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Date: 07.12.2021

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/Madam,

Sub: Transcript of Q2FY22 Earnings Conference Call held on 16th November 2021.

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Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed a transcript of the Q2FY22 Earnings Conference Call, which was held on Tuesday, 16th November 2021.

The aforementioned Earnings Conference Call, as per the transcript enclosed, incorporates mainly the highlights of financial results of the Half Year and Quarter ended September 30, 2021, and other related information which is already in public domain and/or made available/uploaded on the Company's website.

Please take the same on record.

Thank You,

for **Apex Frozen Foods Limited**

S. Sarojini

Apex Frozen Foods Ltd. *Kakinada*

S.Sarojini
Company secretary & compliance officer

“Apex Frozen Foods
Q2 and H1 FY2022 Earnings Conference Call”

November 16, 2021

MANAGEMENT: MR. CHOWDARY KARUTURI – EXECUTIVE DIRECTOR - APEX FROZEN FOODS
MR. VIJAYA KUMAR – CHIEF FINANCIAL OFFICER – APEX FROZEN FOODS
MR. DURGA PRASAD – SENIOR ACCOUNTS MANAGER – APEX FROZEN FOODS

Moderator: Ladies and gentlemen good day and welcome to the Apex Frozen Foods Limited Q2 FY2022 earnings conference call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference please signal an operator by pressing "*" then "0" on your touchstone telephone. I now hand the conference over to Mr. Mr. Choudary Karuturi, Executive Director, Apex Frozen Foods for the opening remarks. Thank you and over to you Sir!

Chowdary Karuturi: Thank you Rutuja. Good morning, everyone and welcome to the earnings call for the quarter and half year ended September 30, 2021. Mr. Vijay Kumar, our CFO and Mr. Durga Prasad, Senior Accounts Manager and Stellar IR Advisors, our Investor Relations Advisor are on the call with us today. We have uploaded the investor presentation on the website of the stock exchanges, and we hope you have had a chance to go through it. We will quickly take you through the updates for the quarter and we can move to the Q&A after that.

On the operations front as we had indicated in the last quarter our facilities continue to operate with little to no disruption; however, the ongoing shortage of containers freight carriers continue to hamper our ability to grow our exports or sales. The situation continues to improve, gradually. We are hopeful that normalcy would return over the next few weeks as we understand the shipping lines provide more and more equipment.

Global demand for shrimp continues to remain strong with large parts of the developed economies beginning to return to normalcy. We are seeing a robust demand both from the food service sector, the HoReCa clients as well as the retail clients. The average realization increased on account of better product mix and stable shrimp prices globally. Additionally, our business with the European Union has witnessed improvement this year which is basically a higher realization market when compared to markets like China.

With regards to the U.S. market specifically both the food service sector and the retail sector have opened up and the demand has been strong. In fact, most of our customers are looking forward for the deliveries to be made to them so that their requirements for the holiday sales can be taken care; however, the persistent logistical crisis still continues to hamper their plans to certain extent. As such the demand is strong for now and we are having products which are completed, and we are still waiting for equipment support from the shipping lines. The European Union market also shares similar status as the US. Our product mix to EU also has been improving. Of course, we have not started the ready to eat products to European Union because the regulatory approval for the new market for ready to eat has not yet been made available to us, which is a delayed trigger between the government authorities of the EU as well as the Government of India.

With regard to China, our shipments for the past quarter were zero. With regard to various trade barriers related issues as well as our focus to utilize the current capacity mostly for the US and new markets in the present demand supply situation. We would of course continue to look at the Chinese market when the market is in a favorable condition to the company, while during the peak arrivals most likely in the year 2022, during the first quarter and second quarter. For now, our focus continues to remain mainly on the US and the EU market.

Now coming to our financial performance, despite the second wave of COVID-19, the capacity utilization during the first half year of FY2022 improved to almost 54% of our overall capacity of 29240 metric tons as against 41% in the full year of FY2021, as production gathered pace on the back of our healthy order book. However, due to the logistical issues which we have been repeating as a primary issue for the past few quarters, which translated into lack of container availability, our volumes sold was restricted to around 86% of the production, that is, dispatches of sales of 6804 metric tons in the first half year of FY2022; however, within our overall sales, we have been able to grow sales of higher value added products which are higher margin, the ready-to-eat products, thereby improving the product mix. The ready-to-eat sales formed almost 21% of the overall shrimp sales in the first half of the current fiscal, which is a significant increment over the 15% share in FY2021.

