charges	18.11	27.52
Business promotion expenses	56.11	34.87
Vehicle Maintenance	90.34	127.93
Printing & Stationery	22.88	25.98
Computer Maintenance	4.76	3.87
Travelling & Conveyance	105.66	78.58
Consultancy & Certification Fee	168.02	104.83
Statutory & Tax Audit Fee	10.00	10.00
News Papers & Periodicals	0.16	0.26
Telephones	15.86	16.57
Membership & Subscriptions	40.82	5.81
Bad debts	-	- 6.64
Insurance Premium	262.95	257.86
Stores & Spares	2,305.93	2,303.48
CSR Expenses	162.44	119.98
<b>Total</b>	<b>12,284.69</b>	<b>15,592.10</b>

28. Earnings per share			(Rs. in Lakhs)
Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019	
Profit available for Equity Shareholders	6,064.16	6,079.60	
Weighted average number of Equity shares outstanding for Basic EPS	312.50	312.50	
Weighted Average number of potential equity shares, Warrants and ESOP's outstanding	NIL	NIL	
Weighted average number of Equity shares outstanding for Diluted EPS	312.50	312.50	
Earnings per Share*			
Basic (Rs.)	19.41	19.45	
Diluted(Rs.)	19.41	19.45	

Note: There is no dilution to Basic Earnings per share as there are no dilutive potential equity shares

## 29. Employee benefits

### i. Post-employment benefit obligation gratuity

The Company provides gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The amounts recognised in the balance sheet and the movements in the defined benefit obligation over the year are as follows:

Changes in Present Value of Obligation			(Rs. in Lakhs)
Particulars	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019	
Present Value of Obligation as at the beginning	74.87	46.09	
Current Service Cost	54.64	40.22	
Interest Expense or Cost	5.71	3.63	
Actuarial (gain)/ loss on obligations	(33.50)	(15.06)	
Past Service Cost	-	-	
Effect of change in foreign exchange rates	-	-	
Benefits Paid	-	-	
Acquisition Adjustment	-	-	
Effect of business combinations or disposals	-	-	
<b>Present Value of Obligation as at the end</b>	<b>101.72</b>	<b>46.09</b>	

Changes in Fair Value of Plan Assets			(Rs in Lakhs)
Particulars	For the Year Ended 31 <sup>st</sup> March, 2020	For the Year Ended 31 <sup>st</sup> March, 2019	
<b>Fair Value of Plan Assets at the beginning</b>	<b>48.99</b>	<b>26.77</b>	
Acquisition Adjustments	(5.37)	(4.25)	
Expected Return on Plan Assets	3.74	2.11	
Contributions	25.72	23.34	
Actuarial Gain / (loss) on Plan Assets	1.28	1.02	
<b>Fair Value of Plan Assets as at the end</b>	<b>74.36</b>	<b>48.99</b>	



Expenses recognised in the Income Statement			(Rs. in Lakhs)
Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019	
Current Service Cost	54.63	40.22	
Past Service Cost	-	-	
Expected Return on Plan Assets	(3.74)	(2.11)	
Interest cost	5.71	3.63	
<b>Total Expenditure recognised in Income Statement</b>	<b>56.74</b>	<b>41.74</b>	

Expenses recognised in Other Comprehensive Income			(Rs. in Lakhs)
Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019	
(Gain)/Loss due to Change in demographic assumptions	-	-	
(Gain)/Loss due to Change in financial assumptions	7.55	1.42	
Actuarial (gain)/ loss on obligations - Experience Variance	(41.05)	(16.49)	
Total Actuarial (gain)/ loss on obligations	<b>(33.50)</b>	<b>(15.06)</b>	
Actuarial Gain /(loss) on Plan Assets	1.28	1.02	
<b>Total Expenditure recognised in OCI</b>	<b>(34.78)</b>	<b>(16.08)</b>	

#### Significant Estimates: Actuarial Assumptions

The significant actuarial assumptions for defined benefit plans are as follows

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Discount Rate (per annum)	6.73%	7.63%
Salary Escalation Rate (per annum)	5.00%	5.00%
Employee Attrition Rate		
Age at Valuation date:		
18-30	10.00%	10.00%
31-40	5.00%	5.00%
40+	1.00%	1.00%
Assumptions regarding mortality rate are set based on actuarial advice in accordance with published statistics.	IALM (2006-08)	IALM (2006-08)

Sensitivity Analysis			(Rs. in Lakhs)
Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019	
Defined Benefit Obligation (base)	101.72	74.87	
Discount rate:(% change compared to base due to sensitivity)			
Increase: +1%	93.39	69.44	
Decrease: -1%	111.34	81.06	
salary growth rate:(% change compared to base due to sensitivity)			
Increase: +1%	110.63	80.37	
Decrease: -1%	93.96	70.00	
Attrition rate:(% change compared to base due to sensitivity)			
Increase: +50%	114.19	87.33	
Decrease: -50%	84.07	57.75	
Mortality rate:(% change compared to base due to sensitivity)			
Increase: +10%	102.27	75.45	
Decrease: -10%	101.17	74.29	

