



KALLAM TEXTILES LIMITED

(Formerly Known as "Kallam Spinning Mills Limited")

CIN -L18100AP1992PLC013860

Chowdavaram, GUNTUR - 522 019. A.P., INDIA.

Ph: 0863-2344016: Fax:0863-2344000

E-mail: corp@ksml.in

GSTIN: 37AAACK9363M1ZY



Ref: KTL/CS/Annual report 2021-22

Date: 01-09-2022

The Corporate Relationship Department
Bombay Stock Exchange Limited,
Phiroze Jeejeeboy Towers,
Dalal Street,
Mumbai- 400 001.
Ph : 022-22721233-34

Scrip Code: 530201

Dear Sir/Madam,

In terms of provisions of Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the 30th Annual Report for the FY 2021-22 along with the Notice of 30th, Annual General Meeting of the Company to be held on **Tuesday, 27th September, 2022 at 03:00 P.M at the Registered Office of the Company, Chowdavaram, Guntur – 522019, Andhra Pradesh.**

The same will also be made available on the Company's website www.ksml.in & weblink at <http://ksml.in/wp-content/uploads/2022/09/Annual-Report-2021-22-1.pdf>

Kindly take the same on record

Thanking you,

For Kallam Textiles Limited

G. Ramesh Kumar

Golagani Ramesh Kumar

(Company Secretary & Compliance Officer)

ACS 39635





KALLAM TEXTILES LIMITED

Formerly known as “Kallam Spinning Mills Limited

30th Annual Report 2021-22



Towards excellence in Spinning, Yarn Dyeing and Weaving



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30th Annual General Meeting

Date : 27-09-2022

Time : 3 p.m.

Venue : Registered Office of the Company, NH-5,
Chowdavaram, Guntur Dist.-522 019.

e-mail : corp@ksml.in

Ph. : 0863-2344016

Disclaimer

This document contains statements about expected future events and financials of Kallam Textiles Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward looking statements. Accordingly, this document is subject to the disclaimer and Qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Sri P. Venkateswara Reddy

Managing Director

Sri G.V. Krishna Reddy

Joint Managing Director & CEO

Sri M.V. Subba Reddy

Whole Time Director & CFO

NON EXECUTIVE DIRECTORS

Sri VSN Murthy

CGM APIDC (Rtd.) Independent Director

Sri Varanasi Ramgopal

ED in Indian Bank (Rtd.) Independent Director

Smt. Vangala Bhargavi

Chartered Accountant, Independent Woman Director

AUDITORS

STATUTORY AUDITORS

M/s Chevuturi Associates

Chartered Accountants, Vijayawada.

COST AUDITORS

M/s Sairam & Associates

Cost Accountant, Guntur

SECRETARIAL AUDITORS

M/s K.Srinivasa Rao & Co.,

Company Secretaries, Guntur

INTERNAL AUDITORS

M/s Mastanaiah & Co.,

Chartered Accountants, Guntur.

STOCK EXCHANGE LISTING

Bombay Stock Exchange Ltd

Scrip Code - 530201

ISIN: INE629F01025

REGISTRARS AND SHARE TRANSFER AGENT

Big share Services Pvt. Ltd

306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082.
Ph No.040-23374967. E-mail : bsshyd@bigshareonline.com

BANKERS

Union Bank (Formerly known as Andhra Bank)
Indian Bank
Bank of Baroda

Registered and Corporate Office :

NH-5, Chowdavaram, Guntur-522019 Phones: 0863-2344010, 2344016 Fax: 0863-2344000

E-mail: corp@ksml.in Website : www.ksml.in CIN No- L18100AP1992PLC013860

Works :

Ginning, Spinning, Open End Plants :

NH-5, Chowdavaram, Guntur-522019

Weaving and Dyeing Plants :

Kunkupadu, Addanki, District : Prakasam, Andhra Pradesh-523264

Hydel Plants :

Nelakondapalli(M)-507160,khammam (Dist),Telangana,India-507160



Mr. Poluri Venkateshwara Reddy
Managing Director



Mr. Gurram Venkata Krishna Reddy
Joint Managing Director & CEO



Mr. Movva Venkata Subba Reddy
Whole Time Director & CFO

Mr. Poluri Venkateshwara Reddy, aged 71 years is the Managing Director of our Company since September 28, 2002. He handles purchase of Raw cotton, Ginning, Civil Construction and Administration of Spinning Unit at Chowdavaram. He had been instrumental in setting up and developing Ginning Business and has in depth knowledge in selection of Kapas and Cotton Lint. Mr. PV Reddy is brother-in-law of Mr. Kallam Harinadha Reddy, one of the founder of our Company.

Mr. Gurram Venkata Krishna Reddy, aged 65 years, is Joint Managing Director & CEO of our Company. He is a graduate in Mechanical Engineering from Andhra University and completed his M.Sc (Engg) (Marine Engineering) from Royal Naval Engineering College, Plymouth, UK. He is a fellow member of Institute of Engineers and Institute of Marine Engineers.

Mr. GVK Reddy has served in Indian Navy for over fifteen years in a number of positions, before joining our Company in 1993. He was instrumental in commissioning of three Hydro Electric plants of our Company, and currently, he looks after day to day administration of Weaving and Dyeing Units, and Marketing and Finance Management of our Company.

Mr. Movva Venkata Subba Reddy, aged 65 years is the Whole Time Director and Chief Financial Officer of our Company. He is associated with the Company since 1996. He is Post Graduate in Commerce from Andhra University, Visakhapatnam. He is responsible for overall finance, accounts and taxation functions of our Company. He is also involved in raw material procurement and looking after day to day administration at Spinning and Ginning Unit at Chowdavaram.

M Share Transfer Committee

M Stakeholders Relationship Committee

M Stakeholders Relationship Committee

C Corporate Social Responsibility Committee

M Corporate Social Responsibility Committee

C Share Transfer Committee

M Share Transfer Committee



Mr. Suryanarayana Murty Vaddadi
Independent Director



Mr. Ramagopal Varanasi
Independent Director



Mrs. Bhargavi Vangala
Independent Director

Mr. Suryanarayana Murty Vaddadi, aged 82 years is the Independent Director of the Company. He is a Post Graduate in Commerce from Andhra University, Visakhapatnam. He joined Andhra Pradesh Industrial Development Corporation Ltd (APIDC) and was actively associated in various diversification programmes of APIDC. In 1997, he retired as Chief General Manager in APIDC.

Mr. Varanasi Ramagopal, aged 70 years is the Independent Director of our company. He holds the Master Degree in Bio Chemistry. He joined as a Probationary Officer in Indian bank in 1973. Joined Andhra Bank in 1976 and became General Manager of Andhra Bank. He was heading Investments & International Banking Division. He also worked as Zonal Manager of Kolkata & Guntur Zone of Andhra Bank. Latter, he was appointed by Government of India, Ministry of finance, as Executive Director in Indian Bank and he retired as Executive Director of Indian bank in the year 2011.

Mrs. Bhargavi Vangala, aged 36 years, is the Independent Director of our Company. She graduated in B.Com and is also F.C.A, DISA (Diploma in Information System Audit). She is a practicing Chartered Accountant. Mrs. Bhargavi qualified as a CA in the year 2011 and is practicing in Guntur, in the areas of Taxation, Auditing & Banking. Her Area of Specialization is Indirect Taxes. She is a Secretary for the Guntur Branch of SIRC (Southern India Regional Council) of ICAI.

C Audit Committee

M Nomination & Remuneration Committee

M Audit Committee

M Nomination & Remuneration Committee

M Corporate Social Responsibility Committee

M Audit Committee

C Nomination & Remuneration Committee

C Stakeholders Relationship Committee

MANUFACTURING FACILITIES IN AP & TELANGANA STATES



BOARD'S REPORT

TO THE MEMBERS OF THE KALLAM TEXTILES LTD, (Formerly known as Kallam Spinning Mills Ltd.,)

Your Directors take pleasure in presenting the 30th Annual Report covering the highlights of the finance, business, and operations of your Company together with Standalone Audited Financial Statements prepared in compliance with Ind AS accounting standards, for the financial year ended March 31, 2022.

1. FINANCIAL RESULTS :

The standalone financial results for the year ended 31st March 2022 are summarized below :

Particulars	2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)
Net Sales / Revenue from operations	45089.81	24061.97
Other income	94.13	164.56
Total	45183.94	24226.53
Operating Expenditure	41296.00	24039.19
Profit before Depreciation and amortization expense	3887.94	187.33
Depreciation and amortization expense	1569.93	1524.92
Profit before Exceptional Items and tax	2318.01	-1337.59
Exceptional items	142.81	-
Profit before tax	2175.20	-1337.59
Provision for income tax		
i) Current year Tax	386.21	0.78
ii) Deferred Tax	-608.00	-548.75
Profit after tax	1181.00	789.62
Earnings per share (₹ 2/-)	2.76	-1.84

2. FINANCIAL PERFORMANCE, STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

For the period under review (FY 2021-22), the turnover of the company was ₹ 451.83 Crores as against ₹ 242.26 Crores in the previous Financial Year. The profit after tax was ₹ 11.81 Crore as against ₹ 7.89 Crores in the previous financial year.

More details are available in Management Discussion & analysis report placed at **Annexure –I** to this report

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion & Analysis Report in line with Regulation 34(3) read with Schedule-V of the SEBI (LODR) Regulations, 2015 is placed at **Annexure-I** to this report.

DIVIDEND :

During the financial year the company has not paid any dividend. However, the Board has recommended the final dividend of ₹ 0.20 per share (i.e. 10%) on the Equity Shares of the Company of ₹ 2/- each for the financial year 2021-22 at the board meeting held on 27.05.2022. If the dividend, as recommended above, is declared by the Members at the ensuing Annual General Meeting ('AGM'), the total outflow towards dividend on Equity Shares for the year would be ₹ 1,05,62,112/-.

AMOUNTS TRANSFERRED TO RESERVES

There is no transfer of amount to the reserves for the period under review

ANNUAL RETURN:

Annual Return of the Company pursuant to Section 92 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, in the prescribed Form MGT-7, is available at the weblink <http://ksml.in/wp-content/uploads/2022/08/MGT-9-2021-22.pdf> as Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022.

3. NUMBER OF MEETINGS HELD OF THE BOARD:

The Board of Directors met 7 (Seven) times during the year 2021-22. The details of the Board Meetings and the attendance of the Directors are provided in the Report on Corporate Governance

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

- (i) During the year the shareholders has confirmed the re-appointment of Sri. Venkateswara Reddy Poluri (Din: 0018677) as a Managing Director of the company for a period of three years w.e.f 29.06.2021.

During the year the shareholders has confirmed the re-appointment of Sri. Gurram Venkata Krishna Reddy as a Joint Managing Director of the company for a period of three years i.e. 29.06.2021,

- (ii) **Re-appointment of Director under retire by rotation:**

During the year the shareholders at the 29th AGM held on 30.09.2021 has approved the re-appointment of Mr.M. V. Subba Reddy as a Director of the Company under the retire by rotation as per the provisions of the Companies Act,2013.

- (iii) **Removal of Company Secretary**

During the year Mr. Nitin Tirpathi, has been removed from the office of Whole time Company Secretary of the Company with effect from 07-08-2021.

- (iv) **Appointment of Company Secretary & Compliance officer**

During the year Mr. Golagani Ramesh Kumar was appointed as Company Secretary and Compliance Officer of the Company with effect from 01-10-2021.

- (v) **Directors seeking re-appointment under Retirement by rotation:**

Mr. G.V. Krishna Reddy, Director of the Company who is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors)

Rules, 2014 and the Articles of Association of your Company and being eligible has offered himself for reappointment. Appropriate resolution for his re-appointment is being placed for your approval at the ensuing AGM.

Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year to be appointed”.

Subject to approval of shareholders at the ensuing Annual General Meeting of the company, the Board has proposed to reappoint Mr. Varanasi Ramgopal, as independent Director of the company for a period of five years w.e.f 27.09.2022 for second term. Mr. Varanasi Ramgopal, Independent Director, who is supposed to retire at the ensuing Annual General Meeting and is eligible for re-appointment as per the recommendation of the Nomination and Remuneration Committee, his reappointment for a second term of another 5 (five) consecutive years effective from 29.09.2022 is very much beneficial to the company and therefore it is desirable to continue to avail his services as an Independent Director. Accordingly it is proposed to reappoint Mr. Varanasi Ramgopal as an Independent Director of the Company not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

- (vi) **Statement on Declaration by the Independent Directors of the Company.**

All the Independent Directors of the Company have given declarations under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms and conditions of appointment of the Independent Directors are posted on the website of the Company www.ksml.in.

- (vii) **Performance Evaluation of the Board, its Committees and Separate meeting of Independent Directors:**

In compliance with the provisions of the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. More details are available in the Corporate Governance Report which forms part of this report.

(viii) Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;

Your Company has formulated the Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the LODR Regulations, 2015. The salient aspects covered in the Nomination and Remuneration Policy has been outlined in the Corporate Governance Report which forms part of this report.

(ix) Managerial Remuneration

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/ employees of your Company is set out in **Annexure – II** to this report.

5. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND :

Pursuant to the provisions of section 124 of the companies Act, 2013, the declared dividends which remained un paid or unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government. The details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to IEPF is available in Corporate Governance report which forms part of this report.

During the year the company has transferred unclaimed dividend of ₹ 3,06,019 and 760606 n's shares to IEPF authority with respect to the dividend year 2013-14.

Disclosure with respect to Demat Suspense Account / unclaimed suspense account:

Your Company does not have any Unclaimed Shares

6. COMMITTEES OF THE BOARD:

The Board of Directors has the following Committees:

- A. Audit Committee**
- B. Nomination and Remuneration Committee**
- C. Stakeholders' Relationship Committee**
- D. Corporate Social Responsibility Committee.**
- E. Share Transfer Committee**

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

9. RISK MANAGEMENT :

The Company has implemented an integrated risk management framework, through which the Board and Audit Committee periodically reviews and assesses significant risks on a regular basis to help ensure that there is a robust system of internal controls in place. 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 controls and reporting mechanism of such risks. More details on the same are given in the Report on Corporate Governance.

8. DETAILS OF ADEQUACY INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

Your Company has put in place adequate internal financial controls with reference to the financial statements and the Company has effective risk-mitigation system keeping in view the size and nature of the business. Your company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are timely approved by the Audit Committee in consultation with the Statutory Auditors.

The main objective of internal control system and process is to test and review controls, appraisal of risks in business processes, and benchmarking controls with best practices in the industry. The Internal Audit function is entrusted to M/s. Mastanaiah & Co., Chartered Accountants, Guntur, who submit their reports to the Joint Managing Director & CEO and has direct access to the Audit Committee and they participated in the meetings of the Audit Committee of the Board of Directors of your Company.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the internal audit findings and

corrective actions taken. The Internal Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence of the Internal Audit functions.

9. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

In accordance with the provisions of Section 177(9) of the Companies Act, 2013 and the Rules made there under and also SEBI (LODR) Regulations, 2015, your Company has in place a vigil mechanism termed as Whistle Blower Policy, for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy, which also provides for adequate safeguards against victimization of director(s)/employee(s) who avail the mechanism and also provide for direct access to the Corporate Governance Officer/Chairman of the Audit Committee. The Whistle Blower Policy is also available on your Company's website (www.ksml.in)

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013 and Rules made there under. Details on loans or investment are provided in financial statements section of this Annual Report. The Company has not given any guarantees to anybody corporate on behalf of a third party.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, no transaction of material nature has been entered into by the Company with its Promoters, the Directors or relatives, etc, that may have a potential conflict with the interests of the Company. All related party transactions are placed before the Audit Committee and also for approval of Board on quarterly basis. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of repetitive nature and entered in the ordinary course of business and are on arm's length basis.

A Statement giving details of the transactions entered into with the related parties, pursuant to the omnibus approval so granted, is placed before the Audit Committee and the Board of Directors for their approval/ratification on a quarterly basis.

The Register of Contracts containing transactions, in which directors are interested, if any, is placed before

the Audit Committee/Board regularly. The Board of Directors of the Company, on the recommendation of the Audit Committee, adopted a policy on Related Party Transactions, to regulate the transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

The Policy as approved by the Board is uploaded on the Company's website at www.ksml.in.

The details of the related party transactions as per Accounting Standard- 18 are set out in Notes to Accounts (Note No: -35) of the Financial Statements, forming part of this report

The details of the Related Party Transactions in prescribed Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are annexed as **Annexure -III** to this Report

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, is set out herewith as **Annexure -IV** to this report.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, your Company has put in place a Corporate Social Responsibility Committee which comprises of Mr. G.V. Krishna Reddy as Chairman and Mr. Varanasi Ramagopal, Mr. M.V. Subba Reddy as members. The Corporate Social Responsibility (CSR) Policy enumerating the CSR activities to be undertaken by the Company, in accordance with Schedule VII to the Companies Act, 2013 as adopted by the Board is available on the website of the Company www.ksml.in.

The Annual Report under CSR Activities is annexed to this report as **Annexure -V** to this Report.

The details relating to the meetings convened, etc. are furnished in the Report on Corporate Governance.

14. AUDITORS

(i) Statutory Auditors And Their' Report:

Pursuant to the provisions of Section 139(2) of the Act and the rules made there under, the Members

at their 25th AGM held on September 29, 2017, had appointed M/s. Chevuturi Associates, Chartered Accountants (Firm Reg No : 000632S), Guntur as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of 25th AGM till the conclusion of the 30th AGM. In view of the aforesaid, M/s. Chevuturi Associates., Chartered Accountants would retire to be the Statutory Auditors of the Company at the conclusion of the ensuing AGM. In view of the aforesaid, the Board, on the recommendation of the Audit Committee ("AC"), recommended the appointment of M/s. Brahmayya & Co., Chartered Accountants (Firm Reg. No: 000513S) as the Statutory Auditors of the Company for a term of five years in accordance with the requirements under the Companies Act, 2013, to hold office from the conclusion of the ensuing AGM i.e. 30th AGM till the conclusion of the 35th AGM, subject to the approval of the Members at the ensuing AGM of the Company. M/s. Brahmayya & Co., Chartered Accountants (ICAI Registration No. 000513S), have confirmed that their appointment, if made, will comply with the eligibility criteria in terms of Section 141(3) of the Act and RBI regulations. Further, the Auditors have confirmed that they have subjected themselves to Peer Review process by the Institute of Chartered Accountants of India ("ICAI") and hold valid certificate issued by the Peer Review Board of ICAI.

Auditors' Report

The Auditors' Report to the Members for the year under review is unmodified/ clean. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3) (f) of the Act. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

(ii) Cost Auditor:

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Textile and Power Divisions every year. There is no adverse remark, qualification, reservation or disclaimer in the Cost Audit Report for the financial year ended 31.03.2022.

The Board of Directors of your Company, on the recommendations made by the Audit Committee at its meeting held on 11th August, 2022 had appointed M/s. Sairam & Associates, Cost Accountants,

(Membership No. 41948) as the Cost Auditor of your Company to carry out audit of cost records relating to Textile and Power Divisions as required under the Companies Act, 2013 for the financial year 2022-23 at a remuneration of ₹ 25,000/-, plus applicable taxes and out of pocket expenses, if any.

Your Company has received consent from M/s. SAIRAM & ASSOCIATES, Cost Accountants, to act as the Cost Auditor to carry out the audit of the cost records for the financial year 2022-23a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

MAINTENANCE OF COST RECORDS:

Cost Audit is applicable to the Company. The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed thereunder, and accordingly, the Company has made and maintained such cost accounts and records.

EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE COST AUDITOR IN HIS REPORT:

The Cost Auditor's report for the year ended 31.03.2022 does not contain any qualification, reservation or adverse remark or disclaimer in his report

(iii) Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI Listing Regulations, the Company had appointed M/s. K. Srinivasa Rao & Co, Company Secretaries, Guntur to undertake the Secretarial Audit of the Company for FY 2021-22. Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by SEBI, M/s. K.Srinivasa Rao & Co, Company Secretaries, Guntur has issued the Annual Secretarial Compliance Report, confirming compliance by the Company of the applicable SEBI Regulations and circulars / guidelines issued there under. The Secretarial Audit Report & Annual Secretarial Compliance report are appended as "Annexure -VI" to this Report. There is no adverse remark, qualification, reservation or disclaimer in the Secretarial Audit Report except the execution and

reporting of information of trades executed by some of the promoters in the trading window closing period under the company Code of conduct for Prevention of Insider Trading read with Regulation 9 of the SEBI (PIT) Regulations, 2015. Board's Reply on following Qualifications of Secretarial Auditor: *The company has informed the trades executed by the promoters to the stock exchange, immediately after the receipt of the information about the said trades and also taken necessary action against the said promoters through issue of warning letters, since there was no material events or unpublished price sensitive information was available in the hands of promoters at the time of execution of the trades.*

(iv) Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed by the Company or by its Officers or Employees, to the Audit Committee under Section 143(12) of the Companies Act, 2013.

15. MATERIAL EVENT RECORDED SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2022 and the date of the Directors' Report

CASES FILED/DISPOSED PENDING UNDER IBC:

There were no cases filed/disposed/pending against the company under IBC code.

CHANGES IN SHARE CAPITAL

During the current year, there has been no change occurred in the capital Structure of the company.

16. CORPORATE GOVERNANCE:

A report on Corporate Governance in line with Regulation 34 read with Schedule-V of SEBI (LODR) Regulations, 2015 is appended and annexed as a separate section to this report.

The Statutory Auditors of the Company have issued a certificate on Corporate Governance which is appended to the Corporate Governance Report.

17. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES

Our Company does not have any material Subsidiary

Company in terms of Regulation 16(1)(c) of SEBI (LODR) Regulations, 2015. Accordingly, the financial statements of our Company are not required to be consolidated in accordance with the applicable Indian Accounting Standards

Company has neither any Associates nor any Joint Ventures as on March 31, 2022

18. PUBLIC DEPOSITS :

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There is no material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

20. ENVIRONMENT AND SAFETY:

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure the compliances of environmental regulations and preservation of natural resources for future Generations.

21. OBLIGATION OF YOUR COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

To prevent sexual harassment of women at work place, The Central Government notified "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013". Under the said Act every Company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Your Director's hereby confirm that they have adopted a policy for prevention of Sexual Harassment of Women at Workplace and have constituted Internal Complaints Committees (ICC). During the year 2021-22, there was no Complaints Received in this regards.

22. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), your Directors hereby confirm that:

- (a) In the preparation of the annual accounts for the financial year ended 31st March, 2022, the applicable Accounting Standards and Schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there are no material departures from the same;
- (b) For the financial year ended 31st March, 2022, the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March, 2022 and of the profit and loss of the Company for the financial year ended 31st March, 2022;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force) for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) Financial statements have been prepared on a "going concern" basis;
- (e) proper internal financial controls laid down by the Directors were followed by your Company and that such internal financial controls are adequate and operating effectively; and
- (f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

23. APPRECIATIONS AND ACKNOWLEDGEMENTS:

Your Directors sincerely convey their appreciation for the unbelievable commitment, support, dedication, hard work, enthusiasm and significant contribution made by employees in ensuring sustained growth of the Company.

Your Directors also take this opportunity to thank all shareholders, Clients, Vendors, Bankers, Government and Regulatory Authorities and Stock Exchanges for their continued co-operation.

For and on behalf of Board of Directors

Date : 11-08-2022

Place : Chowdavaram, Guntur

Sd/-

G.V. Krishna Reddy
Joint Managing Director
DIN: 00018713

Sd/-

P. Venkateswara Reddy
Managing Director
DIN : 00018677

MANAGEMENT DISCUSSION AND ANALYSIS

A) GLOBAL ECONOMIC OVERVIEW

The Government of India has supported the textile industry by multiple package dedicated only to the garment and made-ups sector which gave much needed impetus for the growth in the vital segments of the textile sector. According to the Union Budget for FY 2021-22, of the total allocation of ₹12,382 crore for the textile sector for next financial year, ₹133.83 crore is for Textile Cluster Development Scheme, ₹100 crore for National Technical Textiles Mission, and ₹15 crore each for PM Mega Integrated Textile Region and Apparel parks scheme and the Production Linked Incentive Scheme. According to finance minister, production linked incentive in 14 sectors will create 60 lakh jobs and has the potential to generate ₹ 30 lakh crore in production over the next five years. The Centre has also allocated ₹105 Crore for FY23 towards the Raw Material Supply Scheme. India is going to be one of the major consumers of technical textiles especially in the segments of Buildtech, Meditech and Oekotech in the coming years and can facilitate growth in this particular sector. Aatmanirbhar Swastha Bharata and Jal Jeevan Mission will complement India's consumption of technical textiles in the coming years. There is ample scope and number of opportunities for the industry players for growth in technical textiles and leverage & generate employment opportunity for the youths. Today, there is a thriving one -billion-dollar industry wherein 1100 companies are catering to the global demand of health care sector. The textile industry should leverage on this strong foundation laid by our industry during the Covid-19 pandemic, in the years to come. The global investors to take full advantage of recent development wherein the Government has planned to set up Seven Textile Parks in the upcoming years as announced in FY 2021-22 under the Mega Investment Textiles Parks Scheme (MITRA). This opened up new avenues for the global investment companies to invest in India and take benefit of the emerging opportunities that India is offering to the global investors. This will also help Indian textile industry to become globally competitive and generate new employment opportunities for the rural masses, especially to the poor and illiterate women. It is required to educate MSME textile players to focus more on adopting global standards so that they can partner with the global sourcing giants in fulfilling their requirements. There are needs of Sustainable Textiles which is also the only success mantra for the future growth of the textile sector if they have to compete with the low-cost countries.