The average realization in Q2 FY2022 improved by almost 8% to 10% when compared to year-on-year as well as quarter-on-quarter on the back of improving product mix and better global prices of shrimp. This helped us post growth in total income in Q2 FY2022 despite marginal fall in sales over same period of last fiscal.

While the overall availability of containers is improving slightly, we are still having to pay very high premium rates for reserving our containers for shipping our finished products. This is slightly offset by increased realizations as well as the support we received from our customers to a certain extent to the best extent possible by supporting us on additional freight cost. As a result, on an overall basis the EBITDA margin for the quarter remained in the expected range. So with that I now request Mr. Vijay Kumar our CFO to take you to the key highlights of our second quarter and first half of the current fiscal. Thank you.

Vijay Kumar: Thank you. Good morning everyone and hope all of you are keeping safe. I shall brief you on the financial highlights of the quarter gone by. The freight situation notwithstanding, our overall capacity improved 54% in H1 FY2022 from 41% FY2021. Amidst the challenging sea transport situation, shrimp sales volumes in Q2 FY2022 stood marginally lower on year-on-year basis at 3542 metric tons but grew by 9% quarter-on-quarter. In H1 FY2022 the shrimp sales stood at 6804 metric tons as against almost 6868 metric tons in H1 FY2021 Most importantly for us, the share of high value Ready-to-eat products increased to 21% in Q2 and H1 FY2022 versus almost 15% in FY2021.

As a result of improving product mix and stable prices our total income increased by 2.3% on year-on-year basis and 18.6% on a quarter-on-quarter basis to Rs.2699 million in Q2 FY2022 and by 2.6% year-on-year to Rs.4974 million in H1 FY2022.

As far as the profitability is concerned EBITDA margins were impacted considering the challenging environment, comprising muted dispatches but higher production and higher export expenses; however, the increased costs have been offset to some extent by better product realization in Q2 FY2022. The resultant EBITDA for Q2 FY2022 came in at Rs.394 million and accounted for 14.6% EBITDA margin.

With regard to H1 FY2022 the EBITDA degrew by 19% year-on-year to Rs.532 million and margin came in lower at 10.7% versus 13.5% in H1 FY2021 due to subdued profitability in Q1 FY2022. Depreciation and interest costs remained at reasonable level when compared as a percentage of income. The PAT for Q2 FY2022 stood at Rs.220 million, lower by 13% year-on-year but growth of 56% quarter-on-quarter. The PAT for H1 FY2022 stood at Rs.253 million versus Rs.337 million in H1 FY2021.

The geographic breakup of sales in Q1 FY2022 is as follows: 79% came from US, 21% from EU.

With that I conclude our opening remarks and now I request the moderator to open the door for questions. Thank you.

Moderator: The first question is from the line of Nitin Awasthi from Incred Equities. Please go ahead.

Nitin Awasthi: Congratulations on a great set of numbers. I would just like to understand the export incentive so how much of it was booked in the current quarter and how much was it pertaining to the current quarter or if not booked then how much is outstanding and how much will be booked in the forthcoming quarters?

Choudary Karuturi: We have booked export incentives, that is, duty drawback only this quarter and the net export incentives is 3.53 Crores that we have booked.

Nitin Awasthi: Pertaining to this quarter have you booked the RoDTEP?

Vijay Kumar: RoDTEP actually we have not accounted this quarter because you know there are budgetary controls as per notification.

Choudary Karuturi: Sorry, your question was about the new scheme announced by the Government of India which the company has not considered as the Government of India also has stipulated that the availability of the scheme is subject to funding on their part and as such the company has not received any of the scheme benefits and hence we have decided not to account for it and we shall do on upon receipt basis going forward. So as of now none of the incentives or the new scheme of remission of taxes, duties on export products have not been accounted for since January 2021 as per the notification given by the Government of India. So we are not accounted anything from the new scheme. We will do it as we receive it because of the ambiguity with regard to the allotment of funding etc.