30. Payments to auditor			(Rs. in Lakhs)
Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019	
Statutory Audit Fees	8.00	8.00	
Tax Audit & Related Matters	2.00	2.00	
Other Matters	-	-	

31. Corporate social responsibility expenditure			(Rs. in Lakhs)
Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019	
Revenue Expenditure spent on CSR Activities	91.19	63.98	
<b>Total</b>	<b>91.19</b>	<b>63.98</b>	

### Contingent Liabilities

Bank Guarantees:

The Company has provided Bank guarantees to the tune of ₹ 21.64 Lakh

Stand-by-Letter of Credit: Rs. 740.13 Lakh

**Export obligations**

Export Obligations on FOB Value of sales amounting to ₹5.28 crores under E.P.C.G. scheme is pending as on 31st March, 2020.

**32. 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**

<b>CIF value of imports</b> (Rs. in Lakhs)		
<b>Particulars</b>	<b>For the Year Ended 31<sup>st</sup> March, 2020</b>	<b>For the Year Ended 31<sup>st</sup> March, 2019</b>
Raw Materials	0.00	0.00
Capital Goods & Maintenance Spares	669.93	1,497.42
<b>Total</b>	<b>669.93</b>	<b>1,497.42</b>

<b>Earnings in foreign currency (on accrual basis)</b> (Rs. in Lakhs)		
<b>Particulars</b>	<b>For the Year Ended 31<sup>st</sup> March, 2020</b>	<b>For the Year Ended 31<sup>st</sup> March, 2019</b>
FOB Value of Exports	70,707.34	74,655.90

<b>Expenditure in Foreign Currency</b> (USD in lakhs)		
<b>Particulars</b>	<b>For the Year Ended 31<sup>st</sup> March, 2020</b>	<b>For the Year Ended 31<sup>st</sup> March, 2019</b>
Administration and Selling Expenses	39.57	61.22
Stores and Spares Consumed	4.45	6.04
Financial Expenses	1.49	0.50
Exhibition & Others	NIL	NIL
Dividend to Non Resident Share Holders (No.of Shares)	NIL	NIL

**33. Related party disclosures****Related parties and nature of relationship :**

NIL

NIL

**Key management personnel :**

Mr. K.Satyanarayana Murthy

Mr. K.SubrahmanyaChowdary

Mrs. K.Neelima Devi

Chairman & Managing Director

Executive Director

Whole time director

Related party transactions				(Rs. in Lakhs)	
Name of the Party	Relationship	Nature of Transaction	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019	
K.S. Murthy	KMP	Total Remuneration	168.00	168.00	
		Un-secured Loan Payable	-	190.00	
K.S. Chowdary	KMP	Total Remuneration	168.00	168.00	
		Un-secured Loan Payable	-	25.13	
K Neelima Devi	KMP	Total Remuneration	125.00	125.00	
		Un-secured Loan Payable	-	10.00	
Ch. Vijaya Kumar	CFO	Remuneration	8.00	8.00	
S. Sarojini	Company Secretary	Remuneration	4.20	3.00	

34. Previous year figures have been regrouped / reclassified wherever necessary to conform to this year's classification.





## Notice of 8<sup>th</sup> Annual General Meeting

Notice is hereby given that the 8<sup>th</sup> Annual General Meeting of the members of APEX FROZEN FOODS LIMITED will be held on Monday 28<sup>th</sup> September, 2020 through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) at 9.30 A.M. at the registered office of the company at 3-160, Panasapadu, Kakinada, East Godavari – 533005, Andhra Pradesh to transact with or without modification(s), as may be permissible, the following items of business:

### Ordinary Business

1. To Consider and Adopt the Audited Financial Statements of the Company for the Financial Year 2019-20, together with the Report of the Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend of ₹ 2.00/- per equity share of fully paid up face value of ₹ 10.00 each the Company for the financial year ended 31<sup>st</sup> March, 2020..
3. To Re-appoint a Director in place of Mr. K. Satyanarayana Murthy (DIN:05107525), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

#### 4. **Appointment of Mrs Deepthi Talluri (DIN:08726143) as an independent director**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mrs.DeepthiTalluri (DIN: 08726143), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31<sup>st</sup> March,2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (“Act”) and Articles of Association of the Company who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, the appointment of **Mrs. Deepthi Talluri (DIN: 08726143)**, who meets the criteria for independence as provided in Section 149(6) of the Companies Act 2013 along with the rules framed thereunder, and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director (Women, Non Executive) of the Company, not liable to retire by rotation, for a term of five years commencing with effect from 31<sup>st</sup> March, 2020 to 30<sup>th</sup> March, 2025, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board of Directors, be and is hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, matters, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution and to issue the terms of appointment letter as per the Companies Act, 2013 and the rules made thereof and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time”.