B) INDIAN ECONOMIC PROSPECTIVE

Spinning had seen major recovery in the second half of 2021-2022 and continue to do well till present date. Weaving had performed exceedingly well during fourth quarter of 2021-2022. Subsequently the margins came under pressure for weaving with re-imposition of lock down

OUTLOOK:

The export scenario of the Indian textiles industry had improved. The demand for textiles will be good both the markets, domestic and international. Even after the lockdown is lifted, demand for textiles will take time to pick up. The footfalls continue to be low in malls and retail stores as people will avoid visiting crowded markets.

The world will not be the same after Covid-19. For the textile industry is very important to recover the trust of the consumer on the other hand income loss among the consumers may translate into a fall in consumption of non-essential goods and services like garments, in turn affecting the prospects for businesses and economies.

We are looking at very low consumer sentiment and therefore much less consumption this year because of cut in buying budgets to prepare for these eventualities. Retailers and brands have already started halting production lines.

Migration of labour during the Lockdown had been a big issue, large chunk of workers have already gone to their villages and not coming back that easily

“Since the entire value chain is impacted, support package has to be made available to the entire value chain - -both MSMEs and large companies.

OPPORTUNITIES & THREATS [SWOT ANALYSIS]**(i) Opportunities**

Subdued domestic demand and declining export demand due to lockdowns in global markets on account of COVID-19 come as a double blow for textile companies. While domestic demand is expected to revive in third quarter of FY22 with the onset of festive season and reopening of retail spaces, export demand would fairly depend on recoup of major economies such as the US and the UK & China.

As food and clothing will continue to remain key purchases, there is always hope for this industry.

Threats

- safety and health of the workers and staff;
- disrupted supply chains
- lack of demand or the fear significant drop in demand
- Lack of liquidity.
- Cotton contamination and quality problem.
- Increased pressure on prices.
- Competition from international brands.

OUR COMPETITIVE STRENGTHS:***Manufacturing facility with locational advantage and state-of-the-art machinery to deliver quality products***

We have two manufacturing facilities in the state of Andhra Pradesh and our hydro power plant is located in the state of Telangana. Our manufacturing facility located in Guntur, AP enjoys locational advantage since Guntur is a major and one of the best quality cotton growing areas in India that produces MCU5, which is long staple cotton and is suited for fine counts. It is also a major centre for cotton breeding in southern zone. Our Guntur unit is located NH16, Golden Quadrilateral connecting Chennai and Calcutta and in proximity to Krishnapatanam port and Vishakhapatnam port which helps in saving logistics cost for export operations. Further, our weaving and dyeing units are located near to tri-junction with highway access to Chennai, Hyderabad and Calcutta. All the manufacturing facilities are well equipped to deliver quality products.

Quality control measures

Our Company has implemented stringent quality control measures to produce superior quality yarn and fabric for our domestic and international customers. As the quality of our products depends on the raw material quality, so we source the superior quality raw material from farmers/suppliers. We carry raw material inspection on Uster HVI Spectrum and Uster Afis Pro -2 for 2.5% SL, uniformity, MIC, Strength, Short fiber content % and neps /grm. Bale management system is followed for consistent superior yarn quality, and for this, cotton stock is maintained for 5-6 months. Carding and combing process is optimized for NRE of 75% to 85% and 65% to 70% respectively. RIETER D35 /D40 / D45 draw frames are maintained for less than 0.50%. In ring frame breakages are maintained below 5 to 6 breaks per 100-spindle hour. In auto coner utmost care is taken for achieving 85% splice strength with defect-free packages.

Further, apart from in process inspection system, our mill has adopted stringent final inspection procedure before dispatching yarn to its customers.

Wide range of products across cotton yarn and woven fabrics businesses

We have continuously expanded our range of products to cater to the customized requirements of our customers. Our product range includes Ring Spun combed yarn (from Ne.30s to Ne.80s combed warp / compact), TFO ring spun yarn, Open End yarn (from Ne10s to Ne20s), TFO open end yarn,, BCI certified yarn and woven fabric such as yarn dyed shirting and bottom weight fabric. Our yarn dyed shirting includes cotton range and blended products.

Experienced management team with strong industry expertise

Our Managing Director, Mr. Poluri Venkateshwara Reddy, has been instrumental in developing Ginning Business of our Company. He has in depth knowledge in selection of Kapas and Cotton. Mr. Gurram Venkata Krishna Reddy, Joint Managing Director and CEO, has vast experience in Manufacturing of Cotton Yarn. He also looks after the day-to-day affairs of the Company.

OUR STRATEGY***Improvement in range of our Products:***

We are focusing on development of more specialized and customized grades for specific applications in conjunction with our Customers. For this purpose, we are also focusing on improving our technical expertise to support customers and market development.

Customer relationship, sales, and distribution strategy

In India, we have been selling our products mainly to customers in South and Western India. Furthermore, our growth also depends on our ability to attract additional fabric and garment manufacturers, and distributors. Accordingly, we intend to continue to focus on developing and strengthening our sales and distribution network, and introducing integrated solutions for the benefit of our customers. As a part of our sales and distribution strategy, we propose to penetrate the domestic market further and at the same time we propose to continue our endeavor to establish a global presence for our products through the export market in the near future by further developing strategic relationships with key clients

Captive power: Clean/Green Energy

We are working on reducing electricity cost. SITRA report on Energy monitoring is submitted. Operational Cost Optimization-Captive Power Electricity is one of our biggest costs by adding captive power generation will reduce our operational costs. Increasing our captive solar power generation will help us strengthen our PAT in the future. We have total requirement of 4.0 MW solar power to feed all the units so far we are executing net metering project under HT metering GNT 509, GNT3035 & ONG 828 totaling 3MW capacity.

Our fabric made of organic or BCI cotton in combination with clean energy will make our fabric more sustainable and attract clothing brands in the future.

RISK & AREAS OF CONCERNS:

The Key factor in determining a company's performance is the company's ability to manage the risks in its business/environment effectively. Many risks exist in a company's operating environment and they emerge on a regular basis, viz Currency Risk, Commodity price Risk and Human Resource Risk. Risk management is embedded in operating framework of your Company. The risk management framework defines the risk management approach of the Company and also includes the periodical review of such risks. Your Company believes that managing risks helps in maximizing returns. The Board and the Audit Committee review the risk management framework periodically.

Other risk, factors include:

Rising input costs
Labor availability
Weak economic environment and consumer sentiment
Competition
Trade Barriers

THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS AND RISK MANAGEMENT PRACTICES.

The Details regarding adequacy of internal control system is available in the Directors' Report, which should be treated as forming part of this Management Discussion and Analysis Report.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED***i. Safety, Health And Environment:***

Safety, Health and Environment is one of the primary focus areas for your Company. We are conducting our business with respect and care for people and the environment. We have the responsibility towards the utilization of natural resources.

Your Company will always set the objectives and targets that result in continuous improvement of our Safety, health and environmental performance. Your company has Complying with agreed corporate requirements that embrace the duty of care, including compliance with applicable laws.

ii. Human Resources And Industrial Relations:

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year. Industrial relations were cordial throughout the year.

During the Year under review 580 employees were employed in various activities of the company.

DISCLOSURE OF ACCOUNTING TREATMENT:

Disclosure of Accounting Treatment in the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies, which are consistently applied, are set out in the Notes to the Financial Statements.

MARKETING APPROACH AND MARKETING SET UP

Our team including Directors through their relevant experience and good rapport with our customers due to the timely delivery of quality products has played an instrumental role in creating and expanding a work platform for our Company. We have dedicated teams of Marketing Personnel in our Ring Spinning and Open End Division as well as Weaving and Dyeing Division. The Marketing division has well trained team with six officials for spinning division and seven in weaving division. The marketing division is headed by an official of the rank of Vice President and is directly under control of our executive Directors. The sales and marketing of Yarn and fabric is based on factors such as quality, easy availability and competitive pricing of the products. Our client base includes reputed corporate houses in the India textile industry and in the global markets we export our products to a number of countries as well. Some of our major domestic corporate clients include Universal Cottex, Gimatex Industries Limited to whom we sell our Yarn and Jhakaria Fabrics to whom we sell fabric. We also export our products to Paramount Textiles Limited in Bangladesh, Zhejiang Zhongda Group International Trading Co. and Xiamin ITG Group Co. Ltd. in China. Our Company has loyal and committed customer base who keep buying company products from time to time

MANUFACTURING FACILITIES:

The details of our manufacturing facilities are as given below:

Ginning, Spinning & Open End Plants – Our Ginning, Spinning and Open End plants are located at NH 16, Chowdavaram, Guntur -522 019, Andhra Pradesh, spread in an area of 23.14 acres. We operate 59,280 spindles of Ring Spinning out of which 34,416 are compact & 24,864 are Non-Compact and 2,912 rotors for manufacturing open end yarn. Ginning Division has a capacity to press **6,000 bales per month**. Ring Spinning Division has a production capacity of 420 tons per month whereas our Open end Division has a capacity of **500 tons per month**.

Weaving & Dyeing Plants – Our weaving and dyeing divisions are located at Kunkupadu village - 523265, Addanki mandel, District – Bapatla, Andhra Pradesh spread in an area of 134.01 acres. Our Weaving division has production capacity of **248 looms** whereas our dyeing division has a capacity of **3,000 kgs per day**.

Hydel Plants – Your Company has three hydroelectric plants with a total capacity of **4.0 MW**, two with the capacity of 1.6 MW each and one with 0.8 MW. The plants are located at Nelakondapalli - 507160, District - Khammam, Telangana spread in an area of 39.06 acres. These plants are on 16th & 17th branch canal of Nagarjuna Sagar project left to main canal.

Solar Plants – Your Company had established 2.0 MW AC at spinning unit, chowdavaram and 1.0MW AC at weaving unit, kunkupadu , addanki. The generation had been very encouraging. We plan to increase solar capacity in the next financial year. your company is expanding solar plant at Guntur by 1.0 MWAC and at Weaving palny by 0.6 MWAC

The details of sale of our products for FY 2021 - 2022 is as under:

Particulars	Year ended 31st March, 2022		Year ended 31st March, 2021	
	Quantity (in Kgs)	Revenue (in Rs.)	Quantity (in Kgs)	Revenue (in Rs.)
i) Cotton Yarn	61,72,264	18,542.59	41,58,598	9,413.80
ii) OE Yarn	56,64,374	9,488.91	39,13,224	5,254.81
iii) Cotton Waste	24,14,611	1,347.28	11,11,749	645.57
iv) OE Waste	18,18,440	262.09	5,61,808	100.41
v) Cotton Seed	14,77,030	485.06	25,710	5.11
vi) Cotton Lint	7,35,785	1,285.88	14,338	17.03
vii) Sale of Gray Fabric (Mtrs)	2,21,74,346	17,217.91	1,47,09,158	8,933.48
viii) Sale of Fabric Waste	1,17,212	51.38	76,001	31.46
ix) Sale of Dyed Fabric (Mtrs)	23,15,968	2,649.93	12,56,206	1,175.51
x) Sale of Dyed Yarn (Kgs)	6,76,411	3,005.26	3,12,657	1,121.80
xi) Gray Yarn	-	-	1,34,229	264.25
xii) Sale of Solar Power (KWH)	57,61,737	301.08	15,74,677	93.06
xiii) Sale of Power (KWH)	58,65,587	194.00	46,18,395	215.47
		54,831.37		27,271.76
Less: Inter divisional transfers				
Cotton Yarn	10,75,813	3,970.33	3,31,930	1,008.59
OE yarn	3,12,075	542.36	1,25,294	183.03
Dyed yarn	6,76,411	3,005.26	3,12,657	1,121.80
Gray Yarn	-	-	1,34,229	264.25
Cotton Waste	17,58,598	1,201.37	10,15,690	591.95
Cotton Lint	7,15,441	1,238.21	14,338	17.03
Solar Power	57,61,737	301.08	15,74,677	93.06
		10,258.60		3,279.72
TOTAL		44,572.77		23,992.04

CAPACITY UTILISATION:

Manufacturing Facility	Fiscal 2021-22		Fiscal 2020-21		Fiscal 2019-20	
	Installed capacity	Capacity Utilization	Installed capacity	Capacity Utilization	Installed capacity	Capacity Utilization
Ginning Division	28 Gins	27.35	28 Gins	10%	28 Gins	50%
Spinning Division	59,280 Spindles	90.31	59,280 Spindles	88.69%	59,280 Spindles	94.79%
Open End Division	2,912 Rotors	96.32	2,912 Rotors	79.20%	2,912 Rotors	99.62%
Weaving Division	248 Looms	81.62	248 Looms	60.02%	248 Looms	97.52%
Dyeing Division	3,000 KG/P.A	49.06	3,000 KG/P.A	29.55%	3,000 KG/P.A	55.19%
Hydel Plant	4MW	13.77	4MW	12.24%	4MW	14.67%

Disclosure of Ratios

Ratio	Numerator and Denominator	31-03-2022	31-03-2022	Variation in (%)	Reasons for variation
Current Ratio	Current Assets/Current Liabilities	1.07	0.90	18.32	
Total Debt Equity Ratio	Borrowings/Equity = (Non Current Borrowings + Short-term borrowings)/Equity	3.15	4.07	-22.60	Improved due to repayment of debts
Debt Service Coverage Ratio	Earnings available for Debt Service/ (Interest+Installments) (PAT + Depreciation + Interest)	1.04	0.45	131.11	Increased due to Ingres of profit
Return on Equity	Net Profit after Taxes/ (Average Shareholder funds)*100	12.81	-8.79	245.79	Increase in profitability compared to last year
Inventory Turnover Ratio	Net Sales/Average Inventory	29.39	16.46	78.55	Increase in turnover compared to last year
Debtors Turnover Ratio	Net Credit Sales/Average Accounts Receivable	21.19	11.92	77.76	Increase in turnover compared to last year
Debtors in terms of days	365/ratio	17.22	30.62	-43.75	Increase in turnover compared to last year
Trade Payables Turnover Ratio	Net Credit Purchases/ Average Trade Payables	81.91	20.02	309.14	Increase in purchase of goods compared to last year
Payables in terms of days	365/ratio	4.46	18.23	-75.53	Increase in purchase of goods compared to last year
Net Capital Turnover Ratio	Net Sales / Working Capital	-91.63	-7.34	1,148.83	Improved due to Ingres of profit
Net Profit Ratio	Net Profit after tax/Revenue	0.03	-0.03	179.81	Increase in profitability compared to last year
Return on Capital Employed	EBIT/Capital Employed	0.14	0.03	411.15	Increase in profitability compared to last year
Return on Investment of investments	Income/Wt. average value -	-	-	-	-

CAUTIONARY STATEMENT:

Statements in the Directors' Report and Management Discussion and Analysis describing the Companies objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the company's operations include, among others, economic conditions effecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

For and on behalf of Board of Directors

Sd/-

G.V. Krishna Reddy

Joint Managing Director

DIN: 00018713

Sd/-

P. Venkateswara Reddy

Managing Director

DIN : 00018677

Date : 11-08-2022

Place : Chowdavaram, Guntur

ANNEXURE -II TO THE DIRECTORS REPORT FOR FY 2021-22

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the companies (Appointment and remuneration of managerial personnel) rules, 2014

- I. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:**

S. No.	Name of the Director and Designation	Remuneration of Director During the F.Y 2021-22 (Amount In ₹)	Ratio of remuneration of each Director/to median remuneration of employees
1	P. Venkateswara Reddy Managing Director	49,60,931	27.63
2	G.V.Krishna Reddy Joint Managing Director	49,07,439	27.64
3	M.V.Subba Reddy Whole Time Director	11,09,153	6.18
4	V.S.N Murthy Non Executive Nominee Director	75,000	0.42
5	V.Ramagopal Non Executive Independent Director	75,000	0.42
6	V. Bhargavi Non Executive Independent Director	1,05,000	0.58
7	Golagani Ramesh Kumar, Company Secretary (with effective From 01.10.2021)	2,40,000	1.34

- II. Details of percentage increase in the Remuneration of each Director in the Financial Year 2021-22 is as follows**

S. No.	Name of the Director / KMP and Designation	Remuneration of Director During the F.Y 2021-22 (Amount In ₹)	Remuneration of Director During the F.Y 2020-21 (Amount In ₹)	% Increase/(Decrease) in Remuneration in the Financial Year 2020-21
1	P. Venkateswara Reddy Managing Director	49,60,931	31,70,925	56.45
2	G.V.Krishna Reddy Joint Managing Director	49,07,439	33,50,323	46.47
3	M.V.Subba Reddy Whole Time Director	11,09,153	9,56,877	15.91
4	V.S.N Murthy Non Executive and Nominee Director	75,000	60,000	25.00
5	V.Ramagopal Non Executive and Independent Director	75,000	60,000	25.00
6	V. Bhargavi Non Executive and Independent Director	105,000	75,000	40
7	Golagani Ramesh Kumar, Company Secretary (with effective From 01.10.2021)	2,40,000	Not Applicable	
8	Nitin Tripathi, Company Secretary	52,000	45,000	- -
	Total	1,15,24,523	77,18,125	

Note : Mr. Nitin Tripathi , Company Secretary has Removed the Company in his place w.e.f 07.08.2021.

Mr.Golagani Ramesh Kumar was appointed as Company Secretary w.e.f. 01.10.2021

III. Percentage increase in the median remuneration of all employees in the financial year 2021-22

Amount in ₹			
Particulars	2021-22	2020-21	% Increase/(Decrease) in the Financial Year 2020-21
Median Remuneration of all the Employees	1,79,520	1,39,032	29.1

IV. There were 396 permanent employees on the rolls of the Company as on 31st March, 2022.**V. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:**

The total remuneration of Key Managerial Personnel increased to 49.31 % from 77.18 Lakhs in 2020-21 to ₹ 115.24 Lakhs in 2021-22 whereas the Profit before Tax increased to ₹ 837.61 (1337.59) Lakhs in 2020-21 from ₹ 2175.20 Lakhs in 2021-22

- VI)** There were no employees in the Company as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- VII)** Disclosure regarding the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is not applicable to the company
- VIII)** The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resource Department, Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- IX.** It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of Board of Directors

Date : 11-08-2022

Place : Chowdavaram, Guntur

Sd/-

G.V. Krishna Reddy

Joint Managing Director

DIN: 00018713

Sd/-

P. Venkateswara Reddy

Managing Director

DIN : 00018677

FORM AOC – 2

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

- 1) There are no contracts/arrangements entered into by the Company with related parties which are not at arm's length basis.
- 2) There are no materials contracts/arrangements entered into by the Company with related parties as referred to in sub-section (1) of Section 188 of the Companies Act, 2013.
- 3) There were no materially pecuniary relationships or transactions of the non-executive directors' vis-à-vis the Company.
- 4) Details of non-material contracts/arrangements at arm length basis with related parties for the year ended 31st March, 2022 are as follow:-

S. No.	Name of the related party	Nature of Contracts/ arrangements/ transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value ; if any	Date of approval by the Board, if any	Amount(In ₹)
1	Kallam Agro products and Oils Pvt. Ltd	Rendering of and Services	5 Years	10% of Total Turnover of the Company or 100 Crores Which ever is lower	13-02-2021	₹ 32,82,727 Per Annum
2	P.Govardhan Reddy Son of Managing Director	Appointment to office or place of profit:	-	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- Per Month	13-02-2021	Commensurate with qualification and experience an amount of ₹46,822 Per Month is being paid
5	M.Srinivasa Nagarjuna Reddy Son of Whole Time Director	Appointment to office or place of profit:	-	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- Per Month	13-02-2021	Commensurate with qualification and experience an amount of ₹22,030 Per Month is being paid

For and on behalf of Board of Directors

Date : 11-08-2022

Place : Chowdavaram, Guntur

Sd/-

G.V. Krishna Reddy

Joint Managing Director

DIN: 00018713

Sd/-

P. Venkateswara Reddy

Managing Director

DIN : 00018677

ANNEXURE -IV TO THE DIRECTORS' REPORT**Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY:**1. Steps taken or impact on conservation of energy :**

Company continues its efforts to reduce and optimize the energy consumption at all manufacturing facilities, including corporate office at Chowdavaram, Guntur -522019.

All the manufacturing units continued their efforts to reduce the specific energy consumption. Specific and total energy consumption is tracked on a daily basis at individual factory / block level and also at consolidated manufacturing level. Energy conservation initiatives are being planned and implemented across manufacturing locations Apart from regular practices and measures for energy conservation, many new initiatives were driven across the units. The measures taken in all the manufacturing units of your Company have been briefly enumerated as below:

- Installation of energy efficient lighting fixtures such as Compact Fluorescent Light Bulbs (CFLs)
- Optimized usage of Captive compressors.
- Saving in diesel consumption for steam generation boiler operation
- Optimization of Plant Power load to match the daily power demand.
- Dedicated team working for monitoring the lighting system and staff trained for prevention of excessive usage of power inside the campus
- Implemented RO plant for recycling & reuse of water.
- Replacing existing aged inefficient Split AC units with energy efficient units
- Use of Flood light LED and power efficient Metal Halide lamps instead of Halogen in campuses
- Efforts have been put consistently year on year to optimize energy consumption in production processes and operation of utilities.
- Implemented changes in processing methods which reduced cycle time resulting in lower power consumption.

Form A (Form For Disclosure Of Particulars With Respect To Conservation Of Energy)

S. No	Particulars	2021-22	2020-21	Amount in ₹
a)	POWER AND FUEL CONSUMPTION:			
1	Electricity			
	a) Purchased units (KWH)	5,42,38,838	4,04,61,421	
	Total amount in	35,70,62,216	27,71,80,038	
	Rate per unit in	6.58	6.85	
	b) Own Generation			
	i) Through Diesel Generator			
	Units generated – KWH			
	Total Amount in			
	Cost per unit in			
	ii) Through Solar Generation			
	Units generated – KWH	57,61,737	15,74,677	
	Units consumed – KWH			
	iii) Through Hydel Generation			
	Units generated – KWH	48,27,600	58,04,100	
	Units consumed – KWH		-	
	Total Cost in		-	
	Cost per KWH in		-	
2	Coal	-	-	
3	Furnace Oil	-	-	
4	Other Internal Generation	-	-	
b)	CONSUMPTION PER UNIT OF PRODUCTION (NO.OF UNITS/KG.)			
1	Electricity		-	
2	Coal	-	-	
3	Furnace oil	-	-	
4	Hydel	-	-	

2. Steps taken by the company for utilising alternate sources of energy

We are working on reducing electricity cost. SITRA report on Energy monitoring is submitted. Operational Cost Optimization-Captive Power Electricity is one of our biggest costs by adding captive power generation will reduce our operational costs. Increasing our captive power generation will help us strengthen our PAT in the future. We have total requirement of 40MW solar power to feed all the units so far we are executing net metering project under HT metering GNT 509, GNT3035 & ONG 828 totaling 3MW capacity.