Nitin Awasthi: Noted Sir. How much is the net duty drawback which is booked this quarter?

Vijay Kumar: 3.53 Crores.

Nitin Awasthi: Finally, how much was the seed sales for the quarter?

Choudary Karuturi: Around 3 Crores.

Nitin Awasthi: Moving on to the operations, what we are seeing on the ground or at least from the news that we are hearing is going to be a shortage of material and how much of that is true for us to have a good quarter, good coming quarter and to mitigate that what I see is that we have a good inventory buildup of around more than 200 Crores so can we expect the next quarter to be better than this quarter I mean Q3 to be better than Q2 given that logistic issues and all are smoothing out?

Choudary Karuturi: We would not be able to really say that as you would have noticed in our opening remarks too that it is improving but at the same time we still continue to have issues with regard to equipment supply which we meant as container support from the shipping lines, we continue to pay significantly high freight costs too. So yes there are issues with regard to supply at this point but we are continuing to get our supply. Of course, we should get it at a higher cost in general. Our inventories whichever are there are taking care of our pending contracts, which already have been long overdue for shipment. As we wait for equipment support from the shipping line, we continue to face the same challenge like we have been facing since the past two quarters or quite some volumes of products which are completed;

however, awaiting equipment. It is just that the levels of inventory comparatively had come down compared to the first quarter and the last quarter of last financial year compared to that it is of course lower as such with regard to volumes. We could definitely utilize our Q1's inventories reasonably well for our Q2 shipments. We continue to monitor the situation and as the equipment support comes into, we will definitely be looking forward to utilizing more of our inventories along with the raw material which is available in the market; however, we would not be making any comments at this point with regard to how the Q3 is going to be as such at this point, it is of course not appropriate for us to make a comment at this point, but we continue to monitor the situation and definitely we will be utilizing our inventories as well as the raw material available at our disposal.

Nitin Awasthi: Okay and lastly from my side, on the tax rate front, could we expect steady rates based on the new regime to continue now or will it be to have deferred tax of the previous year's which you are going to utilize and we are going to stick on the old regime?

Choudary Karuturi: Sorry, can you repeat your question please?

Nitin Awasthi: The tax rate, my question was regard to the tax rate, what would be the steady state tax rate for the company going ahead?

Vijay Kumar: Okay, so we are sticking with the new regime, nothing about on that.

Nitin Awasthi: That is all from my side.

Moderator: Thank you. The next question is from the line of Raj Krishna Bhardwaj from Yes Securities. Please go ahead.

Raj Krishna B: Good morning. I see that on operational front overall capacity utilization improved from 41% to 54%. What is the expected capacity utilization in the next few quarters?

Choudary Karuturi: Capacity utilization of course is more dependent on the availability of supply of the product. As I have just mentioned to the previous caller and like he has rightly asked, there are certain supply issues which are being repaired in the current quarter and so we would be watching it carefully and for sure that will be an exciting factor for the optimum utilization of capacity; however, at this point we are hopeful that we continue to utilize over about 50%. Our goal also for the whole year is we were looking at 50% plus so that is the minimum which we were looking at. We are hopeful but of course subject to supply conditions because capacity is totally dependent on supply availability so we are monitoring the situation. So we look forward for supply to be improving if not in the Q3 maybe by Q4 so we are just hopeful.

Raj Krishna B: Thank you.

Moderator: Thank you. The next question is from the line of Ashwani Agarwal from Ashmore Investment Management. Please go ahead.

Ashwani Agarwal: Good morning Mr. Choudary. It's good set of quarterly figures for this type of challenges, so congratulations. So just taking on the question from some of the previous participants, what is the amount of RoDTEP benefits that are due to you I mean how much have you filed for that, you expect to receive subject to budgetary concerns etc., how much of it has been accrued to you and how much have you claimed so far as of September 30?

Choudary Karuturi: Ashwani, as I had mentioned to the previous caller, we have not claimed any as on September 30, 2021; however, what are we entitled for roughly between 14 Crores and 15 Crores if that is what I think, yes it is approximately around 12 Crores to 15 Crores is there but none of which has been touched yet as I said, because of the issues on the government side and also with the market condition etc., So we will be looking at it in Q3 and we would be accounting for it. When we account for it we will definitely be presenting in the balance sheet, we will be updating as per that.