By order of Board of Directors  
For Apex Frozen Foods Limited

Sd/-

K Satyanarayana Murthy  
Chairman & Managing Director  
DIN 05107525

Place: Panasapadu, Kakinada

Date: 28.08.2020

## Notes

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio- Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business in the Notice is annexed hereto and forms part of this Notice.
4. Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 24<sup>th</sup> September, 2020 to Monday, 28<sup>th</sup> September, 2020 (both days inclusive) for the purpose of Annual General Meeting.
5. In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses, email id, ECS mandate.
6. In case you are holding Company's shares in physical form, please inform Company's RTA viz. Bigshare Services Pvt.Ltd. having their address at "306,Right Wing, 3rd Floor, Amrutha Ville, Opp.Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500082, Telangana" by enclosing a photocopy of blankcancelled cheque of your bank account.
7. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities.
8. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. M/s. Bigshare Services Pvt.Ltd, 306,Right Wing, 3rd Floor, Amrutha Ville, Opp.Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500082, Telangana are the Registrar & Share Transfer Agents (RTA) of the Company. All communications in respect of share transfers, dematerialization and change in the address of the members may be communicated to the RTA.
9. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the RTA/Company.
10. Members who have not registered their email ID with the depository participants, are requested to register their email ID with their depository participants in respect of shares held in electronic form and in respect of shares held in physical form, are requested to submit their request with their valid email ID to our RTA at bsshyd1@bigshareonline.com or cs@apexfrozenfoods.com for receiving all communications including annual report, notices, letters etc., in electronic mode from the Company.
11. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
12. Institutional/Corporate members are encouraged to attend and vote at the meeting through VC/OVAM. We also request them to send, a duly certified copy of the Board Resolution authorizing their representative to attend the AGM through VC/OAVM and vote through remote e-voting on its behalf at cs@apexfrozenfoods.com, pursuant to Section 113 of the Companies Act, 2013.
13. In case of Joint Holders attending the AGM, only such Joint Holder whose name appear first in the order of names will be entitled to vote.
14. Only bona fide members of the Company whose



name appear first on the Register of Members, will be permitted to attend the meeting through VC/OAVM. The Company reserves its right to take all necessary steps as may be deemed necessary to restrict non-members from attending the meeting.

15. Pursuant to the directions/notifications of Securities and Exchange Board of India (SEBI) and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number either at the time of opening of the account or at any time subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated. SEBI, vide Circular ref.no.MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the said circulars, all share transfer requests are therefore to be accompanied with PAN details. Members holding shares in physical form can submit their PAN details to the Company / RTA.
16. Members seeking any information or clarification on the accounts are requested to send their queries to the Company, in writing, at least 10 days before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
17. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants.
18. Members may note that the Notice and the Annual Report 2019-20 will also be available at the Company's website: [www.apexfrozenfoods.in.](http://www.apexfrozenfoods.in.), on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com).
19. All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013 shall be open for inspection in electronic mode by the Members by writing an e-mail to the Company Secretary at [cs@apexfrozenfoods.com](mailto:cs@apexfrozenfoods.com)
20. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
21. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
22. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
23. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
24. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
25. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to the Notice.
26. Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 and pursuant to Secretarial Standards on general meetings, information in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is furnished in the annexure and forms part of the notice. The Directors have furnished the requisite consent / declaration for their appointment /re-appointment.

27. The notice of Annual General Meeting will be sent to the members, whose name appears in the Register of members/ depositories as at closing hours of business on 28<sup>th</sup> August, 2020
28. The Members whose names appear in the Register of Members/ List of Beneficial Owners as on Monday, 21<sup>st</sup>, September, 2020 (cut off date), are entitled to vote on the resolutions set forth in this Notice. The e-voting period will commence on Friday, 25<sup>th</sup> September, 2020

(09:00 hrs) and will end on Sunday, 27<sup>th</sup> September, 2020 (17:00 hrs). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

29. The Company has appointed Mr.A.S. Ramkumar and/ or Mr.M.Arun, partners of M/s. A.S.Ram Kumar & Associates, Company Secretaries, to act as Scrutinizer to conduct and scrutinize the electronic voting process of this Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

#### The Instructions For Shareholdres For Remote E-Voting Are As Under:

- (i) The voting period begins on 25<sup>th</sup> September, 2020 (09:00 Hrs) and ends on 27<sup>th</sup> September, 2020 (17:00Hrs). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup>, September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- (vi) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- OR
- Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasiusing yourlogin credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Votingoption and proceed directly to cast your vote electronically.
- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

#### For members holding shares in Demat Form and Physical Form

<b>Pan</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>



- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id. DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit

### Instructions for shareholders attending the agm through VC/OAVM are as under:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at **cs@apexfrozenfoods.com** . The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at **cs@apexfrozenfoods.com**. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

### Instructions for shareholders for e-voting during the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.





## (xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; **cs@apexfrozenfoods.com**, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com** or contact Mr.Nitin Kunder (022-23058738) or Mr.Mehboob Lakhani (022-23058543) or Mr.Rakesh Dalvi (022-23058542).
- All grievances connected with the facility for voting by electronic means may be addressed to Mr.RakeshDalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to **helpdesk.evoting@cdslindia.com** or call on 022-23058542/43.