3. Capital investment on energy conservation equipment :

Investment of Nil was made towards purchase of Solar panel and other accessories

B. TECHNOLOGY ABSORPTION, ADAPTAION AND INNOVATION:

	Technology Absorption	
i)	the efforts made towards technology absorption;	Not Applicable
ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	
iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
	(a) Details of technology imported	
	(b) Year of import	
	(c) Whether the technology been fully absorbed	
	(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof	
(iv)	Expenditure incurred on Research and Development	

C. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS :

Foreign exchange earnings during the year under review amounted to ₹ 10625.17 lakhs. The foreign exchange expenditure during the year amounted to ₹ 237.66 Lakhs

		₹ Lakhs	
	Foreign Exchange Earnings and Outgo:	2021-22	2020-21
i) Actual Inflows:	Foreign Exchange Earnings :		
	Exports	10625.17	3562.27
	Total	10625.17	3562.27
ii) Actual Outflows:	Foreign Exchange Outgo:		
	Imports		
	- Raw Materials Etc	-	-
	-Capital Goods	-	-
	-Spares	163.54	79.08
	Others (Royalty,Consultancy,Commissions)	74.12	38.77
	Total	237.66	117.85

For and on behalf of Board of Directors

Date : 11-08-2022

Place : Chowdavaram, Guntur

Sd/-

G.V. Krishna Reddy

Joint Managing Director

DIN: 00018713

Sd/-

P. Venkateswara Reddy

Managing Director

DIN : 00018677

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**1. Brief outline on CSR Policy of the Company.**

	Kallam Textiles Limited's vision is to be a responsible industry leader and demonstrate environmental, transparent and ethical behavioral practices which will contribute to the economic and sustainable development within the company, industry, and society at large. The Company's CSR activities build an important bridge between business operations and social commitment evolving into an integral part of business functions, goals and strategy.
	The activities or projects that will be undertaken by the Company shall include one or more of the following as may be recommended by the CSR Committee and approved by the Board of Directors.
(i)	Eradicating hunger, poverty and malnutrition, 'promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
(ii)	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
(v)	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
(vi)	Measures for the benefit of armed forces veterans, war widows and their dependents;
(vii)	Training to promote rural sports, nationally recognized sports, paralympic sports and olympic sports
(viii)	Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
(ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt.
(x)	Rural development projects

2. Composition of CSR Committee:

S. No.	Name of the Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee. attended during the year
1	MrG.V.Krishna Reddy	Chairman (MD)	1	1
2	MrV.Ramgopal	Member (NED & ID)	1	1
3	MrM.V.Subba Reddy	Member (WTD)	1	1

During the year the CSR committee has met on 13-08-2021 all the members were attend to the said meeting

3. Weblink where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: <http://ksml.in/wp-content/uploads/2016/10/ksml-csr-policy.pdf>
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:
6. Average Net Profit of the Company as per Section 135(5) : ₹ (5,27,91,692)
7. (a) Two percent of average net profit of the company as per section 135(5): ₹ (10,55,834)
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
 (c) Amount required to be set off for the financial year: Nil
 (d) Total CSR obligation for the financial year (7a+7b-7c): 0 During the year the company has not required spent any CSR expenditure and there was no CSR obligation the Company
8. (a) CSR amount spent or unspent for the financial year:

S. No.	Amount Unspent (in J lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
Total Amount Spent for the Financial Year (in laks.)	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
0	0	NA	NA	NA	
0	0	NA	NA	NA	

(b) Details of CSR amount spent against ongoing projects for the financial year: NA

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5	6	7	8	
SN.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project 1. State 2. District	Amt.spent for the project (in lakhs)	Mode of implementation Direct (Yes/No)	Mode of implementation – Through implementing agency	
							Name	CSR Reg. No
1	NA	NA	NA	NA	NA	NA	NA	NA

- (d) Amount spent in Administrative Overheads: Nil
 - (e) Amount spent on Impact Assessment, if applicable: Not Applicable
 - (f) Details of CSR Spent during the financial year, if any (8b+8c+8d+8e): 12.90 Lacs
 - (g) Excess amount for set off, if any : Nil
9. (a) Details of Unspent CSR amount for the preceding three financial years: NA
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) – Not Applicable
- (a) Date of creation or acquisition of the capital asset(s):
- (b) Amount of CSR spent for creation or acquisition of capital asset:
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- (d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reasons, in case, the Company has failed to spend two per cent of the average net profit as per Section 135(5): NA

Responsibility Statement of CSR Committee

It is hereby confirmed that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company

For and on behalf of Board of Directors

Date : 11-08-2022

Place : Chowdavaram, Guntur

Sd/-

G.V. Krishna Reddy

Joint Managing Director

DIN: 00018713

Sd/-

P. Venkateswara Reddy

Managing Director

DIN : 00018677

ANNEXURE -VI TO THE DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2022

[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,

M/s. Kallam Textiles Limited,

(Formerly known as Kallam Spinning Mills Ltd)

Chowdavaram, Guntur.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Kallam Textiles Limited (Formerly known as Kallam Spinning Mills Ltd) (hereinafter called the Company). 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 Company's 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, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022 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 maintained by the Company for the financial year ended on 31st March, 2022 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 Bye-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') viz.:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: (Not applicable to the Company during the Audit Period);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; 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 as specifically applicable to the Company:

1. The Textiles Committee Act, 1963 and the rules made there under;
2. The Textiles (Development and Regulation) Order, 2001
3. The Textiles (Consumer Protection) Regulations, 1988

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited and the Uniform Listing Agreement entered with the said stock exchange pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable with effect from 01st December, 2015).

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

During the year there were instances where trades were executed by certain designated persons/promoters in trading window closed period under the company Code of conduct for Prevention of Insider Trading read with Regulation 9 of the SEBI (PIT) Regulations, 2015 ,however upon the receipt of the said information the company has taken action against the said persons and intimated the information about the said trades to the stock exchanges under the SEBI (PIT) Regulations, 2015.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period, there are no specific events/ actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc, referred to above.

1. The Board of Directors of the Company in its held on November 11, 2021 have considered and approved raising funds for the Company by way of issue of securities to the existing equity shareholders of the Company on a rights basis aggregating up to 10.00 Crores ("Rights Issue"), in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and all other applicable laws, subject to such statutory and regulatory approvals and the issue and allotment process to be completed after the closure of the financial year 31.03.2022.

Place: Guntur

Date : 11-08-2022

For K. Srinivasa Rao & Co.
Company Secretaries.,

Sd/-
K. Srinivasa Rao, Partner
FCS. No. 5599/ C. P. No:5178
UDIN : F005599D000779185

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,

M/s. Kallam Textiles Limited,

(Formerly known as Kallam Spinning Mills Ltd)

Chowdavaram, Guntur.

Our report of even date is to be read along with this letter.

1. 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. We have followed the audit practices and processes 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 processes 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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Guntur

Date:11-08-2022

For K. Srinivasa Rao & Co.

Company Secretaries.,

Sd/-

K. Srinivasa Rao, Partner

FCS. No. 5599/ C. P. No:5178

UDIN : : F005599D000779185

Annual Secretarial Compliance Report of KALLAM TEXTILES LIMITED

(Formerly known as "Kallam Spinning Mills Limited")

For The Year Ended 31-03-2022

[Pursuant to Regulation 24A of Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

M/s KALLAM TEXTILES LIMITED,

N.H.5, Chowdavaram,

Guntur.

We M/s. K.Srinivasa Rao & Co., Company Secretaries, Guntur have examined:

- (a) all the documents and records made available to us and explanation provided by **M/s KALLAM TEXTILES LIMITED (Formerly known as "KALLAM SPINNING MILLS LIMITED") (CIN:L18100AP1992PLC013860)** ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended **31.03.2022** ("Review Period" i.e 01.04.2021 to 31.03.2022) in respect of compliance with the provisions of :
 - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable as there was no reportable event during the financial year under review**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable as there was no reportable event during the financial year under review**
- (g) Securities and Exchange Board of India (Issue and Listing of Non Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable as there was no reportable event during the financial year under review
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) other regulations as applicable and circulars/ guidelines issued thereunder; and based on the above examination, We hereby report that, during the Review Period:
- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr.No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
	Regulation 9 of SEBI(PIT)Regulations,2015 Code of Conduct. 9. (1) The board of directors of every listed company and the board of directors or head(s) of the organization of every intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in the schedules to these regulations, without diluting the provisions of these regulations in any manner.	There were instances where trades were executed by certain designated persons/ promoters in non-compliance of the company Code of conduct for Prevention of Insider Trading read with Regulation 9 of the SEBI (PIT) Regulations, 2015.	The following promoters are executed trades during the closure of trading window and Delay in reporting of trades 1. Uma Sankar Reddy Movva 32,800 shares worth of ₹ 6,77,602/- in the period of 13.07.2021 to 20.07.2021 2 N. Prabatha Rani, 17,500 shares worth of ₹ 3,28,750 on 03.01.2022 3. N.Rajendra Prasad 23,078 shares worth of ₹ 4,38,546 on 03.01.2022 & 04.01.2022

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr.No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc	Observations/ remarks of the Practicing Company Secretary, if any.
			-NIL-	

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports.

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2021	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
			-NIL-	

This Report is to be read with our letter of even date annexed herewith and forms an integral part of this Report.

Place: Guntur

Date: 27-05-2022

For K.Srinivasa Rao & Co.
Company Secretaries

K.Srinivasa Rao
Partner

FCS : 5599 C P No.:5178
UDIN : F005599D000398739

ANNEXURE

To

M/s KALLAM TEXTILES LIMITED

N.H.5, Chowdavaram

Guntur.

The Secretarial Compliance Report of even date is to be read along with this letter.

1. Maintenance of secretarial records under regulations, circulars and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI ACT) and the Securities Contracts (Regulation) Act, 1956 (SCRA) rules made thereunder and Regulations, circulars and guidelines issued thereunder by SEBI, is the responsibility of the management of the listed entity. Our responsibility is to express an opinion on these records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of these records. The verification was done to ensure that correct facts are reflected in the said records. We believe that the processes 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 Account of the listed entity
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of SEBI ACT and SCRA, and regulations, circulars and guidelines prescribed thereunder, is the responsibility of management. Our examination was limited to the verification of documents and records made available to us and explanations provided to us with respect to the practices and processes followed in matters relating to this Report.
- 6) The Secretarial Compliance Report is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

Place: Guntur

Date: 27-05-2022

For K.Srinivasa Rao & Co.
Company Secretaries

K.Srinivasa Rao
Partner

FCS: 5599 C P No.:5178
UDIN:F005599D000398739

REPORT ON CORPORATE GOVERNANCE

For The Period 01-04-2021 to 31-03-2022.

[Pursuant to Schedule V (C) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 SEBI (LODR)]:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company is committed to the highest standards of Integrity, ethical values, transparency, fairness, professionalism and accountability across all levels of the Organisation in the conduct of its business. Your Company believes in adopting and adhering to the best standards of corporate governance to all the stakeholders. Your Company keeps its corporate governance policies under constant review to conform with best practices and principles.

2. GOVERNANCE STRUCTURE

The Corporate Governance structure at Kallam Textiles Ltd is as follows:

A. Board of Directors : The Board is entrusted with an ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

B. Committees of the Board: The Board has constituted the following Committees viz, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Stakeholders' Relationship Committee and Share Transfer Committee.

Each of the said Committee has been mandated to operate within a given framework.

3. BOARD OF DIRECTORS :

A) Composition and Category of Directors :as on 31st March, 2022 as follows

Category	Name of the Director
Promoters /Executive Directors	P. Venkateswara Reddy (Managing Director) G. V. Krishna Reddy (Joint Managing Director) M.V. Subba Reddy (Whole Time Director)
Non Executive/Independent Directors	Suryanarayana Murty Vaddadi Varanasi Ramagopal Vangala Bhargavi

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors

The Company has an optimum combination of executive and Non-executive Directors in accordance with the provision of Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

As on 31-03-2022 the Board consists of six Directors out of which three Directors are Executive Directors and three Directors are Non-Executive and Independent Directors including a Woman Director.

The following changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Sl. No.	At the beginning of the Year	At the end of Year	Date of Change during the Year
1	P Venkateswara Reddy (Managing Director)	P Venkateswara Reddy (Managing Director)	NA
2	G V Krishna Reddy (Joint Managing Director)	G V Krishna Reddy (joint Managing Director)	NA
3	M V Subba Reddy (Whole Time Director)	MV Subba Reddy (Whole Time Director)	NA
4	Varanasi Ramagopal (Independent Director)	Varanasi Ramagopal (Independent Director)	NA
5	Vangala Bhargavi (Independent Director)	Vangala Bhargavi (Independent Director)	NA
6	Suryanarayana Murty Vaddadi (Independent Director)	Suryanarayana Murty Vaddadi (Independent Director)	NA

B) Attendance of Directors at the Board Meetings and last AGM are given in the table below:

Name of the Director	Date of the Board Meeting and attendance						Date of last AGM & Attendance
	29-05-2021	29-06-2021	01-10-2021	09-11-2021	20-01-2022	09-02-2022	30-09-2021
P. Venkateswara Reddy	P	P	P	P	P	P	P
G. V. Krishna Reddy	P	P	P	P	P	P	P
M.V. Subba Reddy	P	P	P	P	P	P	P
Suryanarayana Murty Vaddadi	LOA	P	P	P	LOA	P	P
Varanasi Ramagopal	LOA	P	P	P	LOA	P	P
Vangala Bhargavi	P	P	P	P	P	P	A

C) Number of other Boards or Board Committees in which the company Directors are member or Chairperson :

Name of the Director	No of Other Directorships & Committee Member/Chairmanships			
	Other Directorships	Committee Memberships	Committee Chairmanships	Name of the listed entity & Category
P Venkateswara Reddy	-	1	-	-
G V Krishna Reddy	0	1	2	-
MV Subba Reddy	-	2	-	-
Varanasi Ramagopal	-	3	1	-
Vangala Bhargavi	-	1	2	-
Suryanarayana Murty Vaddadi	6	2	1	Raj Packaging Industries Limited & Non-Executive Independent Director

Note: None of the Directors is a member of more than 10 Board-level Committees of Public Companies or is a Chairman of more than 5 such Committees

D) No. of Directorship in listed entities in which the Company Directors are Members/Chairman

Name of the Director	Category of directors	No of Directorship in listed entities including this listed entity	No of Independent Directorship in listed entities including this listed entity	No. of memberships in Au-dit/ Stake-holder Com-mittee(s) including this listed entity	No of post of Chairperson in Audit/ Stake-holder Committee held in listed entities including this listed entity
VENKATESWARA REDDY POLURI	Executive Director	1	0	0	0
GURRAM VENKATA KRISHNA REDDY	Executive Director	1	0	0	0
VENKATA SUBBA REDDY MOVVA	Executive Director	1	0	0	0
VARANASI RAMAGOPAL	Non-Executive Independent Director	1	1	3	0
VANGALA BHARGAVI	Non-Executive Independent Director	1	1	3	2
SURYANARAYANA MURTY VADDADI	Non-Executive Independent Director	2	2	4	2

e) Board Meetings held during the year 2021-22 and its dates

During the year under review, the meetings of the Board of Directors were held four (4) times on the following dates and confirm to the Regulation 17(2) of the SEBI (LODR)

SL No	Date
1	29-05-2021
2	29-06-2021
3	13-08-2021
4	01-10-2021
5	09-11-2021
6	20-01-2022
7	09-02-2022

The Board meets at least once in every quarter to review the quarterly financial results and other items of the Agenda and maximum time gap between two meetings did not exceed as per the companies act 2013.

(e) Separate Meetings of Independent Directors:

As stipulated under Schedule IV to the Companies Act, 2013 and Regulation 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, separate meetings of the Independent Directors were held on August 13, 2021, amongst other matters they reviewed the performance of Non-Independent Directors and the Board as a whole; reviewed the performance of the Chairperson 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 which is necessary for the Board to effectively and reasonably perform their duties.

- | | | |
|------|---|------|
| i. | Observation of Board if any for the year under review | -NIL |
| ii. | Previous year Observations and action Taken | -NIL |
| iii. | Proposed actions based on current Observations | -NIL |

(f) No. of shares and Convertible Instruments held by Non-Executive Directors: None**(g) Familiarization programmes imparted to Independent Directors:**

Pursuant to Regulation 25(7) of the SEBI (LODR) Regulations, 2015, familiarization programmes were imparted to Independent Directors of the Company, periodically, on the nature of the industry and the business model of the Company, roles, rights and responsibilities of the Independent Directors and other relevant information. Your Company has the following process for induction and training of Board Members;

- Discussing with Independent Directors and ascertaining their further training / updating needs and arranging programme outside the Company and arranging presentation by experts in the field.
- A detailed induction programme is in place to familiarize the new directors of the entire operations of the Company. The programme includes presentations by various business / functional heads.
- Visit to the manufacturing units of the Company is also arranged based on developments in factories.

The Details of Familiarization Programme for Independent Directors were disclosed on the Company's website www.ksml.in

h) Key Board qualifications, expertise and attributes

The role of Board of Directors is one of providing guidance and direction to the operating management of the Company and laying down the framework for maintenance of high standards of governance and accountability. Since a Independent member of the Board, not being a member with whole time responsibility is not required to involve in the day to day operations and or day to day strategies of running the business, no strict specific domain qualification or domain expertise can be prescribed. What is required is the ability to grasp the general aspects of business of the company, principles of governance and ability to articulate on matters brought to the Board etc.

Apart from a formal educational qualification, exposure to one or more fields of textiles business of the company namely innovation, manufacturing operations, sales & marketing, consumer behaviour, services, finance, legal, people management, governance, risk management, general management, social responsibility, inorganic expansion, information technology etc., is required to qualify to become a member of the Board.

The skill matrix is divided into five broad baskets – A. Manufacturing; B. Business Strategy, Business Process, Sales & Marketing and Consumer Behaviour; C. Governance, Risk Management and Social Responsibility; D. Finance, Legal, IT,. The composition of the Board will be such that there will be adequate representation of these skills on the Board.

While each member of the current Board has the basic understanding and exposure to above mentioned skill matrix, the special expertise and strength that they bring to the table are as follows;

VENKATESWARA REDDY POLURI	Manufacturing, Business Strategy, Business Process ,Managing Business Partnerships and General Management
GURRAM VENKATA KRISHNA REDDY	Business Strategy, Sales, Distribution, Marketing & Consumer behaviour, Investor relationship, Social responsibility and General Management
VENKATA SUBBA REDDY MOVVA	Business strategy, , Manufacturing, Governance, Risk Management, Social responsibility, General Management
VARANASI RAMAGOPAL	Legal, Finance, Corporate Strategy, Governance, Risk Management
VANGALA BHARGAVI	Legal, Finance, Corporate Strategy, Governance, Risk Management
SURYANARAYANA MURTY VADDADI	Legal, Finance, Corporate Strategy, Governance, Risk Management

Based on the disclosures received from all the independent directors and also in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and Listing Regulations and are independent of the Management

4. Audit Committee :**A. Brief description of terms of reference**

As per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(3) & Schedule II – Part C to the SEBI (LODR), the brief terms of reference of the Audit Committee of the Company, inter alia include-

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- (ii) Review and monitor the auditor's independence and performance and effectiveness of audit process.
- (iii) Examination of the financial statement and the auditors' report thereon.
- (iv) Approval or any subsequent modification of transactions of the Company with related parties.
- (v) Scrutiny of inter-corporate loans and investments.
- (vi) Valuation of undertakings or assets of the Company, wherever it is necessary.
- (vii) Evaluation of internal financial controls and risk management systems.
- (viii) Monitoring the end use of funds raised through public offers and related matters
- (ix) Ensuring of accurate and timely disclosures of financial reporting with high level of integrity, quality and transparency

5. Composition, name of members and Chairperson

The composition of the committee is in line with the provisions of Section 177 of the Companies Act, 2013 and Section 18(3) of the SEBI (LODR), as on 31.03.2022.

Name of Director /Secretary	Position	Category	
Suryanarayana Murty Vaddadi	Chairman	Non Executive/Independent	
Vangala Bhargavi	Member	Non Executive/Independent	
Varanasi Ramagopal	Member	Non Executive/Independent	
Golagani Ramesh Kumar	Secretary		

b) Meetings and attendance during the year.

Name of Director	Date of the Meeting and attendance			
	29-06-2021	13-08-2021	09-11-2021	09-02-2022
Suryanarayana Murty Vaddadi	P	P	P	P
Vangala Bhargavi	P	P	P	P
Varanasi Ramagopal	P	P	P	P

6. Nomination and Remuneration Committee:**a) Brief description of terms of reference**

The brief terms of reference are as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19(4) & Schedule II – Part D to the SEBI (LODR), inter alia include -

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;

- Identifying persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Whether to extend or continue the terms of appointment of Independent Director, on the basis of the report of performance evaluation of Independent Directors.

b. Composition, name of members and Chairperson

The composition of the Committee is in line with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19(1) of the SEBI (LODR), as on 31.03.2021:

Name of Director /Secretary	Position	Category
Vangala Bhargavi	Chairperson	Non Executive/Independent
Varanasi Ramagopal	Member	Non Executive/Independent
Suryanarayana Murty Vaddadi	Member	Non Executive/Nominee Director
Golagani Ramesh Kumar	Secretary	

c. Attendance during the year

Name of the Director	Date of the Meeting and attendance	
	31.08.2021	01.10.2021
Vangala Bhargavi	p	p
Varanasi Ramagopal	p	p
Suryanarayana Murty Vaddadi	p	p

Note: A- Absent, P - Present, LOA- Leave of Absence

d. Performance Evaluation criteria for Independent Directors:

The performance evaluation of Independent Directors was carried out by the entire Board of directors, excluding the Directors being evaluated.

The criteria of evaluation was formulated in the Remuneration Policy of the Company and for the year 2018-19, the Independent Directors were evaluated, on the basis of a few parameters comprising of attendance at meeting either in person or through video / tele conferencing, participation in discussions on various items on the agenda, dealing with respect to conflict of interest situation and any specific ideas and contribution to the long term business strategy of the company.

Further, the evaluation of the Independent Directors also included the additional criteria provided by SEBI in its Guidance Note on Board Evaluation contained in Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017 the details are available at www.kssl.in

7. Remuneration of Directors:

(a) Policy on Director's appointment and remuneration:

Your Company adopted a Policy relating to selection, remuneration and evaluation of Directors and Senior Management. The said Policy is available on the website of the Company www.kssl.in

The Nomination and Remuneration Policy provides for appropriate composition of Executive, Non-Executive and Independent Directors on the Board of Directors of your Company along with criteria for appointment and remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of your Company.

(b) Disclosure with respect to remuneration paid to the Whole time Directors for the year 2021-22 are as Follows:

Amount in ₹				
Sl.	Particulars of Remuneration	Name of the WTD		
		P Venkateswara Reddy Managing Director	G V Krishna Reddy Joint Managing Director	MV Subba Reddy Whole Time Director
1	Gross salary			
	(a) Salary	33,00,000	33,00,000	8,56,000
	(b) Benefits	16,60,931	16,07,439	2,53,153
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Bonus			
5	Fixed Component Performance Linked Incentives	-	-	-
	Performance Linked Incentives	-	-	-
	Performance Criteria	Profit Linked	Profit Linked	Profit Linked
	Others - Incentive	-	-	-
6	Terms of Appointment	3 Years (29.06.2021 to 28.06.2024)	3 Years (29.06.2021 to 28.06.2024)	1 Year (01.06.2022 to 31.05.2023)
7	Notice Period	-	-	-
8	Severance Fee	-	-	-
9	Pension	NA	NA	NA
	Total	49,60,931	49,07,439	11,09,153

Note: Your Company has not granted any stock options to any of its Directors.

(c) Criteria of making payment to Non-Executive and Independent Directors :

The Company has formulated Policy for Remuneration payable to Non Executive and Independent Directors

- Sitting Fees for attending meetings of the Board as well as Committees of the Board is decided by the Board within the limits prescribed under the Companies Act.

The sitting fees during the FY 2021-22, were paid as follows:

Particulars	Amount in Rs
For attending each meeting of the Board and other Committees	₹ 15,000

(d) Review of Performance and Compensation to Senior Management :

The Nomination and Remuneration Committee reviews the performance of the senior management of your Company. The Committee ensures that the remuneration to the 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 your Company and its goals.

8. STAKEHOLDERS RELATIONSHIP COMMITTEE :

The purpose of the Committee is to assist the Board and the Company to oversee the various aspects of interests of stakeholders of the Company.

Composition, Name of Members and Chairperson

The Stakeholder Relationship Committee comprised of following directors as on 31.03.2022.

Name of Director	Position	Category
Vangala Bhargavi	Chairman	Non Executive/Independent
P Venkateswara Reddy	Member	Promoter/Managing Director
M.V.Subba Reddy	Member	Promoter/Whole Time Director

(b) Name and Designation of Compliance Officer

Name	Designation
Mr. Golagani Ramesh Kumar (w.e.f From 01.10.2021)	Company Secretary & Compliance Officer

** w.e.f 07.08.2021 Mr. Nitin Tripathi, Company Secretary has been removed as a Company secretary and Compliance officer of the company.

Details pertaining to the number of complaints received and responded and the status thereof during the financial year 2021-22 are given below:

No. of complaints received during the year	0
No. of complaints resolved during the year	0
No. of complaints pending at the end of the year	0

9. SHARE TRANSFER COMMITTEE:**(a) Composition, Name of Members and Chairperson :**

The Share Transfer Committee comprised of following directors as on 31.03.2022

Name of Director	Position	Category
G.V.Krishna Reddy	Chairman	Promoter/Managing Director
P.Venkateswara Reddy	Member	Promoter/Managing Director
M.V.Subba Reddy	Member	Promoter/Whole Time Director

(b) The terms of reference of the Share Transfer Committee are as follows:

- To review correspondence with the shareholders vis-a-vis legal cases and take appropriate decisions in that regard
- To issue duplicate share certificates as and when the requests are received by the Company;
- To approve the register of members as on the record date(s) and/or book closure date(s) for receiving dividends and other corporate benefits;
- To authorize affixing of the Common seal of the Company from time to time on any deed or other instrument requiring authentication by or on behalf of the Company.

The Transfers of shares approved by the Committee were placed before the Board of Directors at their meetings from time to time.

There were no pending Share Transfers as of 31.03.2022.

10. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE :**a) Terms of reference:**

The brief terms of reference are as per the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, include-

- Formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
- Recommendation of the amount of expenditure to be incurred on the activities referred to the above Monitoring the Corporate Social Responsibility Policy of the Company from time to time.
- Such other activities as the Board of Directors may determine from time to time

b) Composition, Name of Members and Chairperson:

The Corporate Social Responsibility Committee comprised of the following Directors as on 31.03.2022.

Name of Director	Position	Category
G.V.Krishna Reddy	Chairman	Promoter/Managing Director
Varanasi Ramagopal	Member	Non Executive/independent
M.V.Subba Reddy	Member	Promoter/Whole Time Director

c) Meeting and Attendance:

The meeting of the committee was held on 13.08.2021

d) Corporate Social Responsibility (CSR) Policy:

Your Company adopted a Policy relating to Corporate Social Responsibility in accordance with the provisions of Section 135 of and Schedule VII to the Companies Act, 2013 and the Rules made thereunder. The said Policy is made available on the website of the Company www.ksml.in.