Ashwani Agarwal: Could you help us understand why is there supply issue of raw shrimp I am assuming, you are alluding to, is it simply a seasonal factor or is it something else at play?

Choudary Karuturi: The first thing is that as you know very well it is a livestock industry and we have had a disease also playing its role, weather conditions, climatic changes all these play a role with regard to shrimp aquaculture across the country. One of the key part was six to eight weeks ago more towards in the end of second quarter mostly we have had a significant amount of smaller sized harvests which have happened and they also happened in the earlier part of the Q3 which basically is nothing but a significant amount of our medium and large sizes getting wiped off from the market and so the primary producers, of course not most of them, quite some of them have gone for restocking and they continue to grow and harvest their shrimp as we speak, but one of the major issues was there was a premature small farming which has happened towards the second quarter of that was one of the reasons why there is a little bit of gap in supply as we still continue to operate our facilities, we continue to get our supply, there is no issue but it is not as we would have normally seen in the past. So that will be improved hopefully over the next few months. So that is how we are looking forward to and also the demand in general is also higher now because of the overseas demand for the requirements so actually there are players quite a number of players in the market too for the same product. So it is a combination of factors.

Ashwani Agarwal: Sir last maintenance question on financials the depreciation figure has come down significantly by almost 25% compared to first half of last year of the same quarter last year why would that be if could understand?

Vijay Kumar: Let me explain, last time figures consist of capitalized values of newly added plant, that's why initially depreciation is high and later on it goes on decreasing year on year

Ashwani Agarwal: Thank you for the update and I will come back with more questions.

Moderator: Thank you. The next question is from the line of Nisarg Vakharia from Lucky Investment Managers. Please go ahead.

Nisarg Vakharia: Good morning, everyone. You were explaining the demand supply situation just to the previous caller, just to refine my understating I apologize if my question is little bit naïve, so what is the reason that you said that the smaller shrimps have been produced more, is there some technicality to this or it is just seasonal thing?

Choudary Karuturi: Sir I have also informed just the previous caller also that there are multiple factors which impact livestock growth. There were weather related conditions, climatic changes, now we have also seen excessive rains, along with it disease in some parts of the country also has an effect on the growth of the shrimp, so naturally the farmers or the primary producers tend to harvest in small sizes or prematurely. So there are multiple reasons for different areas. It is not like the entire country has one problem of that entire state of Andhra Pradesh has one problem. So there are different reasons but most of it of course was climatic conditions as well as in some areas for disease which led to premature harvest at that point of time.

Nisarg Vakharia: Okay, my second question is that from 2018 onwards till today there has been like the business has not grown for us significantly and of course there are several reasons for that, what I wanted to ask you specifically is that in this time period of the last three years to four years, have any other countries gained market share against the expense of India into the primary regions of export which is the US, China and EU?

Choudary Karuturi: Your question is specifically on the Indian exports not growing significantly and at the expense of India any other markets like Thailand, Vietnam or Ecuador growing their exports - that has not really been the situation. Yes, different countries have opted for different end-markets. So until last year or until two years ago Ecuador was the number one supplier for China and India was the number two supplier for China; however, in 2021 because of the pandemic and all these logistics issues etc., and certain restrictions and non-tariff barriers within China and from China, the country of Ecuador has focused more on US, but does it mean that they have taken away India's market share, well not really India still continues to be the number one supplying shrimp nation in the world as of now and because of the availability of the large scale farming which happens across the country and newer areas also being added as such to answer your question there is no immediate threat for India to lose its market share to somebody else; however, based on the pricing conditions, logistical conditions etc., for sure, companies like us, of course we won't be able to talk on behalf of all the companies in India but at least companies like us would be focusing to the respective markets which tend to be of a better benefit to the company and we are pretty confident that most of the other companies also will be doing the same as the focus for any company would be to look at that market which provides better realization and better opportunities. So that is the status as such. India's market share to China has not come down drastically because of some lapses on behalf of India but more because of restrictions by China not just on India but several other countries including its number one supplying nation which is Ecuador. So that is how the market share keeps changing for Indian products but overall as a shrimp producing and exporting nation, India continues to focus mostly on US, its largest market and as well as EU and other countries; Even now there are exports to China also happening, it is not that they are totally zero. For our company in the last quarter basically we did not have any exports to China and typically this would keep changing as the market dynamics keep changing but however as such like our company have always focused mainly on US, and European Union we would continue to do that even going forward.

