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APEX FROZEN FOODS LIMITED

Our Company was originally formed as partnership firm constituted under the Partnership Act, 1932 ("Partnership Act") in the name of Apex Exports, pursuant to a deed of partnership dated October 24, 1995 Apex Exports was thereafter converted from a partnership firm to a private limited company under Part IX of the Companies Act, 1956, with the name "Apex Frozen Foods Private Limited" and received a certificate of incorporation from Registrar of Companies, Andhra Pradesh on March 30, 2012. Subsequently, our Company was converted into a public limited company with the name "Apex Frozen Foods Limited" and a fresh certificate of incorporation was granted by the Registrar of Companies, Hyderabad on November 29, 2016. There has been no change in Registered Office of our Company since incorporation

Registered Office and Corporate Office: 3-160, Panasapadu, Kakinada, East Godavari -533 005, Andhra Pradesh, India. | **Tel:** +91 884 2383902 / 03 / 04 | **Fax:** +91 884 2383 905 / 906 | **E-mail:** cs@apexfrozenfoods.in | **Website:** www.apexfrozenfoods.in
Contact Person: S. Sarojini, Company Secretary and Compliance Officer | **Corporate Identity Number :** U15490AP2012PLC080067

OUR PROMOTERS: KARUTURI SATYANARAYANA MURTHY AND KARUTURI SUBRAHMANYA CHOWDARY

PUBLIC ISSUE OF UP TO 8,700,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF APEX FROZEN FOODS LIMITED (OUR "COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) AGGREGATING UP TO ₹ [•] MILLION (THE "ISSUE") COMPRISING OF A FRESH ISSUE OF 7,250,000 EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ [•] MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 725,000 EQUITY SHARES BY KARUTURI SATYANARAYANA MURTHY (REFERRED TO AS THE "PROMOTER SELLING SHAREHOLDER") AND, UP TO 725,000 EQUITY SHARES BY KARUTURI PADMAVATHI REFERRED TO AS ("THE PROMOTER GROUP SELLING SHAREHOLDER") (TOGETHER REFERRED TO AS THE SELLING SHAREHOLDERS") AGGREGATING TO ₹ [•] MILLION ("OFFER FOR SALE"). THE ISSUE INCLUDES A RESERVATION OF UP TO 400,000 EQUITY SHARES, AGGREGATING UP TO ₹ [•] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED IN THE RED HERRING PROSPECTUS) NOT EXCEEDING 5% OF OUR POST-ISSUE PAID UP EQUITY SHARE CAPITAL (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE WOULD CONSTITUTE UP TO 27.84%, OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL AND THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE UP TO 26.56%, OF OUR POST-ISSUE PAID-UP SHARE CAPITAL.

Price Band: ₹ 171 to ₹ 175 per Equity Share of Face Value ₹ 10 each.

The Floor Price is 17.1 times of the Face Value and the Cap Price is 17.5 times of the Face Value.

Bids can be made for a minimum of 80 Equity Shares and in multiples of 80 Equity Shares thereafter.

Risks to Investors :

- The Merchant Banker associated with the Issue has handled 3 public issues in the past three years, out of which 2 issues closed below the issue price on listing date .
- The average cost of acquisition per Equity Share for our Promoters viz., Karuturi Satyanarayana Murthy is ₹ 5.83, Karuturi Subrahmanya chowdary is ₹ 8.26 and for the selling shareholder Karuturi Padmavati is ₹ 3.01 and the Issue price at upper end of the price band is significantly higher at ₹ 175.

BASIS FOR ISSUE PRICE

The Issue Price of ₹ [•] will be determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares issued through the Book Building Process and on the basis of qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 10 and the Issue Price is 17.1 times the face value at the lower end of the Price Band and 17.5 times the face value at the higher end of the Price Band.

Investors should also refer to the chapters titled "Our Business", "Risk Factors" and "Financial Statements" on pages 121, 18 and 176 respectively, of the Red Herring Prospectus to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue Price are:

- Economies of scale on account of integrated operations
- Strategically located processing plant
- Established Customer Relationships
- Focus on quality control measures and research & development initiatives
- Proven and experienced management
- Procurement of raw materials from our farms

For further details, see chapter titled "Our Business" on page 121 of the RHP.

Quantitative Factors

Information presented in this section is derived from the Restated Standalone Summary Financial Statements prepared in accordance with the Indian GAAP Companies Act and the SEBI ICDR Regulations.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Earnings Per Share ("EPS") (as adjusted for changes in capital, if any):

Financial	Basic and Diluted EPS (in ₹)	Weight
2015	7.65	1
2016	8.03	2
2017	10.17	3
Weighted Average	9.04	

Note: a. Earnings per share calculations have been done in accordance with Accounting Standard 20 - "Earnings per Share" issued by the ICAI.
b. The face value of the Equity Share of the Company is ₹ 10 each

2. Price / Earning (P/E) Ratio in relation to Issue Price Band of 171 to 175 per Equity Share

Particulars	Standalone
a) P/E ratio based on basic/diluted EPS for the year ended March 31, 2017 at the Lower end of the price band	16.81
b) P/E ratio based on basic/diluted EPS for the year ended March 31, 2017 at the Higher end of the price band	17.21

Industry Peer Group P/E Ratio

	Industry P / E Multiple*
Highest	100.24
Lowest	28.54
Industry Composite	54.52

* The Industry high and low has been considered based on the standalone financials from the Industry Peer Set consisting of Avanti Feeds Limited, The Waterbase Limited and Zeal Aqua Limited. The Industry composite has been calculated as the arithmetic average standalone P/E of the Industry peer set provided below. For further details please see "Comparison with Listed Industry Peers" below.