11. GENERAL BODY MEETINGS:**(a) Location and Time of the last three Annual General Meetings held; and No of Special Resolutions passed at the meetings:**

The location and time of the Annual General Meetings held during the last 3 years are as follows:

FY	Location	Date	Time	No. of special resolutions passed
2020-21	Registered office of the company NH-5 Chowdavaram, Guntur-522019 Though VC/OVM	30.09.2021	3.00 PM	0
2019-20	Registered office of the company NH-5 Chowdavaram, Guntur-522019 Though VC/OVM	30-09-2020	3.00 PM	2
2018-19	Registered office of the company NH-5 Chowdavaram, Guntur-522019	22-09-2019	3.00 PM	0

b) Extraordinary General Meeting (EGM):

There was no Extra Ordinary Annual General Meeting (EGM) held during the financial year 2021-22

c) Special Resolutions passed through Postal Ballot and details of Voting Pattern during the year 2021-22:

None

12. MEANS OF COMMUNICATION:**a) Quarterly, Half Yearly and Annual results:**

The Unaudited Financial Results for every Quarter and the Annual Audited Financial Results of the Company, in the prescribed proforma, are taken on record by the Board and are submitted to the Stock exchange and the same is published in Business Standard (Hyderabad Edition) and vernacular language newspaper, viz., Andhra Bhoomi (Guntur District Edition), within forty-eight hours of approval thereof

Your Company makes timely disclosures of necessary information to BSE Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI.

The Quarterly / Annual Results are also posted on the Company's website at www.ksml.in and also on the website of the BSE Limited.

b) Website and News Releases

All the Official news releases are disseminated on the website of the Company www.ksm.in

All the Details regarding the status of unclaimed dividend, Annual Reports, Quarterly/Half yearly/Nine-months and Annual financial results, applicable policies of the Company, presentations made to the institutional investors are available on the Company's website viz., www.ksml.in

c) The presentations made to institutional investors or to the analysts

The presentations made to institutional investors or to the analysts are posted on the website of the Company www.ksm.in

13. GENERAL SHAREHOLDER INFORMATION :**(a) Date, Time, venue and mode of Annual general Meeting**

Date	:	27th September 2022
Time	:	3-00 p.m.
Common Venue	:	Registered Office of the Company, NH-5, Chowdavaram, Guntur - 522 019.
Mode of Meeting	:	Through Physical Mode

(b) Particulars of Financial Year 2022-23 and Events

Financial Year	:	01.04.2022 to 31.03.2023
First Quarter	:	Before 13th August 2022
Second Quarter and Half Yearly	:	Before 15th November 2022
Third Quarter and Nine Months	:	Before 15th February 2023
Fourth Quarter and Annual (Audited)	:	Before 30th May 2023

DIVIDEND HISTORY:

Financial Year	% of Dividend	Amount Paid (In Rs)
2004-05	7	47,95,770
2005-06	10	68,51,100
2006-07	12	82,21,320
2007-08	12	82,21,320
2008-09	9	61,65,990
2009-10	14	95,91,540
2010-11	18	1,23,31,980
2011-12	Nil	Nil
2012-13	Nil	Nil
2013-14	12	82,21,320
2014-15	10	68,51,100
2015-16	10	68,51,100
2016-17	10	68,51,100
2017-18	10	85,63,875
2018-19	10	85,63,875
2019-20	Nil	Nil
2020-21	Nil	Nil

c) Listing on Stock Exchanges

The Shares of the Company are listed on following Stock Exchange

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001. Ph No : 022- 22721233/34

Annual Listing Fees for the Year 2021-22 have been paid to BSE Limited

BSE Stock Code	530201
ISIN	INE629F01025

d) MARKET PRICE DATA:

Month	High (₹)	Low (₹)	No.of Shares Traded
Apr-21	11.4	8.61	397646
May-21	12.17	8.85	352552
Jun-21	12.24	9.36	391356
Jul-21	24.97	12.7	3921751
Aug- 21	23.95	14.25	1124592
Sep-21	18.25	14.65	782521
Oct-21	19.95	15.3	667709
Nov-21	21.15	15.4	944739
Dec-21	19.85	15.3	1026873
Jan-22	25.2	18.15	2291477
Feb-22	22.7	16.2	890904
Mar-22	19.85	16.15	1414886

e) Performance in Comparison to broad-based indices:

The Chart below shows the comparison of Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex for the year 2021-22 (based on month end Closing)

**f) Suspension of Securities from trading by Directors – NIL****g) Depository Participants**

Depository Participants	
National Securities Depository Ltd, (NSDL) Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Ph. No: 022 - 2499 4200	Central Depository Services (India) Ltd (CDSL) Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai- 400 001. Ph. No: 022 - 2272 3333
ISIN Number for NSDL & CDSL : INE629F01025	
Depository Fee: Annual custody fee for the financial year 2019-20 paid to National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL).	

h) Registrars & Share Transfer Agents:

Big share Services Pvt. Ltd.,
306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road,
Somajiguda, Hyderabad – 500082. Ph No : 040-23374967. Website : www.bigshareonline.com

i) Share Transfer System:

The Company has appointed M/s. Bigshare Services Private Limited as Registrars & Share Transfer Agents for both electronic and physical transfers. The shares lodged for transfer are processed and share certificates

duly endorsed are returned within 15 days from the date of lodgment, subject to documents being valid and complete in all respects. The Board of Directors of your Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder, etc., to the designated officials of your Company. The transactions requiring issuance of new share certificates are approved by the Shareholder's Committee of the Board of directors of your Company. A summary of approved transfers, transmissions, deletion requests, etc., are placed before the Board of Directors from time to time as per Listing Regulations.

j) Distribution of Shareholding as on 31st March 2022

Range (No. of Shares)	Shareholders No. of Shareholders	% to Total	Shareholding Shares Amount	No. of Shares % to Total
1 - 5000	4776	84.90	5726372	6.68
5001 - 10000	337	5.99	2498080	2.91
10001 - 20000	256	4.55	3698086	4.31
20001 - 30000	72	1.28	1857160	2.16
30001 - 40000	44	0.78	1513082	1.76
40001 - 50000	26	0.46	1163782	1.35
50001 - 100000	39	0.69	2742176	3.20
100001 - 999999999999999	75	1.33	66440012	77.58
Total	5625	100.0000	8,56,38,750	100.0000

Categories of Share Holders as on 31st March 2022

Sr. No	Category	Total Share holders	% Of Shareholders	Total Shares	Percentage
1	CLEARING MEMBER	22	0.39	46368	0.10
2	CORPORATE BODIES	32	0.57	338434	0.79
3	FOREIGN PORTFOLIO INVESTOR (INDIVIDUAL)	1	0.02	87408	0.20
4	GOVERNMENT COMPANIES	1	0.02	598919	1.39
5	MUTUAL FUND	1	0.02	62500	0.14
6	NON RESIDENT INDIAN	44	0.78	259976	0.60
7	PROMOTERS	27	0.48	22561632	52.69
8	PUBLIC	5497	97.72	18864138	44.05

k) Reconciliation of Share Capital Audit Report and Regulation 40(9) of SEBI (LODR) Regulations, 2015:

As per the Provisions of Regulation 55A of SEBI (LODR) Regulations, 2015, M/s. K.Srinivasa Rao & Co., Company Secretaries carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and Listed Capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchange, where the Shares of the Company are listed. The audit confirms that the total Listed and Issued capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and the total number of shares in physical form.

During the year 2021-22, In accordance with the Regulation 40(9) of the SEBI (LODR) Regulations, 2015, M/s K.Srinivasa Rao & Co., Company Secretaries after examined all the share transfer deeds, Memorandum of Transfers, Registers, files and other documents related to Company, gave certificates under Regulation 40(9) of

the SEBI (LODR) Regulations, 2015, for the Half year 01-04-2021 to 30-09-2021 and For the Half year 01-10-2021 to 31-03-2022. Both the above certificates were submitted to the Bombay Stock Exchange Limited, where the Shares of the Company are Listed, within 24 hours of receipt of the Certificate by the Company.

l) Dematerialization of shares and liquidity

- Details of your Company's dematerialized shares as on 31st March, 2022

Particulars	Physical Record	Demat Record		Total
		NSDL	CDSL	
Number of Shares	1605341	32020385	9193649	4,28,19,375
% of Shares	3.74	74.78	21.47	100.00

- Dematerialization of shares :**

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail of the various benefits of dealing in securities in electronic/dematerialized form. For any clarification, assistance or information, please contact

Bigshare services Pvt. Ltd.,
306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road,
Somajiguda, Hyderabad – 500 082. Ph No: 040-233 74 967.

(m) Outstanding GDRs/ADRs/Warrants/Convertible Instruments and their impact on equity:

Your Company does not have any outstanding GDRs/ADRs/ Warrants/Convertible Instruments as on 31st March, 2022.

- Transfer of Unpaid and Unclaimed Amount to IEPF:

Pursuant to the provisions of section 124 of the companies Act, 2013, the declared dividends which remained un paid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, have been transferred by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government. Shareholders are requested to ensure that they claim the dividend from your Company before transfer of the said amounts to the IEPF.

The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to IEPF.

Dividend Declared Year	Date of Declaration of Dividend	Due date for Transfer to IEPF
2014-15	26-09-2015	31-10-2022
2015-16	28-09-2016	02-11-2023
2016-17	29-09-2017	03-11-2024
2017-18	22-09-2018	27-10-2025
2018-19	21-09-2019	26-10-2026

- Plant Locations:**

- a) Spinning Division : Chowdavaram, Guntur -522019, Andhra Pradesh
- b) Weaving and Dyeing Divisions : Kunkupadu Village, Addanki Mandal, Prakasam Dist. Andhra Pradesh.
- c) Power Division : Kotha Kothur Village, Nelakondapalli Mandal, Khammam Dt. Telangana State.

- No. of Employees as on 31st March, 2022 : 396**

- Address for Correspondence:**

Company : Kallam Textiles Ltd
NH-5, Chowdavaram, Guntur, A.P – 522019.

RTA : Big share services Pvt. Ltd., 306, 3rd Floor,
Right Wing, Amrutha Ville,
Opp. Yashodha Hospital, Raj Bhavan Road,
Somajiguda, Hyderabad – 500 082

Official Website of the Company : www.ksml.in

Investors' E-mail Id : corp@ksml.in

14. OTHER DISCLOSURES :

(a) RELATED PARTY TRANSACTIONS:

During the year under review, no transaction of material nature has been entered into by the Company with its promoters, the directors or the management, or relatives, etc., that may have a potential conflict with the interests of the Company.

All related party transactions are placed before the Audit Committee as also the Board for approval. Prior Omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a Foreseen or repetitive nature and on arm's length basis.

A statement giving details of the transactions entered into with the related parties, pursuant to the omnibus approval so granted, was placed before the Audit Committee and the Board of Directors for their approval / ratification on a quarterly basis.

The Board of Directors of the Company, on the recommendation of the Audit Committee, adopted a policy on Related Party Transactions, to regulate the transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (LODR). The Policy as approved by the Board is uploaded on the Company's website at www.ksml.in. The details of the Related Party Transactions in Form AOC-2 are annexed as Annexure "IV" to this Report. The particulars of transactions between the Company and its related parties as per Ind-AS -24 are set out in this Annual Report.

Details of Employee(s), who are relatives of the Directors, holding an office or place of profit in the Company pursuant to Section 188 of the Companies Act, 2013:

During the Financial Year 2021-22, Mr. P. Govardhan Reddy, Son of P. Venkateswara Reddy (Managing Director), Received a total Remuneration of ₹ 5,61,870 /-

During the Financial Year 2021-22, Mr. M. Srinivasa Nagarjuna Reddy, Son of M.V.Subba Reddy (Whole Time Director), Received a total Remuneration of ₹ 2,57,720 /-

In terms, of Section 177, 188 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules issued thereunder (including any statutory modification(s) or reenactment (s) thereof for the time being in force) the appointment and remuneration payable to the aforesaid is approved by the Audit Committee and noted by the Board of Directors of the Company and are at arm's length and in ordinary course of business of your Company.

Directors with materially significant, pecuniary or business relationship with the Company:

There is no pecuniary or business relationship between the Non-Executive/Independent Directors and your Company, except for the sitting fees payable to them for attending the Board meetings and Committee meetings which are in accordance with the applicable laws and with the approval of the shareholders. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

(b) Non-Compliances by the Company:

There has been no instance of non-compliance by the Company on any matter related to Capital Markets during the last three financial years and hence no penalties or strictures were imposed by SEBI, the Stock Exchanges or any statutory authorities

(c) Establishment of Vigil Mechanism/ Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.

In accordance with the provisions of Section 177(9) of the Companies Act, 2013 and the Rules made thereunder and also Regulation 22 of the SEBI (LODR), your Company established a vigil mechanism termed as Whistle

Blower Policy, for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy, which also provides for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower mechanism is devised in such a manner that would enable the stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices. The Whistle Blower Policy is made available on the website of the Company www.ksml.in

(d) Compliance with Mandatory Requirements and adoption of non-mandatory requirements:

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated under Schedule II to the SEBI (LODR)

(e) Subsidiary Companies

Your Company does not have any subsidiary companies in terms of Regulation 16 (1) (c) of SEBI (LODR) Regulations, 2015 as on 31.03.2022.

(f) Disclosure of Compliance by the Listed Entity:

Your Company has complied with all the requirements of the Stock Exchange(s) and the SEBI on matters related to Capital Markets. There were no penalties imposed or strictures passed against your Company by the statutory authorities in this regard

• **Regulation 17 – Board of Directors:**

- (i) The composition and meetings of the Board of Directors are complied with.
- (ii) Periodical review of Statutory Compliance Report, Quarterly / Half-year / Annual Corporate Governance Report, Quarterly Investor Grievance Report, etc. are carried out by the Board of Directors.
- (iii) Code of Conduct for the Directors (incorporating the duties of Independent Directors) and Senior Management of the Company:

The Board of Directors had laid down a Code of Conduct applicable to all the Directors and Senior Managers of the Company. The said Code of Conduct had also been posted on the website of the Company www.ksml.in.

A report on the compliance aspect of the Code of Conduct given by the CEO/Managing Director has been given at Page No. 52 of this Annual Report.

- (iv) Code of Conduct for prevention of Insider Trading:

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of your Company has adopted a Code of Conduct for prevention of Insider Trading. This Code of Conduct is applicable to all designated persons as defined in the said policy who are expected to have access to unpublished price sensitive information relating to the Company. The said Code of Conduct has also been posted on the website of the Company www.ksml.in. Further, the Board of Directors of your Company also formulated and published on its website a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and formulated Code of conduct to regulate monitor and report trading by Insiders and administered by the Compliance Officer.

- (iv) Board Disclosure Risk Management:

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board directly review the anticipated risk as identified by audit committee on quarterly basis and takes appropriate measures Your Company has developed and implemented a Risk Management Policy which includes identification of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company.

Your Company has a risk identification and management framework appropriate to the size of your Company and the environment under which it operates.

- (v) The details relating to the Performance Evaluation of the Independent Directors by the entire Board of Directors is given in Page No. 37 to this Report.

- Regulation 18 -Audit Committee:
Compliance to this Regulation is given in Page No. 36 to this Report.
- Regulation 19 – Nomination & Remuneration Committee:
Compliance to this Regulation is given in Page No. 37 to this Report.
- Regulation 20 – Stakeholders Relationship Committee:
Compliance to this Regulation is given in Page No. 38 to this Report.
- Regulation 21 – Risk Management Committee:
Not applicable to your Company. However, your Company has formulated a Risk Management Policy and a reference to this is given in Page No. 47 to this Report.
- Regulation 22 – Vigil Mechanism:
Compliance to this Regulation is given in Page No. 46 to this Report.
- Regulation 23 – Related Party Transactions:
Compliance to this Regulation is given in Page No. 46 to this Report.
- Regulation 24 – Corporate Governance Requirements with respect to subsidiary:
Company does not have any subsidiary companies
- Regulation 25 – Obligations with respect to Independent Directors:
Compliance to this Regulation is given in Page No. 35 to this Report.
- Regulation 26 – Obligations with respect to employees including senior management, key managerial persons, directors and promoters:

Disclosures relating to compliance to the directorships in other listed entities, Board level Committee Memberships and Limit of Chairmanships are annually provided Board of directors to the Company. Further, notification of the changes in the other directorships, Committee Memberships and Chairmanships are also provided by the Directors as when occur. All the Directors and Senior Management had affirmed compliance to the Code of Conduct of Board of Directors and Senior Management as on 31st March, 2021.
- Regulation 27 – Other Corporate Governance Requirements:
Adoption of non-mandatory/ discretionary requirements of Listing Regulation is being reviewed by the Board from time-to time
- Regulation 46(3) - Website
Pursuant to above Regulation, appropriate/requisite information are available on the Company's Website: www.ksml.in

15. OTHER ADDITIONAL DISCLOSURES [As per Schedule V to the SEBI (LODR)]:

- a) Disclosure of Related Party Transactions:**
Please refer Page No 46 to this report
- b) Vigil Mechanism and Whistle Blower Policy:**
Please refer Page No 46 to this report
- c) Disclosure of Accounting Treatment:**
The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.
- d) Audit qualifications:**
During the year under review, there was no audit qualification on your Company's financial statements.
- e) Management Discussion and Analysis Report:**
The Management Discussion and Analysis Report is furnished as annexure to this Annual Report.
- f) Compliance Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance:**
Please refer Page No 68 to this Report.

g) Disclosure with respect to demat suspense account / unclaimed suspense account:

Your Company does not have any Unclaimed Shares issued in physical form pursuant to Public Issue / Rights Issue.

Web Links

1	Details of business	http://ksml.in/our-products/
2	Terms and conditions of appointment of independent directors	http://ksml.in/wp-content/uploads/2016/10/KSML-TERMS-AND-CONDITIONS-FOR-INDEPENDENT-DIRECTORS-APPOINTMENT.pdf
3	Composition of various committees of board of directors	http://ksml.in/committees/
4	Code of conduct of board of directors and senior management personnel	http://ksml.in/wp-content/uploads/2016/10/business-ethics.pdf
5	Details of establishment of vigil mechanism/ Whistle Blower policy	http://ksml.in/wp-content/uploads/2016/10/ksml-whistle-blower-policy.pdf
6	Criteria of making payments to non-executive directors	http://ksml.in/wp-content/uploads/2016/10/CRITERIA%20FOR%20MAKING%20PAYMENT%20TO%20NON%20EXECUTIVE%20DIRECTORS.pdf
7	Policy on dealing with related party transactions	http://ksml.in/wp-content/uploads/2016/10/ksml-related-party-transaction-policy.pdf
8	Details of familiarization programmes imparted to independent directors	http://ksml.in/wp-content/uploads/2016/10/ksml-familisation-programme-for-independent-directors.pdf
9	Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	http://ksml.in/contact/
10	email address for grievance redressal and other relevant details	http://ksml.in/policies-code-of-conduct/
11	Financial results	http://ksml.in/financial-results/
12	Shareholding pattern	http://ksml.in/shareholding-patterns/
13	New name and the old name of the listed entity	http://ksml.in/
14	Advertisements as per regulation 47 (1)	http://ksml.in/notice-of-board-meetings/
15	Credit rating or revision in credit rating obtained	http://ksml.in/credit-rating/
16	Whether company has provided information under separate section on its website as per Regulation 46(2)	http://ksml.in/investor-relations/
17	Materiality Policy as per Regulation 30	http://ksml.in/wp-content/uploads/2016/10/KSML-Policy-for-Determination-of-Materiality-1.pdf
18	It is certified that these contents on the website of the listed entity are correct	http://ksml.in/investor-relations/

CEO/CFO CERTIFICATION:

As required under Schedule II Part B to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Managing Director and Chief Financial Officer have furnished the necessary Certificate to the Board of Directors with respect to financial statements and Cash flow statements for the year ended 31st March, 2022.

We Sri G V Krishna Reddy, Joint Managing Director & CEO and Sri M.V. Subba Reddy, Chief Financial Officer of M/s. KALLAM TEXTILES LIMITED, to the best of our knowledge and belief, certify that:

- (a) 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:
 - i. These statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading.
 - ii. 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.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
- (c) 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.
- (d) We have indicated to the auditors and the audit committee that
 - i. There are no significant changes in internal control over financial reporting during the year.
 - ii. There are no significant changes in accounting policies during the year.
 - iii. 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.

For Kallam Textiles Limited

-Sd-

G V Krishna Reddy
Joint Managing Director

For Kallam Textiles Limited

sd-

M V Subba Reddy
Chief Financial Officer

Place : Guntur

Date: 27.05.2022

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER SCHEDULE- V(E) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**To the Members of Kallam Textiles Limited**

This certificate is issued in accordance with the terms of our engagement with Kallam Textiles Limited ('the Company').

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2022, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes preparation and maintenance of all relevant supporting records and documents, the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2022.

We conducted our examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2022. We 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.

Restriction of Use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the aforesaid Regulations and may not be suitable for any other purpose.

For CHEVUTURI ASSOCIATES
Chartered Accountants
Firm Regn.no.000632S

(Raghunadha Rao Balineni)
Partner
ICAI Membership No.028105
UDIN: 22028105AJSNGR6809

Place : Guntur

Date: 27.05.2022

Annexure-III

DECLARATION**Compliance with the Code of Business Conduct and Ethics**

As provided under Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Kallam Textiles Ltd Code of Conduct of board of directors and senior management for the year ended 31st March, 2022.

Place : Chowdavaram,
Date : 11.08.2022

G V Krishna Reddy
Joint Managing Director & CEO
(DIN: 00018677)

Annexure-IV

M/s K.Srinivasa Rao & Co., Company Secretaries have certified none of the Directors on the Board of the Company as stated for the Financial Year ending on 31st March, 2022 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, or any such other Statutory Authority.

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,

KALLAM TEXTILES LIMITED

(Formerly known as "Kallam Spinning Mills Limited")
N.H.5, Chowdavaram, Guntur.

We have examined the relevant Registers, Records, Forms, Returns and Disclosures received from the Directors of KALLAM TEXTILES LIMITED having CIN: L18100AP1992PLC013860 and having registered office at N.H.5, Chowdavaram, Guntur, Andhra Pradesh (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, 2022 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, or any such other Statutory Authority.

SR. NO.	NAME OF DIRECTOR	DIN
1	VENKATESWARAREDDY POLURI	00018677
2	GURRAM VENKATA KRISHNA REDDY	00018713
3	VENKATA SUBBA REDDY MOVVA	00018719
4	SURYANARAYANA MURTY VADDADI	00021952
5	VARANASI RAMAGOPAL	02889497
6	VANGALA BHARGAVI	06950741

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

Place: Guntur

Date: 22.05.2022

For K.Srinivasa Rao & Co.,
Company Secretaries

CS. K.Srinivasa Rao
Partner
FCS : 5599 CP No:5178
UDIN : F005599D000384881

Independent Auditors' Report

TO THE MEMBERS OF THE KALLAM TEXTILES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KALLAM TEXTILES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the Profit and total 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 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 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 financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other 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 financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit matter	How the matter was addressed in our audit
1	<p>Recognition and measurement of subsidies from government</p> <p>The company has recognised government grants in the nature of power subsidy and Interest subsidy which involve significant judgment in assessing their recognition and realizability.</p> <p>We considered this matter to be significant to our audit due to the quantum of the grants receivable from government, their period of outstanding and its tax effects on recognition of said income.</p>	<p>We evaluated the accounting treatment of government grants in terms of Ind AS- 20 in particular about its recognition based on its complying with the conditions attached to the grant and the possibility of the realisation of grant from the government.</p> <p>For this, we obtained copies of relevant orders sanctioning the grants from the management and reconciled the amounts recognised with the eligibility criteria. We also verified the letter of communication by the management with the sanctioning authorities of the grant which were acknowledged and confirms that the government authorities endorsed and accepted the claims of the company. With regard to their realizability, we verified the copies of the minutes of meeting held by the trade association with the government and noted the assurance made by the government for release of grants in due time. Considering all these, we found that the judgment made by the management in recognising the grants are found to be appropriate.</p>

Sl. No.	Key Audit matter	How the matter was addressed in our audit
2	<p>Recoverability of deferred tax asset related to unabsorbed losses under Income-tax</p> <p>The Company has significant deferred tax asset in respect of unabsorbed losses under Income-tax and there is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which the deferred tax assets are or not recognised.</p>	<p>We evaluated the reasonableness of key tax assumptions, timing of reversal of temporary differences as well as evaluated the reasonableness of the forecasts of future taxable profits with reference to the historical forecasting accuracy considering the potential risk of management bias. These assumptions were based on the knowledge of the tax and operating environment in which the company operates. Considering the management estimates and forecasts of profitability, the tax credits as recognised is considered to be appropriate.</p>

Information Other than the 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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information which is not available to us as on date of this report. In the absence of the said other information, we are unable to comment upon whether the other information is materially misstated or not.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the 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 the audit of the 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 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 according to the 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 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 has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - v. As stated in Note no. 45 of the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Chevuturi Associates

Chartered Accountants
Firm Registration No.000632S

Place : Guntur

Date : 27-05-2022

UDIN : 22028105AJSMME8628

(Ragunadha Rao Balineni)

Partner
(Membership No: 028105)

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 2 under "Report on other legal and regulatory requirements" section of our report to the members of KALLAM TEXTILES LIMITED for the year ended March 31, 2022.

