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CIN: L15490AP2012PLC080067

Date: 26<sup>th</sup> June, 2020.

To  
The General Manager,  
Department of Corporate Services,  
Bombay Stock Exchange Limited,  
PhirozeJeejeebhoy Towers,  
Dalal Street, Mumbai- 400001.

**Scrip Code : 540692**

To  
The General Manager,  
Listing Department,  
National Stock Exchange of India Limited  
Exchange Plaza, Plot No C/1, G Block,  
BandraKurla Complex,  
Bankdra (East), Mumbai - 400 051.

**Scrip Symbol : APEX**

Dear Sir's,

**Sub: Disclosure of material impact of CoVID-19 pandemic on Company's Business Operations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") -Reg**

The Covid -19 pandemic and the consequent lockdown restrictions imposed by the Central and State Governments has impacted business in general. In view of the same it is important that all the information about the impact of these events on the Company and its operations are made available to various stakeholders.

Accordingly, pursuant to Regulation 30 of LODR Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20<sup>th</sup> May, 2020, the disclosure of material impact of CoVID-19 pandemic on the Company is enclosed as under. Kindly take the aforesaid information on record and oblige.

Thanking you,

for Apex Frozen Foods Limited

A handwritten signature in blue ink, appearing to read 'K. Satyanarayana Murthy', is written over the typed name.

**K. Satyanarayana Murthy  
Chairman & Managing director**



Encl: As above

## APEX FROZEN FOODS LIMITED

### UPDATE REGARDING IMPACT OF COVID-19 PANDEMIC ON THE BUSINESS OF APEX FROZEN FOODS LIMITED (THE COMPANY):

#### 1. Impact of the COVID-19 pandemic on the business

India, like the rest of the world is facing an unprecedented outbreak of COVID-19, a pandemic that has disrupted the global economy. The Indian Aquaculture Sector, which is mostly export focused, faced challenges on account of lockdown restrictions imposed by its customer countries as well as in India, where the lockdown began on March 24, 2020 resulting in logistical difficulties both domestically as well as internationally. While the restrictions on the food processing sector in India were relaxed by the Government soon after the lockdown, key on-ground challenges like labour availability, movement of raw materials and finished goods, resulted in subdued levels of operations.

For the Company, the operations saw some disruption on account of availability of labour in the early days of the lockdown. However, as the restrictions began easing, the operations are gradually stabilising. Our major markets are beginning to resume their purchases and we expect that as restrictions are removed, we should be able to begin operating at normal levels.

- a) **USA**, one of the largest markets for shrimp exports from India, has seen a decline in demand from the food services companies due to shutting down of restaurants and catering services amidst the lockdown. Some of the demand is returning with restaurants offering take-away/ home delivery services. This fall also has been partially offset by increased retail demand, especially for value added products within ready to cook and ready to eat segments.
- b) **Europe**, as a market for shrimp, remained weak for Indian exporters on account of an economic slowdown in the region that has been exacerbated by the COVID-19 pandemic.
- c) **China** is seeing a return to normalisation of economic activity in general and has begun increasing its shrimp purchases from India over the past month
- d) **India (supply-side)**: Shrimp farmers began early harvest to sell their stock citing concern on demand from processors amidst the lock down. This resulted in correction of farm gate prices for a brief period, which began to pick up from the second half of April, in line with shrimp processors increasing their level of operations.



## 2. Ability to maintain operations and schedule, if any, for restarting the operations

The Company's operations already adhered to stringent health and safety measures on account of being in the food processing sector. Additional measures such as temperature checks and social distancing were also quickly implemented and are being adhered to. A review mechanism is in place to monitor the execution of the works systematically in compliance with the extant rules and regulations.

Our commitment to the shrimp farmers, continued during the lockdown, as the Company continued procurement of raw shrimp as the harvest season was in progress. We were able to build raw material inventory in our recently expanded cold storage facilities which we will process and sell in the coming months. On the hatcheries front, off-take of existing stock (shrimp seed) by farmers was impacted due to the lockdown. Import restrictions on brood-stock were eased around mid-May and we expect operations to resume gradually soon.

## 3. Steps taken to ensure smooth functioning of operations

Our Company continued its Standard Operating Procedures (SOP) that include proper hand hygiene, frequent use of alcohol-based hand sanitizers, creating awareness about good respiratory hygiene, frequent cleaning/ disinfection of work surfaces and touch points such as door handles and has additionally begun entry-point checking for illness, by **Temperature checking, entry through Sanitization chamber etc.**, The company also promoted work from home wherever possible.

## 4. Estimation of the future impact of COVID-19 on its operations

Initial discussions with our partners both on the demand side as well as suppliers indicate that there is a gradual recovery underway. While some disruption is possible in the near term, global demand for aquaculture seafood continues to be robust and governments across the world are working on reopening of food supply chains. We will not be able to assess the future impact of COVID-19 at this point of time.

## 5. Details of Impact on

- **Demand for shrimp:** As elucidated in the previous paragraphs, there has been an impact on the global demand for shrimp, however the long-term prospects are likely to remain strong.
- **Supply chain:** Initial disruptions to the supply chain have begun easing and we are hopeful of achieving normalcy in operations as the lockdown restrictions continue to be eased.

- **Profitability:** Shipments of our finished products were disrupted during the last fortnight of March which may have some impact on revenues and profitability in Q4FY20. Similarly, Q1FY21 too may be affected on account of lower production and sales due to lockdown. Our operations for the forthcoming quarters will be dependent on the resumption of markets.
  - **Liquidity position:** The Company has sufficient liquidity to meet its obligations and for smooth operations.
  - **Ability to service debt and other financing arrangements:** The Company believes that it will be able to service its debt obligation for the foreseeable future. **Though Government of India has given moratorium for Interest and instalments, the Company could discharge its obligations in full within the time because of comfortable cash flows.**
  - **Capital and financial resources:** The Company has recently completed its capex cycle and does not envisage any major capex in the forthcoming quarters and has sufficient financial resources required for its current level of operations.
  - **Assets:** The Company does not expect any impairment of assets on account of the COVID-19 pandemic.
  - **Internal financial reporting and control:** The Company has robust internal control system in place which continues to be effective in monitoring the operations and finances of the Company.
6. **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business**

The Company does not have any existing material contract or obligation, non-fulfilment of which, by any party, will have a significant impact on its business.

*Murthy*





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**7. Other relevant material updates about the Company's business**

No other material disclosure, the Company will continue to post updates on the business in accordance with extant regulations.

For **APEX FROZEN FOODS LIMITED**

A handwritten signature in blue ink, appearing to read 'K. Satyanarayana Murthy', is written over the printed name.



K. Satyanarayana Murthy  
Chairman & Managing director

Date:26.06.2020

Place: kakinada