Nisarg Vakharia: And the US market has continued to grow in terms of volumes year-on-year approximately by what percent?

Choudary Karuturi: The volumes this year there seems to be quite a growth which we would be knowing more towards the end of this year that is because as our exports to China considerably having been reduced on that basis the exports to US should be looking at growth but like you rightly asked in your first question the exports to USA were very much stagnant over the past one to two years but this year 2021 especially it would have grown; I am sorry we do not have the number precisely but there has been a good growth to USA but the key part for India is not about growing exports to USA at the expense of reductions to China or some other markets. The key thought for India will be to grow its supply to take care of all the respective markets whether it is China, European Union or USA, that will be the important part which the industry along with the government departments are working in that direction and we should see how that will be happening over the next one to two years for better supply within the country so that we could continue to play leading role to most of the export markets so, that is how it is.

Nisarg Vakharia: One more question if I could squeeze in, I do not know if Ecuador was a very relevant discussion from the growth journey of Indian shrimp exports from 2012 to 2017 – 2018 or maybe we were not aware of it but Ecuador become relevant over the last two three years and how big a threat do you think it is, what do you think can be the production or the demand – supply mismatch because of Ecuador being relevant now?

Choudary Karuturi: Ecuador has become relevant only in the year 2021 in the US market. That is primarily because of the issues being faced from China. So, will it continue to grow depends on that country's supply conditions. Is Ecuador a threat to India? Not really because India's production which we get is at a much larger scale compared to Ecuador. Yes, Ecuador continues to have an advantage of shorter sailing period to the US market when compared to India which is having anywhere between four and six weeks of sailing period while the Ecuador in shipping industry has to deal with only with one week to the US market. So, that is how the logistical advantage definitely is there for Ecuador but at the same time we also have to make a note that Ecuador's primary market for the past seven to ten years has been China and it is only because of the restrictions from China in the year 2020 – 2021 that has made it focus on the US.

Nisarg Vakharia: These restrictions from China are imposed is primarily because of what reasons?

Choudary Karuturi: The COVID.

Nisarg Vakharia: Got it, great. Thank you so much.

Choudary Karuturi: Because as I said China put restrictions on Ecuador and then also followed to India.

Nisarg Vakharia: Okay, thank you.

Moderator: Thank you. The next question is from the line of Depesh from Equirus. Please go ahead.

Depesh: Good morning and thanks for taking my questions. If you look at the overall Indian shrimp exports and if we look at your numbers and other listed company's numbers, there seems to be contrast. So, it seems that some of the companies on the eastern coast are losing market share comparing to the western coast of India. So, wanted your thoughts when do you think this situation will ease on the eastern coast and will you be able to gain that market share that you have seen of last this year?

Choudary Karuturi: When you said the companies at east coast?, I am sorry, you said something about the east coast?

Depesh: Yes, last quarter I think you told that on the eastern coast the challenges of the container availability are more severe than on the western coast, right so overall the shrimp exports are showing a very good numbers somebody is exporting. But it is not reflecting in your numbers or the other listed entity in the Eastern coast. So, what do you think who is exporting and are you losing market share to the western coast guys?

Choudary Karuturi: Not really. We speak specifically about our company; we are not losing any of our market shares in the years as we continue to deal with our customers for many years and we continue to grow up at least as such and we believe that is the same situation for other companies too on the east coast. Now, equipment support that means containers were an issue and they still are an issue it is not that the problem has totally eased out and the eastern companies to pay almost 450% to 500% of our freights which were prevailing pre-pandemic levels. So, we still continue to have issues but like you said yes, wherever the equipment has been available the exports have been growing from that area and if you remember correctly even for our company, we have informed during the last concall, last quarterly call that even our company has been doing shipments through the west coast too based on wherever we could send out the shipments from. So, it is an ongoing situation. The demand as such has been higher for sure compared to last year and hence naturally the opportunity to ship has also increased through other companies, but does that mean that the east coast companies or our company will lose market share, not really, we continue to operate and the more opportunity you can get to ship we will be able to do for sure much better. So, we are currently working or doing our production under restrictions because of logistical conditions as such.