We report that:

1. In respect of its Property, plant and equipment and intangible assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, plant and equipment.
 - b) The Company has maintained proper records showing full particulars of intangible assets.
 - c) According to the information and explanations furnished to us, the Company has not physically verified its Property, plant and equipment during the year. However, the Company has adopted a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
 - d) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
 - e) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
 - f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
2. In respect of its inventories:
 - a) According to the information and explanations furnished to us, the Company has physically verified its inventories during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - b) In respect of statement of current assets as submitted by the company to its bankers in respect of working capital loans availed, no material discrepancies were noticed between the amounts as disclosed in the said returns with the books of accounts.
3. The Company has not made any investments or provided any securities or guarantees or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, LLP's or other parties and hence reporting under clause 3 (iii) of the Order is not applicable.
4. The company has not granted any loan or provided any guarantees and securities in respect of which the provisions of section 185 and 186 of the Act apply. Hence the reporting under clause 3 (iv) of the Order is not applicable.
5. The company has borrowed interest free loans from directors and their relatives in pursuance of the stipulation imposed by Banks at the time of lending and the amount outstanding against such borrowings on 31st March, 2022 was Rs.320.55 lakhs. Apart from the said amounts, the company has not accepted any deposits from the public or members. Hence the question of compliance with the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under does not apply. According to the information furnished to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of sections 73 to 76 of the Act.
6. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed audit of the same.

Kallam Textiles Limited

7. a) According to the information furnished to us, the Company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, GST and any other statutory dues applicable to it. There were no undisputed statutory dues in arrears as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.
- b) According to the information furnished to us, and records of the company examined by us, at the date of the Balance Sheet, there were no amounts of VAT, GST, Customs Duty, Excise Duty, Cess, Income Tax and Service Tax that were disputed by the company and hence were not remitted to the concerned authorities, except dispute related to Income-tax, the details of which are given below.

(Amount is Rs. Lakhs)						
Name of the statute	Nature of dues	Period to which amount relates	Amount involved (Rs. In lakhs)	Amount unpaid (Rs. In lakhs)	Forum where dispute is pending	
Income-tax Act, 1961	Income-tax	AY 2013-14	67.85	67.85	CIT(A)	

8. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
9. (a) In our opinion and according to the information and explanations furnished to us by the Company, there were no defaults in repayment of loans or other borrowings or in the payment of interest thereon to the lenders.
- (b) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The term loans taken by the company has been applied for the purpose for which they were raised.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The company does not have any subsidiaries, associates and Joint ventures and hence reporting under clause 3(ix)(e) and (f) of the Order is not applicable.
10. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
11. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year under report.
- (c) According to the information and explanations furnished to us by the company, no whistle blower complaints has been received by the Company during the year.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
13. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

- (b) We have considered, the internal audit reports for the year under audit issued to the Company during the year in determining the nature, timing and extent of our audit procedures.
15. In our opinion, the Company has not entered into any non-cash transactions during the year with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
16. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b), (c) and (d) of the Order is not applicable
17. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
18. There has been no resignation of the statutory auditors of the Company during the year.
19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
20. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) The company is not carrying on any CSR activities towards ongoing projects and hence the reporting under clause (3)(xx)(b) of the order is not applicable for the year under report.

For Chevuturi AssociatesChartered Accountants
Firm Registration No.000632S

Place : Guntur

Date : 27-05-2022

UDIN : 22028105AJSMME8628

(Raghunadha Rao Balineni)Partner
(Membership No: 028105)

Annexure “B” to the Independent Auditors’ Report

Report on the Internal Financial Controls over Financial Reporting 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 KALLAM TEXTILES LIMITED (“the Company”) as of 31st March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of directors of the company 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 (‘ICAI’). 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) 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 included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 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 financial statements.

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, 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.

For Chevuturi Associates

Chartered Accountants
Firm Registration No.000632S

Place : Guntur

Date : 27-05-2022

UDIN : 22028105AJSMME8628

(Raghunadha Rao Balineni)

Partner
(Membership No: 028105)

KALLAM TEXTILES LIMITED

Balance Sheet as at 31st March, 2022

(Amount in Lakhs)

	Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
A	ASSETS			
1	Non-Current Assets			
	(a) Property, Plant and Equipment	4	37,841.82	39,401.08
	(b) Capital Work-in-progress	4	1,073.80	263.34
	(c) Intangible Assets	4	4.16	6.08
	(d) Financial Assets			
	(i) Investments	5	13.00	13.00
	(ii) Loans	6	-	-
	(iii) Other financial assets	7	651.55	573.07
	(e) Other Non-current Assets	8	30.57	5.19
	Total Non-Current assets		39,614.91	40,261.75
2	Current Assets			
	(a) Inventories	9	11,688.98	10,262.07
	(b) Financial Assets			
	(i) Trade receivables	10	2,336.55	1,918.89
	(ii) Cash and cash equivalents	11	13.65	379.14
	(iii) Other Bank balances	11	42.62	18.01
	(iv) Loans	6	7.20	14.91
	(v) Other financial assets	7	7.15	7.15
	(c) Current tax assets (Net)	21	-	12.92
	(d) Other Current assets	8	3,820.22	6,943.10
	Total Current Assets		17,916.38	19,556.20
	Total Assets		57,531.29	59,817.95
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity Share Capital	12	856.39	856.39
	(b) Other Equity	13	20,294.05	19,019.17
	Total Equity		21,150.43	19,875.56
	Liabilities			
2	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Long-term borrowings	14	16,194.36	15,368.69
	(ii) Other financial liabilities	15	-	-
	(b) Provisions	16	197.54	205.32
	(c) Deferred Tax liabilities (Net)	17	2,433.93	1,875.27
	(d) Other non-current liabilities	18	772.68	818.71
	Total Non-current liabilities		19,598.51	18,267.98

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
3	Current liabilities			
	(a) Financial Liabilities			
	(i) Short-term borrowings	19	14,769.47	19,680.72
	(ii) Trade payables	20		
	- Total outstanding dues of micro and small enterprises		123.37	117.80
	- Total outstanding dues of creditors other than micro and small enterprises		419.51	713.40
	(iii) Other financial liabilities	15	1,000.15	862.18
	(b) Other current liabilities	18	186.64	288.25
	(c) Provisions	16	9.90	12.06
	(d) Current tax liabilities (Net)	21	273.31	-
	Total Current liabilities		16,782.35	21,674.41
	Total Liabilities		36,380.86	39,942.39
	Total Equity and Liabilities		57,531.29	59,817.95

Corporate information 1
Basis of preparation and Significant accounting policies 2-3
The accompanying notes form an integral part of the financial statements.

As per our report of even date
For **CHEVUTURI ASSOCIATES**
Firm's Registration Number: 000632S
Chartered Accountants

Sd/-
(Raghunadha Rao Balineni)
Partner
Membership Number: 028105

Place : Guntur

Date : 27-05-2022

UDIN : 22028105AJSMME8628

For and on behalf of the Board

Sd/-
P. Venkateswara Reddy
Managing Director

Sd/-
G.V.Krishna Reddy
Joint Managing Director

Sd/-
M.V. Subba Reddy
Whole Time Director & CFO

Sd/-
G. Ramesh Kumar
Company Secretary

Statement of Profit and Loss for the Year ended 31st March, 2022 (Amount in Lakhs)

	Particulars	Note No.	Year ended	
			31st March, 2022	31st March, 2021
I	Revenue from Operations	22	45,089.81	24,061.97
II	Other Income	23	94.13	164.56
III	Total Income (I+II)		45,183.94	24,226.53
IV	Expenses			
	Cost of Materials consumed	24	29,818.23	15,173.07
	Purchases of Stock-in-Trade	25	21.58	131.70
	Changes in inventories of Finished goods, work-in- Progress and Stock-in-trade	26	(1,436.84)	(156.60)
	Employee benefits expense	27	2,068.26	1,420.77
	Finance costs	28	3,360.78	2,496.56
	Depreciation and Amortization expense	29	1,569.93	1,524.92
	Other expenses	30	7,464.00	4,973.70
	Total Expenses (IV)		42,865.93	25,564.11
V	Profit / (Loss) before exceptional items and tax (III-IV)		2,318.01	(1,337.59)
VI	Less : Exceptional Items		142.81	-
VII	Profit / (Loss) before tax (V-VI)		2,175.20	(1,337.59)
VIII	Tax expense:			
	Current tax		386.21	-
	Short provision of current tax		-	0.79
	Deferred tax charge/(Credit)		608.00	(548.75)
IX	Profit / (Loss) for the year (VII-VIII)		1,181.00	(789.62)
X	Other Comprehensive Income			
	A. Items that will not be re-classified to statement of Profit and loss			
	a) Remeasurement of defined employee benefit plans		44.54	29.02
	b) Deferred tax credit/(charge) on revaluation surplus		49.35	49.35
	Total Other comprehensive income		93.89	78.37
XI	Total Comprehensive Income/(Loss) for the year (IX+X)		1,274.89	(711.25)
XII	Earnings per Share - Basic and Diluted		2.76	(1.84)
	(Profit after tax and before OCI/Wt. average number of shares)			

As per our report of even date
For **CHEVUTURI ASSOCIATES**
Firm's Registration Number: 000632S
Chartered Accountants

(Raghunadha Rao Balineni)
Partner
Membership Number: 028105

Place : Guntur

Date: 27-05-2022

UDIN : 22028105AJSMME8628

For and on behalf of the Board

Sd/-
P. Venkateswara Reddy
Managing Director

Sd/-
G.V.Krishna Reddy
Joint Managing Director

Sd/-
M.V. Subba Reddy
Whole Time Director & CFO

Sd/-
G. Ramesh Kumar
Company Secretary

Cash flow statement for the year ended 31.03.2022 <i>(Amount in Lakhs)</i>		
Particulars	For year ended 31-03-2022	For year ended 31-03-2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	2,175.20	(1,337.59)
Add/Less: Adjustments for		
Depreciation	1,569.93	1,524.92
Interest expense	3,360.78	2,496.56
Interest income	(29.18)	(29.54)
Amortisation of Govt. grants	(46.03)	(46.03)
Remeasurement of employee defined benefit plans	44.54	29.02
(Profit)/Loss on on sale of assets	-	0.11
Operating profit before working capital changes	7,075.23	2,637.45
Add/Less: Adjustments for working capital		
Inventories	(1,426.91)	(1,166.97)
Trade and other receivables	2,608.73	(677.72)
Trade and other payables	1,948.59	(1,051.06)
Cash generated from operations	10,205.63	(258.30)
Less: Direct taxes paid	134.87	(3.18)
Net cash from (used in) operating activities (A)	10,070.76	(255.13)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in PPE and Capital WIP	(857.62)	(604.85)
Investment in securities	-	(13.00)
Proceeds from sale of fixed assets	38.41	0.10
Margin Money deposit with banks and other balances	(24.61)	134.23
Interest received	29.18	29.54
Net cash used in Investing activities (B)	(814.64)	(453.97)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) borrowings	(6,296.06)	3,545.46
Interest and finance charges	(3,325.54)	(2,496.56)
Net cash from financing activities (C)	(9,621.60)	1,048.91
Net Increase/(Decrease) in cash and cash equivalents	(365.48)	339.81
Cash and cash equivalents at the beginning of the Year	379.14	39.33
Cash and cash equivalents at the end of the Year	13.65	379.14
Net increase/(decrease) in cash and cash equivalents	(365.48)	339.81

For and on behalf of the Board

Sd/-

P. Venkateswara Reddy
Managing Director

Sd/-

G.V.Krishna Reddy
Joint Managing Director

Sd/-

M.V. Subba Reddy
Whole Time Director & CFO

Sd/-

G. Ramesh Kumar
Company SecretaryAs per our report of even date
For **CHEVUTURI ASSOCIATES**
Firm's Registration Number: 000632S
Chartered Accountants**(Raghunadha Rao Balineni)**
Partner
Membership Number: 028105

Place : Guntur

Date: 27-05-2022

UDIN : 22028105AJSMME8628

Kallam Textiles Limited**A. Equity share capital****Statement of Changes in Equity as at 31st March, 2022**

Particulars	No's	INR
As at 31st March, 2020	428.19	856.39
Changes in equity during the year	-	-
As at 31st March, 2021	428.19	856.39
Changes in equity during the year	-	-
As at 31st March, 2022	428.19	856.39

B. Other Equity**Statement of Changes in Equity as at 31st March, 2022**

Particulars	Reserves and Surplus			Items of Other Comprehensive Income		Total
	General Reserve	Retained earnings	Revaluation surplus	Revaluation surplus	Actuarial Gains/ (Losses)	
Balance at the end of reporting period 31st March, 2020	160.36	8,338.89	6,081.87	5,136.90	12.40	19,730.42
Add: Profit/(Loss) for the year 20-21	-	(789.62)		-	-	(789.62)
Other Comprehensive Income/(Loss)					29.02	29.02
Add: Deferred tax on OCI				49.35		49.35
Total Comprehensive Income/(Loss) for the year		(789.62)		49.35	29.02	(711.25)
Less: Appropriations:						
Proposed Dividend		-				-
Transfer to General Reserve	-	-	-	-	-	-
Balance at the end of reporting period 31st March, 2021	160.36	7,549.27	6,081.87	5,186.25	41.42	19,019.17
Add: Profit/(Loss) for the year 20-21		1,181.00				1,181.00
Other Comprehensive Income/(Loss)					44.54	44.54
Deferred tax on OCI				49.35		49.35
Total Comprehensive Income/(Loss) for the year	-	1,181.00	-	49.35	44.54	1,274.88
Less: Appropriations:						
Proposed Dividend		-				-
Transfer to General Reserve	-	-	-	-	-	-
Balance at the end of reporting period 31st March, 2022	160.36	8,730.27	6,081.87	5,235.59	85.96	20,294.05

For and on behalf of the Board

Sd/-

P. Venkateswara Reddy
Managing Director

Sd/-

G.V. Krishna Reddy
Joint Managing Director

Sd/-

M.V. Subba Reddy
Whole Time Director & CFO

Sd/-

G. Ramesh Kumar
Company SecretaryAs per our report of even date
For **CHEVUTURI ASSOCIATES**
Firm's Registration Number: 000632S
Chartered Accountants**(Raghunadha Rao Balineni)**

Partner

Membership Number: 028105

Place : Guntur

Date: 27-05-2022

UDIN : 22028105AJSMME8628

COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES 2021-22

Note No.1**I. CORPORATE INFORMATION**

Kallam Textiles Limited (Formerly known as “ Kallam Spinning Mills Limited “) is incorporated on 18th February, 1992. It is a leading textile company engaged in the business of Manufacturing of Cotton Yarn, Dyed Yarn, Grey Fabric and Dyed Fabric. The company is also engaged in the business of generation of electricity through Hydel and solar energy. The company has its corporate office at Chowdavaram, Guntur.

Note No.2**II. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES****i) Basis of preparation****a) Statement of compliance**

These financial statements have been prepared in accordance with Ind AS as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

b) Basis of measurement

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under historical cost convention on accrual basis of accounting except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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.

Accounting policies have been consistently applied except a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

c) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management of the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities and commitments. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following are the critical judgements and estimates that have been made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognized in the financial statements.

i) Depreciation and useful lives of property, plant and equipment and intangible assets:

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset. The Company also engages third party qualified valuers to ascertain the fair value of the Property, plant and equipment which requires estimation and judgment in determining the fair values which can be subject to change.

ii) Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, past history of receivables, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

iii) Fair value measurement of financial instruments:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent available. Where Level 1 inputs are not available, the fair value is measured using valuation techniques, including the discounted cash flow model, which involves various judgments and assumptions. The Company also engages third party qualified valuers to perform the valuation in certain cases. The appropriateness of valuation techniques and inputs to the valuation model are reviewed by the Management.

iv) Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated.

The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

v) Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

vi) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

vii) Income Taxes:

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

viii) Defined benefit obligations:

The Company uses actuarial assumptions viz., discount rate, mortality rates, salary escalation rate etc., to determine such employee benefit obligations.

ix) Other estimates:

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical

payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

The judgments, estimates and underlying assumptions are made with the management's best knowledge of the business environment and are reviewed on an on going basis. Accounting estimates could change from period to period. Actual results could differ from these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

x) Estimation of un certainties relating to the global health pandemic from Covid- 19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of assets, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact assessment of COVID-19 is a continuous process given the uncertainty associated with its nature and durations and accordingly the eventual outcome may be different from those estimates as on the date of approval of these Financial Statements.

ii) Significant accounting policies

a) PROPERTY, PLANT AND EQUIPMENT

An item of Property, Plant and Equipment that qualified as an asset is measured at initial recognition at Cost. Following initial recognition, items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

The company identifies and determines cost of each part of PPE separately, if the part has a cost which is significant to the total cost of that items of PPE and has useful life that is materially different from that of the remaining items.

Advances paid for acquisition of Property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets. Cost of the assets not put to use before such date are disclosed under 'Capital Work-in-progress'. Any

subsequent expenditure relates to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. Items of spare parts are recognized as Property, plant and equipment when they meet the definition of Property, plant and equipment. The cost and related depreciation are eliminated from the property, plant and equipment upon sale or retirement of the asset and the resultant gain or losses are recognized in statement of profit and loss.

b) INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition less accumulated amortization. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis from the date they are available for use.

c) BORROWING COSTS

Borrowing Costs, that are directly attributable to the acquisition or construction of assets, that necessarily take a substantial period of time to get ready for its intended use, are capitalized as part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably.

d) DEPRECIATION

The company has computed depreciation on Property, plant and equipment based on the useful lives as specified in Schedule II of Companies Act, 2013 under straight line method.

The intangible assets, being Computer Software is amortized over a period of 5 years on Straight Line Method.

Depreciation methods, useful lives and residual values are reviewed periodically at the end of each financial year with the effect of any change in estimate accounted for on a prospective basis

e) GOVERNMENT GRANTS

Government grants are not recognized until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received .

Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate. When the grant relates to an asset, it is recognized as deferred revenue in the Balance sheet and transferred to the statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

f) IMPAIRMENT OF ASSETS

i) Financial assets (other than at fair value)

The company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Non financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount (i.e higher of the fair value less cost of sale and value in use) is determined on an individual asset basis unless the asset does not generates cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount and the carrying amount of the asset is increased to its revised recoverable amount subject to maximum of carrying amount.

g) INVENTORIES

I. Textile division :

Inventories of raw materials, stores and spares, trading goods, work-in-progress and Finished stocks are valued at cost or net realizable value which ever is lower. Cotton Waste is valued at Net realizable Value.

Materials and other items held for use in the production of finished goods are not written down below cost if the finished goods in which they were incorporated are expected to be sold at or above cost.

The cost in respect of above items is measured as under:

Raw material are valued at cost and is arrived at based on actual identification of material on stock.

Work-in-progress at raw material cost plus conversion cost depending on the stage of completion.

Finished goods at material cost plus conversion cost and other overheads incurred to bring the goods to their present condition and location.

Stores and spares at weighted average cost of purchase and other direct expenses incurred to bring the inventory to present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and costs incurred to make the products sold.

II. Power Division :

- a) Stock of banked power is valued at cost or net realizable value whichever is lower

h) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i) Revenue from sale of products is recognised when the entity satisfies a performance obligation by transferring the promised goods to customers and the goods are transferred when the customer obtains control over the goods and the company retains no effective control over the goods sold. Revenue is measured at the fair value of the consideration taking into account contractually defined terms of payment. Revenue is reduced for discounts, rebates and other similar allowances.

When there is any uncertainty as to the measurement or collectability of consideration, revenue recognition to the extent of amount of uncertainty is postponed until such uncertainty is resolved.

- ii) GST and other taxes is not received by the company on its own account as it is collected on behalf of government. Accordingly it is excluded from revenue.
- iii) Inter unit transfer of goods is accounted at market price at which the similar goods are purchased from external party.
- iv) Interest income is recognized using effective interest method.

i) TAXES ON INCOME

Income tax expense comprises the sum of tax currently payable and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss

except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current tax is determined at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities are recognized as income or expense in the year of enactment. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as deferred tax asset if there is convincing evidence that the company will pay normal Income Tax. Accordingly, MAT is recognized as part of deferred tax asset in the balance sheet when it is probable that future economic associated with it will flow to the Company.

j) SEGMENT REPORTING

The operating segments of the entity are identified based on the revenues earned and expenses incurred whose operating results are regularly reviewed by the entity's decision maker to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Inter segment revenue has been accounted for based on the market related prices.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses".

k) RETIREMENT BENEFITS

The company provides retirement benefit in the form of provident fund and group gratuity. Contributions to the Provident Fund, a defined contribution scheme, is made at the prescribed rates to the provident fund commissioner and is charged to the Profit and Loss account. There is no other obligation other than the contribution payable.

The Liability for group gratuity, which is unfunded, is provided based on actuarial valuation as per the Projected Unit Credit Method at the end of the each year. The company has not contributed any amounts to any fund. Remeasurement, comprising actuarial losses and gains, is reflected in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Such remeasurement losses/gains are not reclassified to profit or loss subsequently.

The Liability for Leave encashment being short term benefits, is accounted on accrual of said liability.

l) FOREIGN EXCHANGE TRANSACTIONS

The functional currency of the company is the Indian rupee and the financial statements are presented in Indian rupee.

Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately, with the difference in the rate of exchange arising on actual receipt/payment during the year.

At each Balance Sheet date

- i) Foreign currency denominated monetary items are translated into the relevant functional currency at exchange rate at the balance sheet date. The gains and losses resulting from such translations are included in net profit in the statement of profit and loss.
- ii) Foreign currency denominated non-monetary items are reported using the exchange rate at which they were initially recognized.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in statement of profit and loss.

m) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when there is a present obligation as a result of past event, it is probable that the company will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Where the effect of time value of money is material, the amount of provision is the present value of the expenditure to be required to settle the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not

wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The company does not recognise contingent liabilities but the same are disclosed in the notes.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

n) FINANCIAL INSTRUMENTS**Initial recognition:**

The company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than the financial assets and liabilities at fair value through profit and loss) are added to or deducted from the fair value of financial assets and liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Subsequent measurement:

- i) Financial assets carried at amortized cost:

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- ii) Financial assets at fair value through other comprehensive income.

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

Kallam Textiles LimitedDe-recognition of financial asset

The company de-recognises financial assets when the contractual right to the cash flows from the asset expires or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. The effective method is a method of calculating the amortization cost of a financial liability and of allocating interest expense over the relevant period. The effective interest is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

De-recognition of financial liability

The company de-recognises financial liabilities when the company's obligations are discharged, cancelled or expired. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the statement of profit and loss over the contractual terms using the effective interest method.

o) EARNING PER EQUITY SHARE

Basic earning per equity share is computed by dividing the net profit attributable to the equity shareholders of the company by the weighted average number of equity shares during the period. The company did not have any potentially dilutive securities in any of the years presented.

The number of equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of financial statements by the board of directors

p) CASH FLOW STATEMENT

Cash flows are reported using indirect method whereby the profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financial activities of the company are segregated.

q) DIVIDENDS

Final dividends on shares are recorded as a liability on the date of approval by the shareholders i.e the year in which the dividends are approved and interim dividends are recorded as a liability on the date of declaration by the company's board of directors.

r) RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022. The amendment is not expected to have a material impact on the Standalone financial statements of the Company.