3. AVERAGE RETURN ON NET WORTH ("RoNW"):

Financial	RoNW (%)	Weight
2015	32.79	1
2016	25.62	2
2017	25.22	3
Weighted Average	26.62	

Return on net worth (%) = Profit after tax as restated * 100 / Net worth at the end of the year / period

Net Worth = Equity Share Capital + Securities Premium Account + General Reserve + Surplus / (Deficit) in the statement of profit and loss + Reserves created out of profits but does not include revaluation reserve.

BID / ISSUE

OPENS ON: TUESDAY, AUGUST 22, 2017¹

CLOSES ON: THURSDAY, AUGUST 24, 2017

1. Our Company and the Selling Shareholders shall, in consultation with the BRLM, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

ASBA *	Simple, Safe, Smart way of Application- Make use of it !!!	* Application Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For details, check section on ASBA below.	Mandatory in Public Issues from January 01, 2016. No cheques will be accepted.
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In case of any revision to the Price Band, the Bid / Issue Period will be extended by atleast three additional Working Days after such revision, subject to the Bid / Issue Period not exceeding 10 (Ten) Working Days. Any revision in the Price Band and the revised Bid / Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE by issuing a press release, and also by indicating the change on the websites the Book Running Lead Manager ("BRLM") and the terminals of the Syndicate and Self Certified Syndicate Banks ("SCSBs").

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), this is an Issue for atleast 25% of the post-Issue paid-up equity share capital of our Company. The Issue is being made through the Book Building Process in accordance with Regulation 26 (1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), where in 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"), provided that our Company and the Selling Shareholders shall, in consultation with the BRLM, allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion") at the Anchor Investor Allocation Price, out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, subject to applicable law. All potential investors, other than Anchor Investors, are required to mandatorily use the Application Supported by Blocked Amount ("ASBA") process providing details of the irrevocable bank accounts which will be blocked by the Self Certified Syndicate Banks ("SCSBs"). Specific attention of investors is invited to the chapter titled "Issue Procedure" on page 289 of the Red Herring Prospectus.

Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active. Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to an Offer. Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AS REGARDS ITS OBJECTS: For information on the main objects and other objects of our Company, investors are requested to see page 148 of "History and Other Corporate Matters" of the RHP and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our company is a material document for inspection in relation the issue. For further details, see "Material Contracts and Documents for Inspection" on page 376 of the RHP.

LIABILITY OF MEMBERS OF OUR COMPANY: Limited by shares.

AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE: As on the date of the RHP, the authorised share capital of our company is ₹ 360,000,000 divided into 36,000,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up details of our Company before the Issue is ₹ 240,000,000 divided into 24,000,000 equity shares of ₹ 10 each. For details of the Capital Structure, see "Capital Structure" on the page 61 of the RHP.

NAMES OF THE SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: Given below are the names of the signatories of the Memorandum of Association of our Company and the number of equity shares subscribed by them at the time of signing of the Memorandum of Association of our Company – Mr. Karuturi Satyanarayana Murthy, Ms. Karuturi Padmavathi, Mr. Karuturi Subrahmanya Chowdary, Mr. Sankurathi Ravi Kanth, Ms. Sankurathi Anitha Devi, Ms. Karuturi Neelima Devi and Mr. Vallepalli Hanumantha Rao, 4,800,000 Equity Shares; 5,010,000 Equity Shares; 150,000 Equity Shares; 10,000 Equity Shares; 10,000 Equity Shares; 10,000 Equity Shares, respectively, aggregating to 10,000,000 Equity Shares.

LISTING: The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated April 20, 2017 and April 18, 2017, respectively. For the purposes of the Issue, BSE will be the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus upto the Bid/Issue Closing Date, please see the section titled "Material Contracts and Documents for Inspection" on page 376 of the Red Herring Prospectus.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI): "SEBI only gives its observations on the offer documents and this does not constitute approval of either the issue or the specified securities or the offer document". Investors are advised to refer to page 269 of the RHP for the full text of the Disclaimer clause of SEBI.

Disclaimer Clause of BSE (The Designated Stock Exchange): It is to be distinctly understood that the permission given by BSE Limited ("BSE") should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by BSE nor does it certify the correctness or completeness of any of the contents of the Red Herring Prospectus. The investors are advised to refer to page 273 of the Red Herring Prospectus for the full text of the "Disclaimer clause of the BSE".