Depesh: Got it, and on the US part, the US the demand is going at a very good rate, so just wanted your understanding that is their actual demand that is growing, or the distributors are building inventory that may hamper the growth next year?

Choudary Karuturi: The demand as such has been higher post unlocking of the US market, they are being here with lockdowns and rather they are opening up, most of the food service sector coming back on track, naturally the demand has been picking up. It has been maintained. Right now the customers are looking forward for the deliveries which I have mentioned even in the opening remarks, they are looking forward for their deliveries for the holidays which are very much required for them to conduct good business. However, of course it will be difficult for me to make any statement of how the holiday sales will take place, which is over the next six to eight weeks, so I won't be able to say that at this moment, but they want to stock up. So, next year will it taper down? We would not say that it will be growing significantly from here but at least we are basically hopeful that it will be steady as such because everybody is back on track, and everybody consumes as such; it is just no longer only retail function like how it is happening in the year 2020. So, things are definitely improving in 2021 and we are hopeful that with all these vaccinations and things getting better in terms of the pandemic situation, year 2022 will continue to be maintained like this because of the re-opening of all the establishments this year.

Depesh: Got it, and if I look at the other expenses on per kg basis, they seem to flattish quarter-on-quarter, but the freight costs have actually increased, and you also talked about that you have moved your containers from east coast to west coast wherever possible. So, just wanted to understand how have you managed this freight cost in this quarter and have you made the customer to FOB basis that you are talking about in the last quarter?

Choudary Karuturi: Regarding the freight costs, we have mentioned in our last quarter concall that we have been getting some support from our customers also that continues through the Q2 and some of the shipment we had in Q3 has the support. I repeat that there is some support because it is not that the entire increase in freight cost has been offset by the customers but they have been supporting quite well in the time and at the same time the market rise has also factored in this addition of freight cost and thereby more pricing including at which the market is running it has definitely also impacted in this higher freight cost. So, we have been definitely supported by our customers overseas based in US as well as EU and your second question is about incentive? Sorry can I request you to repeat?

Depesh: I just wanted to understand your shipments continue to remain on CIF basis or have you moved some of the customers to FOB basis that you were talking about last quarter?

Choudary Karuturi: There are no shipments as of now which have moved to FOB basis and like I have stated, the customers are willing to work with us on this part and they also understand the situation and hence they are willing to take part of that additional freight increase thereby the end consumer will be dealing with the added costs and as such our customers are willing to support us and they are continuing to support us for the past more than a quarter and they continue to support even in Q3 at this point. So, there was no need to discuss with them about FOB basis because they have come forward very well in supporting our company. So, that way not been an issue with regard to FOB since the customers are willing to pay for the additional freights, I think the company also doesn't have to worry, so this is the situation that has developed over Q2 and also Q3.

Depesh: Got it, understood. Lastly, wanted to understand last year you booked MEIS incentive in the books right, but you have still not received that amount, so wanted to understand if you will be provisioning that in the coming quarters, how is all those things if you can talk about?

Choudary Karuturi: With regard to MEIS specifically, there are some last year's dues or last year's licenses which were pending and some which were of the previous year too. One of the main reasons why we have not yet basically transferred it or rather sold those licenses because of also the market conditions as the current market is not in favour of, rather it is running at a discounted rates and hence we have decided not to sell our scrips yet into the market with regard to MEIS basically. So, we will be mostly doing this during the Q3 and maybe it may even go into Q4; We will do it based on the market situation with regard to the sale of MEIS licenses pertaining to the earlier period.

Depesh: Okay, so you will be selling the scrips but there will no provisions right, that is what I want to understand?

Choudary Karuturi: No, we have already claimed it as an income in the end of September last year if you remember. Our company has claimed it just for your information.

Depesh: Okay, got it. Thank you.

Moderator: Thank you. The next question is from the line of Vincent Andrews from Geojit Financial Services. Please go ahead.

Vincent Andrews: Good morning. Most of the questions got answered. Only one question, can you please share the average realization in dollar terms for Q2 and average farmgate prices also?