Note No.4**Property, Plant and Equipment and Capital Work-In-Progress**

Particulars	As at 31st March, 2022	As at 31st March, 2021
Carrying Amounts of :		
Land	9258.92	9258.92
Factory Buildings	5890.28	6209.25
Non-factory Buildings	4884.56	4994.89
Plant and Equipment	17256.87	18282.24
Electrical and Electronic Equipment	453.30	556.18
Borewells and Water pumps	3.51	7.16
Office and Other equipment	32.00	35.14
Furniture and Fixtures	2.34	3.45
Vehicles	60.03	53.84
	37841.82	39401.08
Capital Work-in-progress	1073.80	263.34

Property, Plant and Equipment										
Particulars	Land	Factory Buildings	Non-Factory Buildings	Plant and Equipment	Electrical and Electronic Equipment	Borewells and Water pumps	Office & Other Equipment	Furniture and Fixtures	Vehicles	Total
Gross Carrying value										
- At Deemed Cost/ Fair value										
As at 31st March, 2020	9258.92	7198.53	5339.15	21659.56	1118.88	20.19	125.90	11.54	121.84	44854.51
Additions during the year		26.23		1368.35	106.80	3.02	3.59			1507.98
Disposals		-	-	-	-	-	-	-	0.37	0.37
As at 31st March, 2021	9258.92	7224.76	5339.15	23027.91	1225.69	23.21	129.48	11.54	121.47	46362.12
Additions during the year	0.00	-	-	17.22	2.73	-	7.13	-	20.09	47.16
Disposals	-	-	-	38.41	-	-	-	-	-	38.41
As at 31st March, 2022	9258.92	7224.76	5339.15	23006.72	1228.42	23.21	136.61	11.54	141.55	46370.87
Accumulated Depreciation										
As at 31st March, 2020	0.00	697.18	235.45	3779.77	568.88	15.57	81.24	6.88	53.35	5438.33
Depreciation charge for the year	-	318.33	108.81	965.90	100.63	0.48	13.10	1.21	14.43	1522.88
On disposals	-	-	-	-	-	-	-	-	0.16	0.16
As at 31st March, 2021	0.00	1015.51	344.26	4745.67	669.51	16.05	94.34	8.09	67.62	6961.04
Depreciation charge for the year	0.00	318.96	110.33	1004.18	105.61	3.65	10.27	1.11	13.90	1568.01
On disposals	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	0.00	1334.47	454.60	5749.85	775.12	19.70	104.61	9.19	81.52	8529.06
Net carrying amount										
As at 31st March, 2022	9258.92	5890.28	4884.56	17256.87	453.30	3.51	32.00	2.34	60.03	37841.82
As at 31st March, 2021	9258.92	6209.25	4994.89	18282.24	556.18	7.16	35.14	3.45	53.84	39401.08

Notes:

- Terms Loans taken by the Company from banks are secured by way of first charge on fixed assets of the company.
- None of the assets were acquired/transferred by way of business combinations.
- The gross carrying value of following assets include the following amounts on account of revaluation.
 - Increase in value of land on account of revaluation done during the FY 2016-17 and 2017-18 ₹ 8926.25 Lakhs
 - Increase in value of Factory buildings on account of revaluation done during the FY 2017-18 ₹ 2166.51 Lakhs
 - Increase in value of Non-Factory buildings on account of revaluation done during the FY 2017-18 ₹ 1205.69 Lakhs
- The title deeds of immovable properties were held in the name of the company.
- No proceedings has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

Kallam Textiles Limited

Intangible assets

Note No.4

Particulars	As at 31st March, 2022	As at 31st March, 2021
Carrying amount of:		
Computer software	4.16	6.08
Total	4.16	6.08
(A) Gross Carrying Value (At cost)		
Opening balance	9.95	9.95
Additions	0	0
Disposals/Adjustments	0	0
Closing balance	9.95	9.95
(B) Accumulated amortisation and impairment		
Opening balance	3.87	1.83
Amortisation for the year	1.91	2.05
On disposals	0	0
Closing balance	5.79	3.87
(C) Carrying Amount		
Balance at March 31, 2022	4.16	0
Balance at March 31, 2021	6.08	6.08
Balance at March 31, 2020	0	8.12

Capital Work-in-Progress

Particulars	Amount
Carrying value - At Cost/Deemed Cost	
As at 31st March, 2020	1166.48
Additions	604.85
Capitalised during the year	1507.98
As at 31st March, 2021	263.34
Additions	857.62
Capitalised during the year	47.16
As at 31st March, 2022	1073.80

Capital Work-in-progress ageing schedule as on 31.3.2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	810.46	35.10	47.11	181.13	1073.80
Projects temporarily suspended				0	

Capital Work-in-progress ageing schedule as on 31.3.2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	35.10	47.11	139.94	41.19	263.34
Projects temporarily suspended					0

Investments

Note No. 5

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
Non-current (At FVTOCI)				
a) Investment in Equity instruments (Trade and Unquoted)				
i) 1,30,000 Equity shares of Rs.10/- each in Vignatha Solar Pvt. Limited	13.00	13.00	-	-
Total	13.00	13.00	-	-
Total aggregate value of unquoted investments	13.00	13.00	-	-
Cost	13.00	13.00	-	-
Fair value	13.00	13.00	-	-

Category Wise - Investments as per IND as 109 Classification

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
Financial assets measured at:				
(i) Fair value through Other Comprehensive Income				
i) 1,30,000 Equity shares of Rs.10/- each in Vignatha Solar Pvt. Limited	13.00	-	13.00	-

Loans

Note No. 6

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
Unsecured Considered Good				
a) Employee related advances	-	-	7.15	14.85
b) Other advances	-	-	0.06	0.06
Total	-	-	7.21	14.91

Of above:

Loans considered good- Secured	-	-	-	-
Loans considered good- Unsecured	-	-	7.21	1.49
Loans which have significant increase in credit risk	-	-	-	-
Loans - Credit impaired	-	-	-	-

Note:- No Loans are due from directors or other officers of the company either severally or jointly with any other person nor any other loans are due from firms or private company in which any director is a partner, a director or a member.

Other Financial Assets

Note No. 7

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
a) Security deposits with Govt. authorities and others	651.55	573.07	-	-
b) Claims receivable	-	-	7.15	7.15
Total	651.55	573.07	7.15	7.15

Other Assets

Note No. 8

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
Unsecured, Considered Good				
a) Advances for Capital goods	30.57	5.19		
b) Advances to creditors against supplies			395.04	251.49
c) Prepaid expenses			12.55	13.85
d) Balances with Statutory Authorities:				
IGST receivable			25.16	76.34
CGST Receivable			1.72	-
SGST receivable			258.43	71.95
Taxes refund receivable			19.13	19.47
e) EPCG Terminal Excise Duty refund receivable			26.10	26.10
f) Duty draw back refund receivable			13.26	16.86
g) Interest rebate receivable under TUF scheme			153.70	525.61
h) Interest subsidy receivable from AP government			374.54	3,675.36
i) Power Subsidy receivable			2,516.85	2,243.01
j) Accrued Interest on deposits			23.66	23.07
Total	30.57	5.19	3,820.22	6,943.10

Note 1 : No advances are due from directors or other officers of the company either severally or jointly with any other person nor any other loans are due from firms or private company in which any director is a partner, a director or a member.

Note 2 : The above does not includes any amount due from related parties.

Inventories (At lower of cost and net relisable value)

Note No. 9

Particulars	As at 31st March, 2022	As at 31st March, 2021
Spinning/Power:		
Raw materials	3,090.06	4,106.67
Work-in-progress	938.50	710.90
Finished goods	1,209.55	820.20
Stores and spares	458.83	382.82
Weaving/Dyeing unit:		
Raw materials	1,204.80	296.00
Work-in-progress	3,982.38	3,313.66
Finished goods	594.97	443.81
Stores and spares	209.88	188.01
Total	11,688.98	10,262.07

Note:

- (i) The mode of valuation of inventories has been stated in Note g in Accounting Policies.
- (ii) The cost of inventories recognised as an expense for the year ended 31st March, 2022 has been disclosed on the face of the statement of P&L a/c in note nos. 24, 25, 26 and 30.
- (iii) All the above inventories are offered as security in respect of working capital loans availed by the company from all the banks.
- (iv) There are no inventories expected to be recovered after more than twelve months.

Trade receivables

Note No. 10

Particulars	As at 31st March, 2022	As at 31st March, 2021
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured	2,336.55	1,918.89
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Total	2,336.55	1,918.89

Trade Receivables ageing schedule as on 31-3-2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed trade Receivables considered good	2,286.13	36.14	14.17	0.10	-	2336.55
(ii) Undisputed trade Receivables which have significant increase in credit risk				-		
(iii) Undisputed trade Receivables credit impaired						-
(iv) Disputed trade Receivables considered good						-
(v) Disputed trade Receivables which have significant increase in credit risk				-		
(vi) Disputed trade Receivables credit impaired	-	-	-	-	-	-

Kallam Textiles Limited**Trade Receivables ageing schedule as on 31-3-2021**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed trade Receivables considered good	1,911.48	5.66	1.74	-	-	1,918.89
(ii) Undisputed trade Receivables which have significant increase in credit risk						
(iii) Undisputed trade Receivables credit impaired						-
(iv) Disputed trade Receivables considered good						-
(v) Disputed trade Receivables which have significant increase in credit risk						
(vi) Disputed trade Receivables credit impaired	-	-	-	-	-	-

Notes:

- a) The average credit period of trade receivables varies from 15-45 days.
b) The above does not include any amount due from related parties.
c) The company has used practical expedient by computing the expected credit loss for doubtful trade receivables based on the ageing of receivables, history of recoverability from the customers, credit worthiness of the customers etc.,
d) During the year, the company has recognised loss allowance of Rs.Nil under 12 months expected credit loss model.
e) There is no customer who represents more than 10% of total balance of trade receivables.

Cash and cash equivalents**Note No. 11**

Particulars	As at 31st March, 2022	As at 31st March, 2021
i) Balances with banks in Current accounts		
a. In Current accounts	1.24	368.02
ii) Cash on hand	12.41	11.12
Total	13.65	379.14

Other Bank Balances

Particulars	As at 31st March, 2022	As at 31st March, 2021
a. Earmarked balances with banks held as margin money against LC and guarantees falls due for maturity within 12months from the date of Balance sheet.	30.59	2.50
b. Earmarked balances with banks towards unclaimed dividends	12.03	15.51
Total	42.62	18.01

Share Capital Authorised Share Capital**Note No. 12**

Particulars	Equity	
	No's	INR
As at 31st March 2020	10,00,00,000	2,000.00
Changes during the year	-	-
As at 31st March 2021	10,00,00,000	2,000.00
Changes during the year	-	-
As at 31st March' 2022	10,00,00,000	2,000.00

Issued Share Capital

Particulars	No's	INR
As at 31st March, 2020	4,28,19,375	856.39
Changes during the year	-	-
As at 31st March, 2021	4,28,19,375	856.39
Changes during the year	-	-
As at 31st March, 2022	4,28,19,375	856.39

Details of share holders holding more than 5% of total number of shares

Name of the Share Holder	As at 31st March, 2022		As at 31st March, 2021	
	No of Shares held	% out of total number of shares of the Company	No of Shares held	% out of total number of shares of the Company
Kallam Haranadha Reddy	3,040.00	0.01%	30,70,329.00	7.18%
Gurram Venkata Krishna Reddy	35,13,733.00	8.21%	35,13,733.00	8.21%
Kallam Mohan Reddy	29,44,625.00	6.88%	29,44,625.00	6.88%
Kallam Prathyusha	28,80,957.00	6.73%	28,80,957.00	6.73%

Details of equity shares held by promoters as on 31-3-2022

Name of the Share Holder	Type of share (Equity)	No. of shares	% of total shares	% Change during the FY 2021-22
Gurram Venkata Krishna Reddy	Equity	3513733	8.21	Nil
Kallam Harinadha Reddy	Equity	3040	0.01	-7.16
Kallam Mohana Reddy	Equity	2944625	6.88	Nil
Kallam Prathyusha Kallam	Equity	2880957	6.73	Nil
Kallam Agro Products & Oils Private Limited	Equity	2038684	4.76	Nil
Sivanagendramma Poluri	Equity	1426903	3.33	Nil
Poluri Venkateshwara Reddy	Equity	1151250	2.69	Nil
Poluri Goverdhan Reddy	Equity	1093455	2.55	Nil
Venu Gopala Reddy Poluri	Equity	971575	2.27	Nil
Nagireddy Kallam	Equity	736250	1.72	Nil
Kallam Annapurna	Equity	643750	1.50	Nil
Umasankara Reddy Movva	Equity	642851	1.50	-0.08
Rajendra Prasad Nalli	Equity	562483	1.31	-0.21
Movva Venkata Subba Reddy	Equity	428125	1.00	Nil
Prathibha Rani Nalli	Equity	160000	0.37	-0.07
Anumula Ranga Reddy	Equity	127500	0.30	Nil
Movva Kavitha	Equity	77500	0.18	Nil
Subbayamma Poluri	Equity	537	0.00	Nil
Kallam Hara Mohan Maadhur	Equity	1291789	3.02	3.02
Kallam Hara Mohan Bharadwaj	Equity	1866625	4.36	4.36
		22561632	52.69	

Details of Equity Shares held By promoters as on 31.03.2021

Name of the Share Holder	Type of share (Equity)	No. of shares	% of total shares	% Change during the FY 2020-21
Gurram Venkata Krishna Reddy	Equity	3513733	8.21	Nil
Kallam Harinadha Reddy	Equity	3070329	7.17	Nil
Mohanareddy Kallam	Equity	2944625	6.88	Nil
Prathyusha Kallam	Equity	2880957	6.73	Nil
Kallam Agro Products & Oils Private Limited	Equity	2038684	4.76	Nil
Sivanagendramma Poluri	Equity	1426903	3.33	Nil
Poluri Venkateshwara Reddy	Equity	1151250	2.69	Nil
Poluri Goverdhan Reddy	Equity	1093455	2.55	Nil
Venu Gopala Reddy Poluri	Equity	971575	2.27	Nil
Nagireddy Kallam	Equity	736250	1.72	Nil
Umasankara Reddy Movva	Equity	675651	1.58	Nil
Rajendra Prasad Nalli	Equity	651868	1.52	Nil
Kallam Annapurna	Equity	643750	1.50	Nil
Movva Venkata Subba Reddy	Equity	428125	1.00	Nil
Nalli Prathibha Rani	Equity	187500	0.44	Nil
Anumula Ranga Reddy	Equity	127500	0.30	Nil
Movva Kavitha	Equity	77500	0.18	Nil
Subbayamma Poluri	Equity	537	0.00	Nil
Sureddy Malleswari	Equity	462	0.00	Nil
		22620654	52.83	

Other Equity

a) General Reserve

Note No. 13

Particulars	Amount
As at 31st March, 2020	160.36
Transfers during the year	-
As at 31st March, 2021	160.36
Transfers during the year	-
As at 31st March, 2022	160.36

b) Revaluation Reserve

Particulars	Amount
As at 31st March, 2020	11,218.77
Deferred tax on revaluation of assets now withdrawn	49.35
As at 31st March, 2021	11,268.11
Deferred tax on revaluation of assets now withdrawn	49.35
As at 31st March, 2022	11,317.46

c) Retained Earnings

Particulars	Amount
As at 31st March, 2020	8,351.29
Add: Total comprehensive income for the year transferred from statement of profit and loss	-760.60
Final dividend and dividend distribution tax for the year 2019-20	-
As at 31st March, 2021	7,590.69
Add: Total comprehensive income/(Loss) for the year transferred from statement of profit and loss	1,225.53
Final dividend and dividend distribution tax for the year 2019-20	-
As at 31st March, 2022	8,816.23

Summary of Other Equity

Particulars	As at 31st March, 2022	As at 31st March, 2021
Revaluation surplus	11,317.46	11,268.11
General Reserve	160.36	160.36
Retained Earnings	8,816.23	7,590.69
	20,294.05	19,019.17

Long Term Borrowings

Note No. 14

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
A. Secured				
i. Term loans				
a) From banks :				
i) Union Bank of India	7,840.65	6,964.21	962.20	1,743.64
ii) Indian Bank	8,033.15	7,934.01	1,573.24	2,687.30
iii) Bank of Baroda		149.92	-	315.00
Total (a)	15,873.81	15,048.14	2,535.45	4,745.94
B. Unsecured				
i) Loans from Promoters and their relatives	25.10	25.10	-	-
ii) Loans from Directors	295.45	295.45	-	-
Total (b)	320.55	320.55	-	-
Total (a+b)	16,194.36	15,368.69	2,535.45	4,745.94

I) SPINNING UNIT:

i) UNION BANK :

- a) Term loans from Union Bank are secured on pari passu basis by way of first charge on all the movable and immovable assets of spinning division (all units at Chowdavaram, Guntur Dist.) of the company. Further, secured by way of first pari passu charge on current assets of the division. Further guaranteed by two directors in their personal capacities.
- b) The above loans carry interest @7.85% to 9.75%..
- c) The above loans are repayable in following manner.

2022-23 : ₹962.20/- ; 2023-24 : ₹1862.70/- ;
 2024-25 : ₹2076.11/-; 2025-26 : ₹2232.56/-;
 2026-27 : ₹830.97/-; 2027-28 : ₹533.69/- ;
 2028-29 : ₹153.08/-; 2029-30 : ₹151.54/-;

- d) There are no defaults in repayment of above loans.

ii) INDIAN BANK :

- a) Term loans from Indian Bank are secured on pari passu basis by way of first charge on all the movable and immovable assets of spinning division (all units at Chowdavaram, Guntur Dist.) of the company. The loans are further secured by way of pari passu 2nd

Kallam Textiles Limited

charge on inventories and book debts of the division. Further guaranteed by two directors in their personal capacities.

- b) The above loans carry interest @10.40%
- c) The above loans was closed 2021-22
- d) There are no defaults in repayment of above loans.

II. WEAVING UNIT :**i) INDIAN BANK :**

- a) Term loans from Indian Bank are secured by exclusive charge on all the movable and immovable assets of weaving division at Kunkupadu Village, Addanki Mandal, Prakasam Dist. of the company. The loans are further secured by way of hypothecation of inventories and books debts of the division. Further guaranteed by two directors in their personal capacities.
- b) The above loans carry interest @8.50% to 10.35%.
- c) The above loans are repayable in following manner.
2022-23: ₹1556.64/- ; 2023-24: ₹ 3057.08/- ;
2024-25: ₹ 2211.23/- ; 2025-26: ₹ 2025.44/- ;
2026-27: ₹ 408.00/-; 2027-28: ₹ 348.00/-
- d) There are no defaults in repayment of above loans.

III. DYEING UNIT :**i) BANK OF BARODA :**

- a) Term loan from Bank of Baroda is secured by way of first charge on fixed assets of Company's Dyeing Unit at Kunkupadu Village, Addanki Mandal, Prakasam Dist. of the company. Further guaranteed by two directors in their personal capacities.
- b) The above loan carry interest @10.50%.
- c) The above loan was closed 2021-22
- d) There are no defaults in repayment of above loan.

IV. Loans accepted from promoters and their relatives are interest free and are accepted as per the conditions of sanction of term loans from banks and shall not be repayable during the currency of term loans.

Other Financial Liabilities**Note No. 15**

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
a) Creditors for capital goods	-	-	422.78	150.43
b) Interest accrued but not due			6.37	134.45
c) Unclaimed dividend	-	-	12.03	15.51
d) Employee related payments	-	-	291.31	193.27
e) Other Liabilities	-	-	267.65	368.52
Total	-	-	1,000.15	862.18

**Notes to the Financial Statements
Provisions****Note No. 16**

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
a) Provision for employee benefits - Group gratuity (Unfunded)	197.54	205.32	9.90	12.06
Total	197.54	205.32	9.90	12.06

EMPLOYEE BENEFITS**a. Defined contribution plans**

The Company makes Provident Fund and Employees' State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. The Company recognised ₹ 39.64/- Lakhs (Year ended March 31, 2021: ₹ 30.79 Lakhs for provident fund and ESI contributions in the Statement of Profit and Loss.

b. Defined benefit plans

The Company provides to the eligible employees defined benefit plans in the form of gratuity. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The measurement date used for determining retirement benefits for gratuity is March 31.

These plans typically expose the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

Risk Management:

Interest rate risk - The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Longevity risk - The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk - The present value of the defined benefit plan is calculated with reference to the future salaries of participants under the plan. An increase in salary of the plan participants will increase the plan's liability.

(i) Balance Sheet

The assets, liabilities and surplus / (deficit) position of the defined benefit plans at the Balance Sheet date were:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Present value of obligation	207.44	217.38
Fair Value of plan assets*	-	-
(Asset)/Liability recognised in the Balance Sheet	207.44	217.38

* No asset or fund was held by the company to pay employee benefits.

(ii) Movements in Present Value of Obligation and Fair Value of Plan Assets

Particulars	Plan Obligation
As at March 31, 2020	207.37
Current service cost	30.94
Interest cost	13.88
Interest income	-
Actuarial (gain)/loss arising from changes in assumptions	-29.02
Contributions by employer	-
Benefit payments	-5.79
Return on plan assets, excluding interest income	-
As at March 31, 2021	217.38
Current service cost	25.21
Interest cost	14.83
Interest income	-
Actuarial (gain)/loss arising from changes in assumptions	-44.54
Contributions by employer	-
Benefit payments	-5.44
Return on plan assets, excluding interest income	-
As at March 31, 2022	207.44

(iii) Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises :

Particulars	2020-22	2019-21
Employee Benefit Expenses		
Current service cost	25.21	30.94
Past service cost	-	-
Interest cost	14.83	13.88
Interest income	-	-
Net impact on profit before tax	40.04	44.82
Remeasurement of the net defined benefit plans:		
Actuarial (gain)/loss arising from changes in assumptions	(44.54)	(29.02)
Return on plan assets excluding interest income	-	-
Net impact on other comprehensive income before tax	(44.54)	(29.02)

iv) Assets

The major category of plan assets as a % of the total plan assets

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unfunded	Nil	Nil

(v) Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Particulars	As at 31st March, 2022	As at 31st March, 2021
Discount rate	7.33%	6.91%
Salary escalation rate	12.00%	12.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Demographic assumptions

Mortality in Service: Indian Assured Lives Mortality (2012-14) Ultimate table.

(vi) Sensitivity analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are :

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	187.61	230.86	197.22	241.11
Salary escalation rate (1% movement)	229.33	188.57	239.48	198.23

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

vii) Discontinuance of liability

Amount payable upon discontinuance of all employees is ₹144.05 Lakhs

viii) Best estimate of contribution during the next year

The best estimate contribution of the company during the next year would be Rs.Nil since the company is not contributing to any fund.

(ix) Maturity analysis

Maturity profile of defined benefit obligation :

Particulars	As at March 31, 2022
Within 1 year	9.90
1-2 year	14.91
2-3 year	10.22
3-4 year	11.83
4-5 year	24.47
5-10 year	69.38

Deferred Tax**Note No. 17**

The following is the analysis of deferred tax (assets)/liabilities presented in the Balance Sheet

Particulars	As at 31st March, 2022	As at 31st March, 2021
Liability:		
Towards depreciation	6,235.04	6,003.47
Asset:		
On allowances under Income-tax	(426.48)	(420.79)
Unabsorbed losses as per Income-tax Act	(1,405.88)	(2,070.22)
MAT Credit entitlement	(1,968.75)	(1,637.19)
Deferred tax liability (Net)	2,433.93	1,875.27

	As at 31st March, 2020	Charge/(Credit) in Statement of P&L	As at 31st March, 2021	Charge/(Credit) in Statement of P&L	As at 31st March, 2022
Deferred tax (liabilities)/assets in relation to:					
Depreciation	6,021.38	-17.91	6,003.47	231.57	6,235.04
Expenses allowable under Income tax when paid	-390.53	-30.26	-420.79	-5.69	-426.48
Unabsorbed Depreciation as per Income Tax Act	-1,520.29	-549.93	-2,070.22	664.34	-1,405.88
MAT Credit Entitlement	-1,637.19	-	-1,637.19	-331.56	-1,968.75
	2,473.37	-598.10	1,875.27	558.66	2,433.93

Other Liabilities

Note No. 18

Particulars	Non-Current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
a) Advances received from customers against supplies	-	-	110.05	219.90
b) Statutory Liabilities	-	-	29.97	21.73
c) Teak Plantation Deposits	-	-	0.59	0.59
d) Deferred government grants	772.68	818.71	46.03	46.03
Total	772.68	818.71	186.64	288.25

Note: The company received government grants in the nature of export incentives. During the year, the incentives so received in the form of duty draw back and MEIS Scrips were utilised against import of capital goods and capitalised to Property, plant and equipment.

The deferred government grant will be recognised in statement of profit and loss over the period in proportion in which depreciation expense on the assets is recognised.

Short Term Borrowings

Note No.19

Particulars	As at 31st March, 2022	As at 31st March, 2021
A. Secured		
Loans repayable on demand :		
Working Capital Loans :		
a) Cash Credit from banks		
i) From Union Bank of India	5,818.07	7,182.17
ii) From Indian Bank	5,870.51	5,999.33
III) From Bank of Baroda	350.45	502.21
b) Buyers credit facilities from banks		
i) From Union Bank of India	962.20	1,743.64
ii) From Indian Bank	1,573.24	2,687.30
III) From Bank of Baroda	-	315.00
iv) Overdue instalments of term loans	-	1,051.06
B. Unsecured		
Loans repayable on demand :		
a) From Directors'	195.00	200.00
Total	14,769.48	19,680.72

A. Secured

- Working Capital Loan from Union Bank of India is secured by way of exclusive charge on current assets of spinning division of all units at Chowdavaram Village , Guntur Dt. This loan carries interest presently @ 9.50%.
- Working Capital loan from Indian Bank is secured by way of Hypothecation of stocks of cotton, stock in process, Finished Goods, Stores and Spares , Book Debts , Goods in Transit .This loan is also secured by way of Extension of EM/ Second and exclusive charge by way of EM of Land admeasuring AC 117.48 at Weaving Division of the Company at kunkupadu and Hypothecation of Plant&Machinery, Spares and Other assets acquired (Existing and Future).This Loan carries interest @ 9.50%.
- Working Capital Loan from Bank of Baroda is secured by way of Hypothecation of Stocks and Book debts of dyeing division and further secured by way of personal guarantee of 2 Directors .This Loan carries interest @ 11.00%.
- The company has not declared as wilful defaulter by any of the bank or any other institution.
- The company availed working capital loans against security of current assets.
The statement of current assets as filed with the banks in the returns submitted were not agreement with the books of accounts as per the following.

B. Unsecured

- Loan from Directors is Interest free and no specific terms of repayment were defined for the same , hence categorised as short term.

Trade Payables

Note No.20

Particulars	As at 31st March, 2022	As at 31st March, 2021
Dues to : Small and Micro Enterprises	123.37	117.80
: Other than Small and Micro Enterprises	419.51	713.40
Total	542.89	831.20

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006.