DISCLAIMER CLAUSE OF NSE: It is to be distinctly understood that the permission given by National Stock Exchange of India Limited ("NSE") should not in any way be deemed or construed that the offer document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the offer document. The investors are advised to refer to page 273 of the Red Herring Prospectus for the full text of the "Disclaimer Clause of NSE".

GENERAL RISKS: Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" beginning on page 18 of the Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER		REGISTRAR TO THE ISSUE	COMPANY SECRETARY AND COMPLIANCE OFFICER
	KARVY INVESTOR SERVICES LIMITED Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500034, Telangana. Tel: +91 40 23428774; Fax: +91 40 23374714 Email: cmg@karvy.com Website: www.karvyinvestmentbanking.com Investor Grievance Email: igmbd@karvy.com Contact Person: P. Balraj / Krishna Teja SEBI Registration No: MB/INM000008365	 BIGSHARE SERVICES PRIVATE LIMITED 1st Floor:Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai- 400059. Tel: +91 22- 6263 8200; Fax: +91 22 – 6263 8299 Email: ipo@bigshareonline.com Website: www.bigshareonline.com Investor Grievance Email: investor@bigshareonline.com Contact Person: Babu Raphael SEBI Registration No: INR000001385	S. Sarojini. 3-160, Panasapadu, Kakinada, East Godavari -533 005, Andhra Pradesh, India. Tel: +91 884 2383902 / 03 / 04; Fax: +91 884 2383 905 / 906 Email: cs@apexfrozenfoods.com Bidders can contact the Company Secretary and Compliance Officer, the Book Running Lead Manager ("BRLM") or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non -receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.

AVAILABILITY OF RED HERRING PROSPECTUS: Investors are advised to refer to the RHP and the Risk Factors contained therein, before applying in the Issue. Full copy of the RHP will be available on the websites of SEBI at www.sebi.gov.in; the website of BRLM at www.karvyinvestmentbanking.com and the website of Stock Exchanges at www.nseindia.com and www.bseindia.com.

AVAILABILITY OF BID CUM APPLICATION FORM: Bid cum application form can be obtained from the Registered Office of our Company: **Apex Frozen Foods Limited, Tel:** +91 884 2383902 / 03 / 04; Book Running Lead Manager: **Karvy Investor Services Limited, Tel:** +91 40 23428774; Syndicate Member: **Karvy Stock Broking Limited, Tel:** +91 40 23312454 and at selected locations of Sub-Syndicate Members (as given below), Registered Brokers, designated RTA locations and designated CDP Locations for participating in the Issue. Bid cum application forms will also be available on the websites of the Stock Exchanges and all the designated branches of SCSBs, the list of which is available at websites of Stock Exchanges and SEBI.

SUB-SYNDICATE MEMBERS: Amit Jasani Financial Services Pvt Ltd.; Anand Rathi Shares & Stock Brokers Ltd.; Ashika Stock Broking Ltd.; Axis Capital Ltd.; Bonanza Portfolio Ltd.; Centrum Broking Ltd.; Edelweiss Broking Ltd.; ICICI Securities Ltd.; IDBI Capital Markets & Securities Ltd.; India Infoline Ltd.; JM Financial Services Ltd.; Keynote Capitals Ltd.; Kotak Securities Ltd.; LKP Securities Ltd.; Nirmalbang Securities Ltd.; Prabhudas Laldhar Pvt Ltd.; Pravin Rathial Share & Stock Brokers Ltd.; RR Equity Brokers Pvt Ltd.; SBICAP Securities Ltd.; Sharekhan Ltd.; SMC Global Securities Ltd.; Systematix Share and Stock ; Tradebulls Securities Pvt Ltd.

APPLICATION SUPPORTED BY BLOCKED AMOUNT (ASBA): Investors have to apply through the ASBA process. ASBA has to be availed by all the investors except Anchor Investors. For details on the ASBA process, please refer to the details given in the ASBA Form and Abridged Prospectus and also please refer to "Issue Procedure" on page 289 of the RHP ASBA Forms can be downloaded from the websites of BSE and NSE. ASBA Forms can be obtained from the list of banks that is available on the website of SEBI at www.sebi.gov.in. ASBA Form can be obtained from Syndicate Members, SCSBs, Registered Brokers, RTAs and CDPs, the list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.

BANKERS TO THE ISSUE / ESCROW COLLECTION BANKS: HDFC BANK LIMITED

REFUND BANK: HDFC BANK LIMITED

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

For APEX FROZEN FOODS LIMITED
On Behalf of the Board of Directors

Sd/-
Chairman & Managing Director

Place: Kakinada

Date: August 9, 2017

APEX FROZEN FOODS LIMITED is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public issue of its equity shares ("Equity Shares") and has filed the Red Herring Prospectus dated August 07, 2017 ("RHP") with the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad. The RHP will be available on the website of the SEBI at www.sebi.gov.in, the websites of the Book Running Lead Manager at www.karvyinvestmentbanking.com and the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. Any potential investor should note that investment in Equity Shares involves a high degree of risk, for details potential investors should see "Risk Factors" beginning on page 18 of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales are made. There will be no public offering in the United States.