Choudary Karuturi: It was $9.84 per kg for Q2.

Vincent Andrews: It is 9.8, right?

Choudary Karuturi: Yes, 9.8.

Vincent Andrews: Okay, and on farmgate price?

Choudary Karuturi: Rs 325 per kg.

Vincent Andrews: So, because of this original freight rate increase especially, you have got anything included in this $9.84?

Choudary Karuturi: The additional freight cost has also been included into that $9.84.

Vincent Andrews: Okay, how much it can be if we can separate on an average basis?

Choudary Karuturi: Well, it depends, $9.84 is based on the sales which have happened in Q2 which are pertaining to the orders and subsequent support by the customers which are mostly from Q1. So, it is basically accumulation which happens, so for $9.84 per kg, approximately 35 cents is being supported by the customers for freight increase.

Vincent Andrews: Okay and going forward the value addition share from 20% do we increase?

Choudary Karuturi: The value addition capacity, for now we are utilizing it at optimum and even if there is an increase with regards to production, it will be marginal because we will continue to maintain this 20% to 25% through the year, we will continue to maintain this with regard to our sales of the value-added products. So, that is continuing to be at 20%, 21% it is not improving significantly higher because we are already utilizing our capacity to the optimum with regards to addition unit.

Vincent Andrews: Thanks for that. That is from my side. Thank you.

Moderator: Thank you. The next question is from the line of Nishit Jain from Prasad Investments. Please go ahead.

Nishit Jain: Good morning. As you informed before the RoDTEP which is yet to be booked is close to Rs.14 Crores to Rs.15 Crores, so just wanted to recheck it is from 1st January till September, right for the three quarters is this amount?

Vijay Kumar: We have not booked. I think I have mentioned we have not booked.

Nishit Jain: Yes, you have not booked it, but it is yet to be booked?

Vijay Kumar: We are booking at appropriate time on the receipts.

Nishit Jain: Okay, thank you. Second point just wanted to check with you as you had mentioned in the previous call that the raw material price, the farm rate price was around Rs.289 in the first quarter and this year just now mentioned is Rs.325 is that right?

Vijay Kumar: The first quarter was Rs.289 and for Q2 yes it was Rs.325 correct.

Nishit Jain: Right, so there would be impact on the margins for this or it would be passed on ahead?

Choudary Karuturi: At the same time the product realization like the previous caller had asked for Q2 it was $9.84 per kg versus $9.1 per kg in Q1, so it goes in tandom.

Nishit Jain: Okay, and one more thing. As we say that our net profit margin if we can see for the half yearly is close to 5.5% though we have not accounted the RoDTEP which is also around 2% to 2.5% going forward. So, can we expect the net profit margin could be around 7.5% or 8% for FY2022 any guidance?

Choudary Karuturi: Well, here we are trying to ask the question based on the receipt of the scheme of RoDTEP which as we have already said we would be only accounting for it on receipt basis, number one. Number two, of course we are continuing to work with our customers by looking for higher realizations and subject to costs involved we look forward for better margins for sure at PAT level basis. But in the current year, this logistical crisis, we do not really expect and also according to the predictions which we see margin in the current quarter, and we do not really see a significant further increase, but RoDTEP benefit is subject to the receipt basis. So, please understand it is also viewed in totally that we will receive that entirely in Q3 or maybe it could go to Q4, it is all based on the situation with the government and the situation as they release the scheme, we will take that into consideration. So, please understand subject to that.

Nishit Jain: Sure, got it. There is a significant increase in the provision which is released from Rs.13 Crores as on March 31st and which is reported now is Rs.27 Crores can you through some light?

Choudary Karuturi: Sorry, which one of these?

Nishit Jain: The provisions as mentioned as on March 31st was Rs.13 Crores and if you see the provisions mentioned as on September quarter is Rs.27 Crores, what exactly is that?

Vijay Kumar: On the cost to freight charges has been increased and other taxes and duties some additions are there actually so that is what the difference mainly due to freight payables.

Nishit Jain: That’s it. Thank you.

Moderator: Thank you. The next question is from the line of Nitin Awasthi from InCred Equities. Please go ahead.