Based on and to the extent of information obtained during the year and available with the Company, with regard to the status of their suppliers under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED ACT), on which the auditors have relied, the disclosure requirement with regard to the payment made/ due to Micro, Small and Medium Enterprises are given below.

Particulars	As at 31st March, 2022	As at 31st March, 2021
(a) the principal amount remaining unpaid to any supplier at the end of the year	123.37	117.80
(b) the interest due thereon remaining unpaid to any supplier at the end of the year		
(c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during the year;		
(d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;		
(e) the amount of interest accrued and remaining unpaid at the end of the year; and		
(f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		

Ageing of Trade Payables as on 31-03-2022

CWIP	Outstanding for following periods from due date of payment				Total
	Less than 1 yr.	1 to 2 yrs.	2 to 3 yrs.	More than 3 yrs.	
(i) MSME	123.37	-	-	-	123.37
(ii) Others	419.51	-	-	-	419.51
(iii) Disputed dues MSME	-	-	-	-	-
(iv) Disputed dues others	-	-	-	-	-
Total					542.89

Ageing of Trade Payables as on 31-03-2021

CWIP	Outstanding for following periods from due date of payment				Total
	Less than 1 yr.	1 to 2 yrs.	2 to 3 yrs.	More than 3 yrs.	
(i) MSME	117.80	-	-	-	117.80
(ii) Others	713.40	-	-	-	713.40
(iii) Disputed dues MSME	-	-	-	-	-
(iv) Disputed dues others	-	-	-	-	-
Total					831.20

Current Tax Liabilities (Net)**Note No.21**

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for Income-tax	699.32	277.88
Less: Advance Income-tax and TDS	426.01	290.80
Current tax liability / (Asset)	273.31	(12.92)

Revenue From Operations**Note No.22**

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Revenue from Operations		
Sale of goods	44572.77	23992.04
Other Operating Revenue		
Job work charges	0.92	4.98
Export Incentive	516.12	64.95
	45,089.81	24,061.97

Revenue from Operations from sale of goods include:

Particulars	Year ended 31st March, 2022		Year ended 31st March, 2021	
	Qty(kgs.)	Revenue	Qty(kgs.)	Revenue
i) Cotton Yarn	61,72,264	18,542.59	41,58,598	9,413.80
ii) OE Yarn	56,64,374	9,488.91	39,13,224	5,254.81
iii) Cotton Waste	24,14,611	1,347.28	11,11,749	645.57
iv) OE Waste	18,18,440	262.09	5,61,808	100.41
v) Cotton Seed	14,77,030	485.06	25,710	5.11
vi) Cotton Lint	7,35,785	1,285.88	14,338	17.03
vii) Sale of Gray Fabric (Mtrs)	2,21,74,346	17,217.91	1,47,09,158	8,933.48
viii) Sale of Fabric Waste	1,17,212	51.38	76,001	31.46
ix) Sale of Dyed Fabric (Mtrs)	23,15,968	2,649.93	12,56,206	1,175.51
x) Sale of Dyed Yarn (Kgs)	6,76,411	3,005.26	3,12,657	1,121.80
xi) Gray Yarn	-	-	1,34,229	264.25
xii) Sale of Solar Power (KWH)	57,61,737	301.08	15,74,677	93.06
xiii) Sale of Power (KWH)	58,65,587	194.00	46,18,395	215.47
		54,831.37		27,271.76
Less: Inter divisional transfers				
Cotton Yarn	10,75,813	3,970.33	3,31,930	1,008.59
OE yarn	3,12,075	542.36	1,25,294	183.03
Dyed yarn	6,76,411	3,005.26	3,12,657	1,121.80
Gray Yarn	-	-	1,34,229	264.25
Cotton Waste	17,58,598	1,201.37	10,15,690	591.95
Cotton Lint	7,15,441	1,238.21	14,338	17.03
Solar Power	57,61,737	301.08	15,74,677	93.06
		10,258.60		3,279.72
TOTAL		44,572.77		23,992.04

Other Income

Note No.23

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Interest from banks and others	29.18	29.54
Deferred Govt. grants credited back	46.03	46.03
Credit Balances Written back	3.07	0.01
Gain on exchange fluctuations	1.07	2.06
Machinery hire charges received	-	31.82
Miscellaneous receipts	14.78	55.10
TOTAL	94.13	164.56

Note: Deferred govt. grant credited back represents amount recognised as income in proportion to the amount of depreciation charged to the Statement of Profit and Loss in respect of assets on which grants were received.

Cost of Materials Consumed

Note No.24

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Opening Stock	4,402.67	3,342.29
Add: Purchase of Raw Material	29,710.43	16,233.45
	34,113.10	19,575.74
Less : Closing Stock	4,294.87	4,402.67
TOTAL	29,818.24	15,173.07

Purchase of stock-in-trade

Note No.25

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
	Amount	Amount
OE Yarn	21.58	131.70
TOTAL	21.58	131.70

Changes in inventories of finished goods,
work-in-progress and stock-in-trade

Note No.26

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Opening work-in-progress	4,024.56	3,472.13
Opening Finished goods	1,264.01	1,659.84
	5,288.57	5,131.97
Closing work-in-progress	4,920.89	4,024.56
Closing Finished goods	1,804.52	1,264.01
	6,725.41	5,288.57
Increase in inventories	1,436.84	156.60

Employee benefit expenses**Note No.27**

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Salaries and Wages	1,972.56	1,319.42
Contribution to provident and other funds	39.64	30.79
Staff welfare expenses	18.28	27.55
Contribution towards group gratuity	37.78	43.00
TOTAL	2,068.26	1,420.77

Finance costs**Note No.28**

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Interest paid to banks and others	3,354.67	3,130.17
Interest on Income-Tax	35.23	-
Other Borrowing Costs	-	-
Total Interest Cost (Gross)	3,389.90	3,130.17
Less: Subsidy under TUF Scheme	29.12	51.29
Interest subsidy from AP Government	-	582.33
Total Interest Cost (Net of subsidies)	3,360.78	2,496.56

Depreciation and amortisation**Note No.29**

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Depreciation and Amortization	1,569.93	1,524.92
TOTAL	1,569.93	1,524.92

Other expenses

Note No.30

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Consumption of Stores and Spares	1,995.03	1,157.76
Processing charges paid	0.74	-
Power and Fuel (Net of power subsidy ₹ 273.84 Lakhs/- (Pr. Year ₹191.01 Lakhs)	3,297.56	2,592.56
Repairs and Maintenance: Buildings	107.80	12.39
Machinery	578.67	308.54
Others	103.75	10.38
Insurance	57.35	52.41
Loading and Unloading charges	603.81	302.08
Commission on Sales	346.96	161.17
Rates and taxes	54.06	86.49
Payments to auditors		
- Statutory audit	2.75	2.75
- Tax audit and taxation matters	0.50	0.50
- Cost audit	0.20	0.20
Directors Sitting Fee	2.55	1.95
Donations	2.00	1.17
CSR expenses	9.50	12.90
Loss on sale of assets	-	0.11
Debit Balances written off	0.00	0.04
Miscellaneous expenses	300.76	270.30
TOTAL	7,464.00	4,973.70

CIF value of imports

Note No.31

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
i) Stores & Spares	163.54	79.08
ii) Capital goods	0.00	0.00

Comparison between consumption of imported and indigenous raw materials Spares and components

Note No.32

Particulars	Year ended 31st March, 2022	%	Year ended 31st March, 2021	%
a) Raw material:				
Imported	218.05	0.73	46.52	0.31
Indigenous	29600.18	99.27	15126.55	99.69
Total	29818.23	100.00	15173.07	100.00
b) Spares & Components:				
Imported	163.54	8.20	79.08	6.83
Indigenous	1831.48	91.80	1078.68	93.17
Total	1995.02	100.00	1157.76	100.00

Expenditure incurred in Foreign Currency**Note No.33**

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
a) Commission On Yarn & Fabric Sales	74.12	38.77

Contingent liabilities not provided for:**Note No.34**

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
a) Estimated amounts of contracts remaining to be Executed on Capital accounts, and not provided for	0.00	0.00
b) State levies on Electricity (Includes demand towards differential wheeling charges Rs. 3,29,70,993/-)	0.00	416.00
c) Entry Tax	0.00	2.34

Note No.35

Balances in personal accounts of various parties are subject to confirmation by and reconciliation with the said parties.

Note No.36**RELATED PARTY DISCLOSURES:****A) List of Related Parties:**

- 1) Key Managerial Personnel:
 1. P.Venkateswara Reddy, Managing Director
 2. G.V.Krishna Reddy, Joint Managing Director
 3. M.V.Subba Reddy, Whole Time Director
- 2) Relatives of Key managerial Personnel who are under employment with the company:
 1. Poluri Govardhana Reddy, Son of P.Venkateswara Reddy
 2. M.Srinivasa Nagarjuna Reddy, Son of M.V.Subba Reddy
- 3) Relative of Key Managerial Personnel:
 1. Kallam Agro products & Oils Private Limited, Guntur

B) Transactions with the related parties (Figures in brackets relates to previous year)**I. Details of Transactions:****a. Remuneration Paid:**

1. P.Venkateswara Reddy, MD	49.61	(31.71)
-Short term employment benefits	48.68	(30.81)
-Post employment benefits	0.93	(0.90)
2. G.V.Krishna Reddy, JMD	49.07	(38.50)
-Short term employment benefits	48.55	(32.99)
-Post employment benefits	0.52	(0.51)

3. M.V.Subba Reddy,WTD	11.09	(9.57)
-Short term employment benefits	10.28	(9.16)
-Post employment benefit	0.81	(0.41)
Total	109.77	(74.78)

b. Salary paid:

1. P. Govardhan Reddy	8.07	(5.61)
2. M. Srinivas Nagarjuna Reddy	2.57	(2.64)

c. Sale of Goods and Services:

1. Kallam Agro products and Oils Pvt. Ltd Seed Sales	32.82	(6.01)
--	-------	--------

II. Balance as at 31-03-2022 :

a) Unsecured loans form:

1. P. Venkateswara Reddy, MD	171.55	(171.55)
2. G.V. Krishna Reddy, JMD	85.40	(85.40)
3. M.V. Subba Reddy, WTD	38.50	(38.50)
	295.45	(295.45)

b) Remuneration payable to:

1. P. Venkateswara Reddy, MD	13.49	(1.77)
2. G.V. Krishna Reddy, JMD	13.84	(1.22)
3. M.V. Subba Reddy, WTD	0.86	(0.87)
	28.19	(3.86)

III. Sitting fees paid to Non-executive and Independent director

1. Varanasi Ramgopal	0.75	(0.60)
2. Vangala Bhargavi	1.05	(0.75)
3. Suryanarayana Murthy Vaddadi	0.75	(0.60)

Segment Information:

Note No.37

Particulars	(Amount in Lacs)	
	Year 2020-22	Year 2019-21
Segment Revenue:		
1. Spinning	29,441.21	14,851.19
2. Weaving	19,984.07	10,194.75
3. Dyeing	3,005.26	1,386.05
4. SolarPower	301.08	93.06
5. Power	194.00	215.47
	52,925.62	26,740.52
Less: Inter segment Revenue	7,835.80	2,678.55
Net Revenue from Operation	45,089.82	24,061.97
Segment Results (Profit before Tax and Interest)		
1. Spinning	3,710.52	518.38
2. Weaving	1,652.30	461.80
3. Dyeing	126.36	26.04
4. Solar Power	209.38	76.80
5. Power	(19.77)	75.95
	5,678.79	1,158.97
Less: Interest (net)	3,360.77	2,496.35
Net Profit / (Loss) before Tax	2,318.02	(1,337.59)
Capital Employed: (Segment Assets-Segment Liabilities)		
1. Spinning	25062.74	25731.16
2. Weaving	23853.78	25260.95
3. Dyeing	941.19	1566.64
4. Solar	1033.92	1128.17
5. Power	1226.67	1238.04
Total	52118.30	54924.96
Capital Expenditure		
1. Spinning	38.34	6.47
2. Weaving	8.81	0.13
3. Dyeing	0.00	0.00
4. Solar Power	0.00	1501.38
5. Power	0.00	0.00
Depreciation:		
1. Spinning	665.16	666.60
2. Weaving	701.47	702.32
3. Dyeing	77.94	77.94
4. Solar Power	64.86	16.87
5. Power (Hydel)	60.50	61.19

Corporate Social Responsibility

Note No.38

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Amount required to spent during the year	0.00	12.61
Amount actually spent	9.50	12.90
Short Fall	NIL	NIL

**Disclosure as per Regulation 53(F) of Securities Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015:****Note No.39**

- i) Loans and advances in the nature of loans given to Companies in which Directors are interested
₹ Nil (March 31, 2021: ₹ Nil)
- ii) Details of investments made under Section 186 of the Companies Act, 2013 Rs. Nil.
There are no loans / guarantees issued under Section 186 of the Companies Act, 2013.

Foreign exchange earnings**Note No.40**

Foreign exchange earnings on exports during the year calculated on FOB basis ₹ 93.81 Lakhs (Previous year ₹ 35.78 Lakhs).

Category-wise classification of Financial instruments**Note No.41**

The Carrying amounts and fair value of financial instruments by categories as at 31st March, 2022 and 31st March, 2021 are as follows:

Particulars	Carrying value		Fair value	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
Financial assets				
Measured at Amortised cost				
(i) Loans and Advances	7.20	14.91	7.21	14.91
(ii) Other financial assets	658.70	580.21	658.70	580.21
(iii) Trade receivables	2,336.55	1,918.89	2,336.55	1,918.89
(iv) Cash and cash equivalents	13.65	379.14	13.65	379.14
(v) Other bank balances	42.62	18.01	42.62	18.01
Total assets	3,058.72	2,911.16	3,058.72	2,911.16
Financial liabilities				
Measured at Amortised cost				
(i) Borrowings (including current maturities of Long term borrowings)	30,963.83	35,049.40	30,963.83	35,049.40
(ii) Other financial liabilities	1,000.14	862.18	1,000.14	862.18
(iii) Trade payables	542.89	831.20	542.89	831.20
Total liabilities	32,506.86	36,742.78	32,506.86	36,742.78

Fair value hierarchy**Note No.42**

The fair value of financial instruments as referred to above note have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements]

The categories used are as follows:

Level 1: Quoted prices for identified instruments in an active market.

Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data.

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Company's financial assets are measured at the fair value at the end of each reporting period.

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade

receivables, trade payables and Short Term Borrowings at carrying value because their carrying amounts approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of bank borrowings, other financial assets and financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

Financial Risk Management

Note No.43

The Company financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company financial assets comprise mainly of cash and cash equivalents, trade and other receivables.

The Company's business activities are exposed to a variety of financial risks namely credit risk, liquidity risk and foreign currency risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Board of Directors of the Company.

A. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligation. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of the account receivables. Individual risk limits are set accordingly.

Receivables from customers

Concentration of credit risk with respect to trade receivables are limited, due to Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a monthly basis.

On historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

Other financial assets

The Company maintains exposure in cash and cash equivalents and margin money deposits with banks.

The Company's maximum exposure of credit risk as at March 31, 2022 and March 31, 2021 is the carrying value of each class of financial assets.

B. Foreign currency risk management

"Foreign currency risk is the risk that the Fair value or Future cashflows of an exposure will fluctuate due to changes in foreign currency rates. Exposures can arise on account of various assets and liabilities which are denominated in currencies other than indian rupee. The Company has not entered into any forward exchange contract to hedge against currency risk."

The Company manages currency exposures within prescribed limits. The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.

The carrying amounts of the company's foreign currency denominated monetary items are as follows :

Particulars	31st March, 2021	31st March, 2020
Assets :		
Trade Receivables	-	-
Cash and Cash Equivalents	-	-
Liabilities :		
Trade and Other Payables	7.72	10.09
Net Assets / (Liabilities)	-7.72	-10.09

Foreign currency sensitivity analysis

A 5% strengthening of the INR against key currencies to which the Company is exposed would have led to approximately an additional ₹ 0.38 Lakh gain in the Statement of Profit and Loss. A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

C. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has availed credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2022 and March 31, 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The Company regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess if any, is invested in interest bearing term deposits.

The company is repaying its borrowings as per the schedule of repayment and no amount was pending for remittance beyond its due date. Except of some normal delays.

All the amounts due to trade payables falls due within one year and the company is able to meet its obligations within the due dates.

In case of borrowings from banks, the maturity pattern has been given under Note no. 14.

The table summarises the maturity pattern of the company's financial liabilities based on contractual undiscounted payments.

Particulars	within 1 year Amount (₹)	1-5 years Amount	> than 5 years Amount	Total Amounts
As on 31.3.2022				
Long term borrowings	2,535.45	16,194.35		18,729.80
Short term borrowings (Repayable on demand)	12,234.03			12,234.03
Trade payables	542.89			542.89
Other financial liabilities	1,000.14			1,000.14
As on 31.3.2021				
Long term borrowings	5,797.00	15,368.69		21,165.69
Short term borrowings (Repayable on demand)	13,883.71			13,883.71
Trade payables	831.20			831.20
Other financial liabilities	862.19			862.19

D. Interest risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, the management performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to Interest rate risk

Particulars	31st March, 2022	31st March, 2021
Total Borrowings	30,963.84	35,049.40
(All the said loans are with floating rate of interest)		
Interest rate sensitivity		
A change of 50 bps in interest rates would have following Impact on profit before tax		
An increase in 50 bps will decrease the profit by	127.98	147.36
A decrease in 50 bps will increase the profit by	127.98	147.36

E. Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on Management's judgment of its strategic day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or is necessary, adjust its capital structure. The funding requirement is met through a mixture of equity, internal fund generation and other non current borrowings. The company monitors capital using gearing ratio which is debt divided by total capital.

Particulars	31st March, 2022	31st March, 2021
Interest bearing loans and borrowings (Long term and short term borrowings)	30,963.83	35,049.40
Total debt	30,963.83	35,049.40
Equity share capital	856.39	856.39
Other equity	8,976.58	7,751.06
Total capital	9,832.97	8,607.45
Total debt and capital	40,796.80	43,656.85
Capital gearing ratio (Debt/Total capital) (in no. of times)	3.15	4.07

Calculation of Earnings per Share**Note : 44**

Particulars	31st March, 2022	31st March, 2021
Basic and Diluted Earning per share:		
No. of shares at the beginning of the year	428.19	428.19
Increase on account of Bonus Issue	-	-
Total Weighted average number of shares at the end of the Year	428.19	428.19
Net Profit after tax before OCI as per Statement of Profit and Loss	1,180.99	-789.62
Basic and diluted Earning per share	2.76	-1.84

Note : 45

The Board of Directors at its meeting held on 27th May 2022 recommended final dividend of ₹ 0.20 each per share of Face Value ₹ 2/- each for the year ended 31st March 2022. The above is subject to approval at the ensuing Annual General Meeting of the company and hence not recognised as a liability.

Disclosure of Ratios

Note : 46

Ratio	Numerator and Denominator	31-03-2022	31-03-2021	Variation in (%)	Reasons for variation
Current Ratio	Current Assets/Current Liabilities	1.07	0.90	18.32	
Total Debt Equity Ratio	Borrowings/Equity = (Non Current Borrowings + Short-term borrowings)/Equity	3.15	4.07	-22.60	Improved due to repayment of debts
Debt Service Coverage Ratio	Earnings available for Debt Service/ (Interest+Installments) (PAT + Depreciation + Interest)	1.04	0.45	131.11	Increased due to Increase of profit
Return on Equity	Net Profit after Taxes/ (Average Shareholder funds)*100	12.81	-8.79	245.79	Increase in profitability compared to last year
Inventory Turnover Ratio	Net Sales/Average Inventory	29.39	16.46	78.55	Increase in turnover compared to last year
Debtors Turnover Ratio	Net Credit Sales/Average Accounts Receivable	21.19	11.92	77.76	Increase in turnover compared to last year
Debtors in terms of days	365/ratio	17.22	30.62	-43.75	Increase in turnover compared to last year
Trade Payables Turnover Ratio	Net Credit Purchases/ Average Trade Payables	81.91	20.02	309.14	Increase in purchase of goods compared to last year
Payables in terms of days	365/ratio	4.46	18.23	-75.53	Increase in purchase of goods compared to last year
Net Capital Turnover Ratio	Net Sales / Working Capital	-91.63	-7.34	1,148.83	Improved due to Increase of profit
Net Profit Ratio	Net Profit after tax/Revenue	0.03	-0.03	179.81	Increase in profitability compared to last year
Return on Capital Employed	EBIT/Capital Employed	0.14	0.03	411.15	Increase in profitability compared to last year
Return on Investment of investments	Income/Wt. average value	-	-	-	-

47. Other disclosures

Additional regulatory and other information as required by the Schedule III to the Companies Act 2013

(a) Relationship with Struck off Companies

The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.

(b) Compliance with number of layers of companies

The Company does not have any parent company and accordingly, compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable for the year under consideration.

(c) Scheme of arrangements

There are no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

(d) Advance or loan or investment to intermediaries and receipt of funds from intermediaries

The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The company has also not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(e) Undisclosed Income

The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.

(f) Details of Crypto Currency or Virtual Currency

The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence, disclosures relating to it are not applicable.

48. Previous year figures have been regrouped where ever necessary to confirm to current year clarification.

As per our report of even date
For **CHEVUTURI ASSOCIATES**
Firm's Registration Number: 000632S
Chartered Accountants

Sd/-
(Raghunadha Rao Balineni)
Partner
Membership Number: 028105

Place : Guntur
Date : 27-05-2022
UDIN : 22028105AJSMME8628

For and on behalf of the Board

Sd/-
P. Venkateswara Reddy
Managing Director

Sd/-
G.V. Krishna Reddy
Joint Managing Director

Sd/-
M.V. Subba Reddy
Whole Time Director & CFO

Sd/-
G. Ramesh Kumar
Company Secretary

AGM NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **30th Annual General Meeting** of M/s Kallam Textiles Limited for the financial year ended 31.03.2022 will be held on Tuesday, September 27, 2022, at 03.00 PM at the registered office of the Company situated at NH-5, Chowdavaram, Guntur- 522019, to transact the following business.

ORDINARY BUSINESS

1. Adoption of Financial Statements and the reports of the Directors and Auditors thereon.

To receive, consider and adopt the audited Financial Statements for the year ended 31.03.2022, together with the reports of Directors' and Auditors' thereon.

2. Declaration of Final Dividend on Equity Shares.

To declare final dividend of Rs.0.20/- per Share on equity shares for the financial year-2021-22.

3. Appointment of Director under Retirement by Rotation.

To appoint a Director in place of Sri Gurram Venkata Krishna Reddy (DIN: 00018713) liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

4. To appoint auditors and fix their remuneration and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution, as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) if any, the Company hereby appoints M/s Brahmayya & Co., Chartered Accountants., (Firm Registration No. 000632S) as the Statutory Auditors of the Company for a term of 5 (Five) consecutive years to hold office from the conclusion of 30th Annual General Meeting ("AGM") till the conclusion of the 35th AGM to be held in the year 2027.

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof), be and is hereby authorized to decide and finalise the terms and conditions of appointment, including the remuneration of the Statutory Auditors."

SPECIAL BUSINESS:

5. Reappointment of Mr. Ramagopal Varansi (DIN 02889497) as an Independent Director of the Company for second term.

To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in the irrespective meetings held on May 11, 2019, and in terms of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Requirements) Regulations, 2015, Mr. Ramagopal Varansi (DIN 02889497) Independent Non Executive Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in Section 149 (6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years on the Board of Company with effect from September 29, 2022 upto September 29, 2027, not liable to retire by rotation.

RESOLVED FURTHER THAT Mr. P. Venkateswara Reddy, The Managing Director of the Company, be and are here by authorized to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto.”

6. To consider and approve the re-appointment of Sri M.V.Subba Reddy as a whole time director of the company for one year

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

RESOLVED FURTHER THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri M.V.Subba Reddy as Whole Time Director of the Company for a period of 1(one) year from 01st June, 2022 to 31st May, 2023, on the remuneration and on such terms and conditions as set out below with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof as may be agreed to between the Board of Directors and Sri M.V. Subba Reddy.”

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution.

7. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2023

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

RESOLVED FURTHER THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration not exceeding Rs. 25,000 (Rupees Twenty Thousand only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2023 to be paid to M/s. SAIRAM & ASSOCIATES, Cost Accountants, (Membership No-41498) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

8. Authority to the Board of Directors under Section 180 (1) (c) of the Companies Act, 2013 for borrowings

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

RESOLVED FURTHER THAT pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or reenactment(s) thereof for the time being in force) and in accordance with the Memorandum and Articles of Association of the Company and in supersession of earlier resolutions passed by the members of the Company in this regard, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee constituted by the Board or any person(s) authorized by the Board) for borrowing from time to time, by way of loans, credit facilities, debt instruments or in any other forms, any such sum or sums of money (either Indian or foreign currency) from Banks, Financial Institutions, Bodies Corporate, Companies, firms or any one or more persons on such terms and conditions and with or without security as the Board may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital, free reserves and securities premium of the Company, provided that the total amount so borrowed (other than temporary loans from the Company’s bankers in the ordinary course of business) and outstanding at any point of time shall not exceed a sum of Rs. 500 Crores (Rupees Five Hundred Crores Only);

RESOLVED FURTHER THAT the Board be and is hereby authorized to execute such documents and to perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this

Resolution.”