### General Instructions:

- (i) The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 21<sup>st</sup> September, 2020
- (ii) The Scrutinizer, after scrutinising the votes cast at the meeting through remote e-voting and during AGM will, not later than 48 hours from the conclusion of the Meeting, make a consolidated scrutinizer’s report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer’s report shall be placed on the website of the Company **www.apexfrozenfoods.in** and on the website of CDSL **www.cdslindia.com**. The results shall simultaneously be communicated to the Stock Exchanges.
- (iii) The voting result will be announced by the Chairman or any other person authorized by him within two days of the AGM.

By order of Board  
For Apex Frozen Foods Limited

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

Place: Panasapadu, Kakinada  
Date: 28.08.2020

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO. 4**

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee at its meeting held on 14.03.2020, appointed Mrs.Deepthi Talluri (DIN: 08726143), as an Additional Director categorized as an Women- Independent Director, not liable to retire by rotation, for a term of 5 years i.e. from 31.03.2020, subject to approval of the members.

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company Mrs.DeepthiTalluri (DIN: 08726143), shall hold office up to the date of ensuing AGM and is eligible to be appointed as Director. The Company has received in writing a notice under section 160(1) of the Companies Act, 2013 from a member of the company proposing her candidature for the office of Director.

The Company has received: i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Mrs.Deepthi Talluri to the effect that she is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that she meets the criteria of independence as provided under Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mrs.Deepthi Talluri fulfils the conditions specified in the Companies Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. The terms and conditions of her appointment shall be open for inspection by the members at the Registered office of the company during the normal business hours on any working day and will also be kept open at the venue of the AGM.

The Resolution set out at Item No.4 of the Notice is put forth for consideration of the members as an ordinary resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for appointment of Mrs.DeepthiTalluri (DIN: 08726143)as an Independent Director of the Company.

**Brief Profile of Mrs.Deepthi Talluri:**

Mrs.Deepthi Talluri aged 37 years, is a Human Resource Professional with 14 years' experience she has handled a range of HR roles and been a change agent to drive the people agenda for business.

She has partnered with various stakeholders across regions to build their teams, ensure business goals are achieved and ensure HR service delivery. She had completed PGDM (Approved by AICTE) in Human Resource Management. She possesses a diverse and wide ranging experience and knowledge of Human Resource Management, people and process management.

She is not a Director of any other companies/ bodies corporate.

She is not holding any equity shares of the Company and she is not related to any Director of the Company.

Except Mrs.Deepthi Talluri, none of the Directors and key managerial personnel of the Company or their relatives are in anyway concerned or interested, in the Resolution set out at Item No. 4 of this notice.

Your Directors recommend the resolution for your approval.

**Details of directors seeking Re-Appointment at the forthcoming annual general meeting**

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 of General Meetings]

<b>Name of the Director</b>	<b>K. Satyanarayana Murthy</b>	<b>Deepthi Talluri</b>
Date of Birth & Age	06.03.1955 (65 Years)	27.05.1983 (37 years)
Date of Appointment	Initial appointment on 30.03.2012 and last appointment on 01.12.2019	31.03.2020
Qualifications	PUC	PGDM in Human Resource Management
Relationship between Directors inter-se	K. S. Chowdary – Son K. Neelima devi – daughter in law	Nil
Expertise in specific functional area	He has experience of 24 years in aquaculture industry. He is responsible for making strategic decisions and decisions relating to business development and overall administration of the operations of our Company	She possesses a diverse and wide ranging experience and knowledge of Human Resource Management, people and process management.
Directorship in other listed companies	Nil	Nil
Remuneration Drawn For the FY 2019-20	Rs.168.00 Lakhs	Nil
Share holding as on 31.03.2020	89,18,779 (28.54%)	Nil







## Registered Office

### Apex Frozen Foods Limited

3-160, Panasapadu, Kakinada, East Godavari District

Andhra Pradesh - 533005, Tel: 0884 2383902/3/4

Email: [kkd@apexfrozenfoods.com](mailto:kkd@apexfrozenfoods.com), Website: [www.apexfrozenfoods.in](http://www.apexfrozenfoods.in)

CIN: L15490AP2012PLC080067