Nitin Awasthi: Thank you for the follow up. Just wanted to understand something you said contracts are not moving to FOB but if we understand the RoDTEP scheme does not it dictate that all contracts have to be on FOB for RoDTEP?

Choudary Karuturi: Mr. Nitin, in Government of India schemes for the calculation of that scheme, it will always be FOB basis but what the earlier caller was specifically asking was moving based on one of the responses which our company has given for the concall of Q1, he was asking that recently are we moving our terms of shipment from CIF basis to FOB which I have mentioned that no we are not moving because the customers are supporting on freight terms and hence there is no need of really moving to FOB basis shipment terms. You are asking a different question about government of India schemes is it not on FOB, yes, it is always on FOB, all schemes MIES, drawback, RoDTEP everything is based on FOB values. So, that question earlier for which we have answered is not about how the benefits are calculated by the government. It was about the terms of shipment which we are doing to our customers. I hope you got that.

Nitin Awasthi: Yes, noted, so we are going to continue with CIF but the accounting for the RoDTEP scheme is going to happen on FOB, is that correct?

Choudary Karuturi: The RoDTEP scheme, MEIS, drawback all that of incentives only on FOB value. They are always on FOB values for the past twenty years and they will continue.

Nitin Awasthi: Got it and there was some news on the TMA/Transportation Marketing and Assistance scheme for agriculture commodities being extended to this year itself. Is there any benefit of that which the company is expecting to accrue?

Choudary Karuturi: Not at this point we are still working on those details. We have not yet considered them, yet. So, we will let you know.

Nitin Awasthi: But they look like they could be coming in this year or is it like still too far sight and still on the table itself?

Choudary Karuturi: We are actually looking at it, we are still working on it as I said we will not be able to communicate at this point for sure, if we have some news about it on our next call, we will definitely give you the information.

Nitin Awasthi: I wanted to understand some more clarity on the number which I had previously asked, and you had said you have done Rs.3 Crores for the hatchery business what is that for this quarter or the whole half year?

Choudary Karuturi: No, this quarter

Nitin Awasthi: Yes, so that has substantially jumped. So, we were expecting this figure to go even higher in the future in hatchery segment and all the work in progress towards the hatchery segment?

Choudary Karuturi: Typically, the seed sales will be increasing quite high during the Q4 because that is when most of seed sales will be there as stocking of shrimp happens across the country in aquaculture especially in the southern states during that period. So, we should see, of course we will not be able to give a specific number at this point, we definitely are looking forward for better sales during Q4, we will keep you posted.

Nitin Awasthi: Noted Sir and the export incentives were Rs.3.53 Crores again for this quarter and this is only the net duty drawback, correct?

Choudary Karuturi: Yes.

Nitin Awasthi: Lastly your competitor has been exporting a lot of product to Canada and Canada is not a market that we normally talk about so if you could just shed some light on that. So, how big is this Canadian market? Is it just opening up for exports of Indian produce, is it as big as US market whatever impact you have because we could not find anything anywhere else?

Choudary Karuturi: We would not be commenting on competitors sales; However we are open to all markets, we have also been doing business with Canada in the past and we will continue to explore the opportunities as they come our way as such and we continue to grow our strength in the countries, in the markets where we are present and yes as such whenever the opportunities come whether it is Canada or Australia or Middle East, we will definitely look at it and even continue to grow such markets.

Nitin Awasthi: Any rough estimates of how this market could be currently Canadian market for our information?

Choudary Karuturi: It is a good market. It is a good-sized market for sure but definitely not as much as US or China or EU as a whole but still it is a good market and as mentioned we have also been there in the past but in the recent past we have not done exports into that market. So, we will definitely do when the opportunities come our way, we will be considering that market because it is a big sized market but not as large as top three markets in which India shrimp industry is focused on.

Nitin Awasthi: Okay, noted. Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraint that was the last question for today. I would now like the hand the conference over to Mr. Choudary Karuturi for the closing remarks.

Choudary Karuturi: Thank you Rutuja. Thank you everyone for attending our Q2 and H1 FY2022 quarterly concall and we hope that you all keep safe and for any queries, any further clarifications you can always reach out to us on the email address ir@apexfrozenfoods.com. Thank you very much and have a good day. Take care.

Moderator: Thank you. On behalf of Apex Frozen Foods Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.