9. Authority to the Board of Directors under Section 180 (1) (a) of the Companies Act, 2013 for creation of charge

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

RESOLVED FURTHER THAT pursuant to the provisions of Section 180 (1) (a) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Memorandum and Articles of Association of the Company and in supersession of earlier resolutions passed by the members of the Company in this regard, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee constituted by the Board or any person(s) authorized by the Board) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, for the purpose of due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company in respect of such borrowings and in such form, manner and with such ranking and on such terms & conditions, as the Board may deem fit, in favour of the Lenders / Security Trustee, provided that the aggregate indebtedness secured by the assets/properties of the Company shall not at any time exceed the aggregate limit of Rs. 500 Crores (Rupees Five Hundred Crores Only);

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, execute such documents as may be considered necessary, desirable or expedient for giving effect to this Resolution.”

By the Order of the Board

Sd/-

Golagani Ramesh Kumar
Company Secretary & Compliance Officer
ACS39635

Place: Chowdavaram, Guntur

Date: 11-08-2022

Notes

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself / herself and such proxy need not be Member. The proxy form is enclosed which should be deposited, at the Registered Office of the Company duly completed and signed, not less than 48 hours before the commencement of the Meeting
3. A person can act as a proxy for not more than 50 Members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. A Corporate Member intending to send its authorised representatives to attend the Meeting in terms of Section 113 of the Companies Act, 2013 is requested to send to the Company a certified copy of the Board Resolution authorizing such representative to attend and vote on its behalf at the Meeting. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
5. Members/Proxies/Authorised Representatives are requested to bring the attendance slips duly filled in for attending the Meeting. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
6. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days of the Company between 11:00 a.m. and 4:00 p.m. up to the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.
7. The Board of Directors has recommended a final dividend of Rs.0.20/- per equity share of Rs.2/- each for the financial year ended March 31, 2022, subject

to the approval of the members at the ensuing AGM. Dividend will be paid as per the mandate registered with the Company or with their respective Depository Participants through electronic clearing service or warrants/at-par cheques or demand drafts, as the case may be.

8. Book Closure and Record date for Dividend:

- i. The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday 21st September, 2022 to Tuesday, 27th September, 2022 both days inclusive for the purpose of 30th AGM & Dividend. The dividend of Rs.0.20 per share (i.e. 10%) on the Equity Shares of the Company of Rs.2/- each, if declared by the Members at the AGM, will be paid subject to deduction of income tax at source ('TDS'), as applicable, on or after on or after 1st October, 2022 as under:

For Shares held in electronic form: To all the Beneficial Owners as at the end of the day on Tuesday, September 20, 2022 in the list of beneficial owners to be furnished by NSDL and Central Depository Services (India) Limited ('CDSL'); and For Shares held in physical form: To all Members in respect of shares held in physical form after giving effect to valid transmission and transposition requests lodged with the Company as of the close of business hours on Tuesday, September 20, 2022.

Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the Shareholders and the Company is required to deduct TDS from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, Permanent Account Number ('PAN'), category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company/Registrar and Transfer Agent, Big share services Private Limited.

For Resident Shareholders, tax shall be deducted at source under section 194 of the Income tax Act, 1961 at 10% on the amount of Dividend declared and paid by the Company during financial year 2022-23 provided PAN is provided by the shareholder. If PAN is not submitted TDS would be deducted @20% as per Section 206AA of the Income Tax Act, 1961. However, no TDS shall be deducted on the Dividend Payable to a resident individual if the total dividend to be received by them during financial year 2022-23 does not exceed Rs. 5000/- Please note that this includes the future dividends, if any, which may be declared by the Board in the financial year 2022-23.

9. Copy of the Annual Report 2021-22 including the Notice of the 30th AGM of the Company inter alia indicating the process and manner of e-voting along with the Attendance Slip, Proxy Form are being sent by electronic mode to the members who see mail addresses are registered with the Company/Depository Participant(s), unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copy of the Annual Report 2021-22 including the Notice of the AGM are being sent by the permitted mode.
10. Members may also note that the Notice of the 30th Annual General Meeting and the Annual Report for year ended March 31, 2022 will also be available on the Company's website www.ksml.in for their download. The physical copies of the a fore said documents will also be available at the Company's Registered Office in Guntur for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the Company's email id: "corp@ksml.in". The Company has a dedicated e-mail address corp@ksml.in for members to mail their queries or lodge complaints, if any. We will Endeavour to reply to your queries at the earliest.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
12. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
13. Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the directors seeking appointment/re-appointment and statutory Auditors at the ensuing Annual General Meeting is furnished and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
14. Members desiring to seek any information on the Annual Accounts to be explained at the meeting are requested to send their queries in writing to the Company at the Registered Office of the Company so as to reach at least 7 days before the date of the meeting to provide the required information.
15. The accounts, the reports and all other documents required under the law to be annexed there to will be available for inspection between 10.00 a.m to 01.00 pm at the Registered Office of the Company on any working day prior to the date of the Annual General Meeting.
16. Pursuant to Section 72 of Companies Act, 2013, member(s) of the Company may nominate a person in whom the shares held by him/her/them shall vest in the event of his/her/their unfortunate death. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 and any variation/cancellation thereof can be made by giving notice in Form SH-14, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014 with the Share Transfer Agent of the Company. The Forms can be obtained from the Share Department of the Company or Share Transfer Agent or from the Website of the Ministry of Corporate Affairs at www.mca.gov.in. In respect of share dematerialized form, the nomination form may be filed with the respective Depository Participant.
17. Members eligible to receive dividend and whose share holding electronic mode are requested to direct change of address notifications and updates of bank account details to their respective depository participant(s). We urge them to utilize the Electronic Clearing System (ECS) for receiving dividends. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agent at : Bigshare Services Private Limited, 306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajiguda, Hyderabad-500 082 at the earliest not later than 15th September, 2022.

Any change in their address/mandate/Bank details; and Particular of their Bank Account, in case the same has not been sent earlier.

In order to update their Bank details already registered with Big share Services Pvt Ltd or register their bank details by submitting the duly completed Electronic Clearing Services (ECS) mandate form duly attached to this annual report and fill the required fields and forward the same to the above mentioned address of Company's Registrar and Share Transfer Agent in order to enable the company to remit the Dividend amount through ECS.
18. Members holding shares in the electronic form are advised to inform change in address/bank mandate directly to their respective Depository Participants. The address/bank mandate as furnished to the Company by the respective Depositor is viz. NSDL

and CDSL will be printed on the dividend warrant. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. In view thereof, members who have not furnished PAN are requested to furnish the same as under:

19. Members holding shares in Physical form are submit their PAN details to the Registrar and Transfer Agents. Members holding shares in Electronic form are submit their PAN details to their Depository Participants with whom they are maintaining their demat accounts. And for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for transferee(s) to furnish a copy of PAN Card to the Share Transfer Agent for registration of such transfer of shares.
20. As a part of "green initiative in the corporate governance", the ministry of corporate affairs vide its circular no's.17/2011 and 1/2011 dated 21.04.2011 respectively, has permitted the companies to serve the documents, namely, notice of the general meeting, balance sheet, profit and loss account, auditors' report, directors' report, etc. to the members through E-mail. The shareholders holding shares in physical form are requested to register their E-mail address with the Registrar and share transfer agents (Big Share Services Pvt.Ltd.) by sending duly signed requested letter quoting their Registered folio no., name, address and E-mail ID to be registered in the E-MAIL REGISTRATION FORM, which is attached along with this Notice and in case of shares held in demat form, the share holders may register their E-mail addresses with their DPs (Depository Participants).
21. SEBI vide its Circular dated November 03, 2021 has made it mandatory for the shareholders holding shares in physical form to furnish PAN, KYC details and Nomination viz Forms ISR-1, ISR-2, ISR-3, SH-13, SH-14. A copy of such forms can be downloaded from the website of the Company at www.ksml.in. In case of failure to provide required documents and details as per the aforesaid Circular, all folios of such shareholders shall be frozen on or after April 01, 2023 by the RTA. Further, such frozen securities shall be referred by the RTA or the Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as of December 31, 2025.

In compliance with the above stated Circular, the Company has sent individual communication to its shareholders holding shares in the physical form requesting them to update their PAN, KYC details

and Nomination. In order to avoid freezing of folios, such members are requested to furnish details in the prescribed form as mentioned in the aforesaid SEBI circular along with the supporting documents, wherever required, to our RTA, Bigshare Services Private Limited, for immediate action.

In case of any query/assistance, members are requested to contact our RTA Bigshare Services Private Limited, 306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082; Email: bsshyd@bigshareonline.com

22. On and from April 1, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form. In addition to that, as per the recent amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from January 24, 2022 and SEBI's Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, it has been mandated that listed companies shall henceforth issue the securities in dematerialized form only while processing the service requests for
 - (a) issue of duplicate securities certificate;
 - (b) claim from Unclaimed Suspense Account;
 - (c) Renewal/Exchange of securities certificate;
 - (d) Endorsement;
 - (e) Sub-division/Splitting of securities certificate;
 - (f) Consolidation of securities certificates/folios;
 - (g) Transmission, and
 - (h) Transposition.

Accordingly, members are requested to make services request by submitting a duly filed and signed form ISR-4. A copy of such form can be downloaded from the website of the Company at www.ksml.in

In accordance with the said Circular, our RTA shall verify and process the service requests and thereafter issue a 'Letter of confirmation' in lieu of physical securities certificate(s), to the securities holder/claimant. Such 'Letter of Confirmation' shall be valid for a period of 120 days from the date of its issuance, within which the securities holder/claimant shall make a request to the Depository Participant for dematerializing the said securities.

23. SEBI vide its notification dated January 24, 2022, has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the above, members holding shares in physical form are advised to dematerialize the shares with their Depository Participant.

24. Members desiring to seek any information on the Annual Accounts to be explained at the meeting are requested to send their queries in writing to the Company at the Registered Office of the Company so as to reach at least 7 days before the date of the meeting to provide the required information.

25. Voting by Members:

The voting for the agenda items as set forth in the Notice shall be done in the following manner:

- a) Members may cast their votes through electronic means by using an electronic voting system from a place other than the venue of AGM (Remote E-voting).
- b) At the venue of AGM, voting shall be done through Ballot Paper and the members attending the AGM, who have not casted their vote by Remote E-voting shall be entitled to cast their vote through Ballot Paper.
- c) A member may participate in the AGM even after exercising his right to vote through Remote E-voting but shall not be allowed to vote again at the venue of the AGM. If a member casts vote through Remote E-voting and also at the AGM, then voting done through Remote E-voting shall prevail and voting done at the AGM shall be treated as invalid.

**Voting through Electronic means
(Remote E-voting):**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and the regulation 44(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL/NSDL, on the items mentioned in this AGM Notice. The Company has appointed Mr. K. Srinivasa Rao, Partner of M/s. K. Srinivasa Rao & Co., Practicing Company Secretaries (Membership No. FCS. 5599) as scrutinizer for conducting the e-voting process and voting process in a fair and transparent manner. The voting period begins on Saturday, 24th September, 2022 at 09.00 hrs and will end on Monday, 26th September, 2022 at 17.00 hrs. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 20th September, 2022, may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. The instructions for shareholders voting electronically are given at page No.80 of the Annual Report.

26. The Scrutiniser will submit his report to the Chairman or to any other person authorised by the Chairman after completion of scrutiny of the votes cast through remote e-Voting & Voting at AGM venue, within the time stipulated under the applicable laws. The results

declared along with the Scrutiniser's report shall be communicated to the Stock Exchanges on which the Company's shares are listed and will also be displayed on the Company's website at www.ksml.in; and Notice Board at the Registered Office of the Company.

27. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.
28. Members holding shares in Physical form, in identical order of names, in more than one folio are requested to send to the Company or Big share services Private Limited (RTA), the details of such folio together with the share certificates for consolidating their shareholding in one folio.
29. Members who have not registered their e-mail addresses with the Company can now register the same by submitting a request letter in this respect to the Company/Registrar & Share Transfer Agents, M/s. Big share services Private Limited. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only.
30. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
31. Members seeking any information with regard to accounts or operations are required to write to the Company at least seven days prior to the date of meeting, so as to enable the Management to keep the information ready.
32. Members may also note that the notice of the 30th AGM and the Annual Report for the FY 2021-22 will be available on the Company's website, www.ksml.in and websites of Stock Exchange (BSE). Members who require physical copy of the same, may write to us at: corp@ksml.in
33. The voting rights of the Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date 20th September, 2022
34. A brief profile of the Director(s) who is/ are appointed, nature of their expertise in specific functional areas,

names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding in the Company and inter-se relationship between directors or key managerial personnel as required under Regulation 36 of the SEBI (LODR) Regulations, 2015 are furnished and forms part of the notice.

35. Pursuant to the provisions of Section 124 of the Companies Act, 2013 ('the Act') read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), (including any statutory modification(s) re-enactment(s)/amendment(s) thereof, for the time being in force), the dividend which remains unpaid / unclaimed for a period of seven years from the date of transfer to the unpaid / unclaimed dividend account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. As per the IEPF Rules, the corresponding shares in respect of which dividend has not been paid or claimed by the Members for seven (7) consecutive years or more shall also be transferred to the dematerialized account created by the IEPF authority. The Company had, accordingly transferred a sum of Rs. 3,06,019/- (Rupees Three Lakh Six thousand nineteen only) in the unpaid/unclaimed dividend for the year 2013-2014 to the Investor Education and Protection Fund ('IEPF') established by the Central Government. Further, in compliance with the provisions laid down in IEPF Rules, the Company had sent individual notices and also advertised in the newspapers seeking action from the Members who have not claimed their dividends for seven (7) consecutive years or more. Accordingly, the Company has transferred all corresponding shares on which dividend remained unclaimed for a period of seven (7) years from 2013-14, to the Demat Account of the IEPF. It may please be noted that no claim shall lie against the Company in respect of share(s) transferred to IEPF pursuant to the said Rules.

Members who have not yet cashed their dividend warrants for any subsequent financial years are requested to make their claim at the earliest, to avoid transfer of the dividend/ shares to the fund/ IEPF authority.

Details of unclaimed dividends are available on the Company's website www.ksml.in.

Members/claimants whose shares, unclaimed dividends, have been transferred to the IEPF Demat account of the fund, as the case may be, may claim the shares or apply for refund by making an application to IEPF Authority through Web Form IEPF-5. Further details of the same are available on <http://www.iepf.gov>.

in.

The statement containing details of Name, Address, Folio number, Demat Account No. and number of shares due for transfer to IEPF demat account is made available on our website www.ksml.in.

The shareholders are encouraged to verify their records and claim their dividends of the preceding seven years, if not claimed

36. The Results shall be declared on or after the Annual General Meeting of the Company and shall be deemed to be passed on the date of Annual General Meeting. The results along with the Scrutinizer's Report shall be placed on the website of the Company www.ksml.in within 48 hours of passing of the resolutions at the Annual General Meeting of the Company and shall be communicated to Bombay Stock Exchange.
37. Route-map to the venue of the Meeting is provided at the end of the Notice (behind the Proxy form).

SHARE HOLDERS INSTRUCTIONS FOR REMOTE E-VOTING

Instructions for Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has also provide voting facility through Central Depository Services (India) Limited (CDSL) for its members to enable them to cast their votes electronically on all resolution set for thin the notice convening the 30th Annual General Meeting held on Tuesday, September 27, 2022 at 3.00 p.m., IST

The instructions for shareholders voting electronically are as under :

The E-Voting Sequence Number and period of E-Voting are set out below :

EVS(N)(E-VOTING SEQUENCE NUMBER) :
220820006

COMMENCEMENT OF E-VOTING :
Saturday, 24th September, 2022 at 09.00 A.M IST

END OF E-VOTING :
Monday, 26th September, 2022 at 05.00 P.M IST

STEPS & INSTRUCTIONS FOR E-VOTING :

The instructions for shareholders voting electronically are as under :

- (i) The voting period begins on Saturday, 24th September, 2022 at 09.00 A.M and ends on Monday, 26th September, 2022 at 05.00 P.M. 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 20th September, 2022, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

For Physical shareholders and other than individual shareholders holding shares in Demat.	
PAN	<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"> 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.
Dividend Bank Details OR Date of Birth (DOB)	<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"> 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.

- (v) After entering these details appropriately, click on "SUBMIT" tab.
- (vi) 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.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (ix) 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.
- (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xi) 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.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xiv) 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.

(xv) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- 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 favor 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;corp@ksml.in (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

xx) In case You have any queries or issues regarding e-voting, 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.

xxi) M/s K. Srinivasa Rao & Co. Company Secretaries, Guntur (Entity ID: 34721) has been appointed as the Scrutinizer to Scrutinize the e-voting process in a fair and transparent manner.

By the Order of the Board

Sd/-

Place: Chowdavaram, Guntur

Date: 11-08-2022

Golagani Ramesh Kumar

Company Secretary & Compliance Officer
ACS39635

EXPLANATORY STATEMENT FORMING PART OF THE NOTICE DATED AUGUST 13, 2022

The following Explanatory Statement relating to the accompanying Notice sets out all material facts in respect of the resolutions:

Pursuant to Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

ITEM NO : 5. Re-appointment of Mr. Ramagopal Varansi (DIN 02889497) as an Independent Director of the Company.

Mr. Ramagopal Varansi is currently an Independent Director of the Company and the Member of the Audit Committee and Nomination and remuneration Committee. Mr. Ramagopal Varansi has completed her tenure as an independent of the company for first five years and is eligible for re-appointment for a second term on the Board of the Company as an Independent Director. The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of Mr. Ramagopal Varansi as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company. The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given her experience and background and the contribution made by her as an Independent Director during his current term, opined that the continued association of Mr. Ramagopal Varansi would be beneficial to the Company and therefore it is desirable to continue to avail her services as an Independent Director. Accordingly, subject to approval of shareholders by way of Special Resolution at ensuing Annual General Meeting, it is proposed to re-appoint Mr. Ramagopal Varansi as an Independent Director of the Company not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company effective from 29th September, 2022.

The Company has received a declaration from Mr. Ramagopal Varansi that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In terms of Regulation 25(8) of the Listing Regulations, Mr. Ramagopal Varansi confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge his duties. Mr. Ramagopal Varansi has also confirmed that she is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies. Further Mr. Ramagopal Varansi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as an Independent Director.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended reappointment of Mr. Ramagopal Varansi (DIN 02889497) for a second term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Companies Act, 2013 ("Act") and Regulations 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent directors of the company shall meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16 of Listing Regulations.

Section 149 (10) of the Act provides that an independent director shall hold office for a term of upto five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for upto two consecutive terms.

In the opinion of the Board, Mr. Ramagopal Varansi (DIN 02889497) fulfils the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations and she is independent of the management.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for the appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day up to the date of this Annual General Meeting and is also available on the website of the Company www.ksml.in

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards and Committees in respect of the appointment of Mr. Ramagopal Varansi (DIN 02889497) as the Independent Director, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is set out in this Notice.

Brief resume and justification for reappointment and Expertise in specific functional areas and nature of expertise of Mr. Ramagopal Varansi (DIN 02889497) is given in the table as set out prior to the Explanatory Statement:

Mr. Ramagopal Varansi (DIN 02889497) is not related to any other Director and Key Managerial Personnel of the Company. The Board is of the opinion that it will be beneficial to the Company to avail of her services as an Independent Director of the Company and recommends the Ordinary resolution as set out in Item No.4 of the Notice for approval of the shareholders.

The Board of Directors of the Company in its Board Meeting held on August 11, 2022 has approved the above proposal and recommended passing of the proposed Special Resolutions

None of the Directors and Key Managerial Personnel of the Company and the irrelatives are concerned or interested, financially or otherwise, in this resolution except to the extent of their share holding (if any) and directorship in the Company, being an appointee in their respective resolutions.

ITEM NO-6

Mr. M.V. Subba Reddy is aged about 64 years and has Specific functional areas Post Graduate Degree in Commerce from Andhra University, Vizag, Andhra Pradesh. He is associated with the Company since its inception as purchase in-charge (Raw Material). He gained excellent knowledge in procurement of raw materials. He is also having experience in Accounts and looks after day to day administration of office and Accounts Department.

Pursuant to Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, the shareholders at their 25th Annual General Meeting held on 29th September, 2017, appointed Sri M.V. Subba Reddy as Whole Time Director of the Company for a period of Five years with effect from 01-06-2017. The term of his appointment would come to an end on 31st May 2022. It is necessary to re-appoint him for another period of Five years. Hence the Board at their meeting held on 27-05-2022 decides to reappoint him as a Whole Time Director for another period of one year on the recommendation of the Nomination and Remuneration Committee.

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri M.V. Subba Reddy as Whole Time Director of the Company for a period of 1 (one) years from 01st June, 2022 to 31st May, 2023, on the remuneration and on such terms and conditions as set out below with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof as may be agreed to between the Board of Directors and Sri M.V. Subba Reddy.”

Remuneration as per the details given below :

I. Remuneration:

- a) Salary : Including dearness and other allowances ` 60,000/- p.m with a yearly increment of ` 4,000/- P.A.
- b) i) Perquisites : i) House Rent Allowance ` 10,000/- p.m
ii) The Company will pay Residential Telephone Bill and Mobile Phone Bill
iii) Incentive: In order to encourage in-house ginning, a incentive of ` 5/- (Five) for each pressed bale in the ginning unit.
- c) Insurance Premium : The Company agrees to bear health insurance premium for self and Spouse of such amount determined for sum of assured of ` 10,00,000/- for self and Spouse.
- d) The company also agrees to reimburse the additional medical expenditure upto maximum of ` 2,00,000/- lakhs if any incurred in excess of the insurance claim or claim not payable.

- e) Accidental insurance premium : The Company agrees to bear the premium to the extent of ` 4000/- p.a
- f) Payment of Gratuity at the end of the tenure shall not exceed 15 days salary for each completed year of service or at the rate as may be notified by the government from time to time.
- g) Reimbursement of leave travel concession for self and Spouse once in a year subject to a maximum of one month salary.

II Minimum Remuneration :

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sri M.V.Subba Reddy, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive, remuneration, benefits, perquisites and allowances as specifies above.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution.

ITEMNO-7

ToratifytheremunerationoftheCostAuditorsforthefinancialyearending31st March, 2022

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s SAIRAM & ASSOCIATES, Cost Accountants, Guntur, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022. In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. The Board of Directors recommended the remuneration not exceeding Rs. 25,000 (Rupees Twenty Thousand only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31st March, 2023 to be paid to M/s. SAIRAM & ASSOCIATES, Cost Accountants Accordingly, consent of the members is sought for passing an Ordinary Resolution as setout at Item No.6 of the accompanying Notice, for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2023.

The Board recommends the Ordinary Resolution setout at Item No.7 of the Notice for approval by theshareholders. None of the Directors/KeyManagerial Personnel of the Company or their relatives is, in anyway, concerned or interested in the resolution.

Item Nos. 8 and 9

In view of the increase in business activities, keeping in view the future plans of the Company and to fulfill long term strategic and business objectives, the Board of Directors at its meeting held on 11th August , 2022 proposed and approved increase in the borrowing limit up to ₹ 500 Crores pursuant to Section 180 (1)(c) of the Companies Act, 2013 and accordingly, increase the limit for creation of charge to secure the indebtedness upto the aggregate limit of ₹ 500 Crores (Rupees Five Hundred Crores) pursuant to Section 180 (1)(a) of the Companies Act, 2013, subject to the approval of the members of the Company.

Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors have the powers to borrow money, where the money to be borrowed, together the monies already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) exceeds aggregate of the paid-up share capital, free reserves and securities premium of the Company, with the consent of the Shareholders of the Company by way of Special Resolution.

Further, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors have the powers to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company with the consent of the Shareholders of the Company by way of a Special Resolution. In order to secure the borrowings, the Company may be required to create security by way of mortgage/ charge/ hypothecation on its assets and properties both present and future. The terms of such security may include a right in certain events of default, to take over control of the said assets and properties of the Company. Since creation of charge on properties and assets of the Company with the right of taking over the control in certain events of default may be considered to be a sale/ lease/ disposal of the Company's

undertaking within the meaning of Section 180(1)(a) of the Companies Act, 2013, it is proposed to seek approval of the shareholders of the Company for increasing the existing limits to ₹ 500 Crores. Accordingly, the approval of the members of the Company is sought for increase in the borrowing limits and to secure such borrowings by the creation of charge on assets/properties of the Company upto ₹ 500 Crores as stated in the resolutions. The Board of Directors therefore recommends the resolutions as set out in Item Nos. 8 and 9 of the Notice for approval of members of the Company by way of Special Resolutions. None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolutions.

Explanatory Statement :

Pursuant to Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Members of the Company at the 25th Annual General Meeting ("AGM") held on September 29, 2017 had approved the appointment M/s. Chevuturi Associates, Chartered Accountants (Firm Reg No : 000632S), as the Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of the 25th AGM to the conclusion of the 30th AGM. Accordingly, M/s. Chevuturi Associates, will complete their term as Statutory Auditors of the Company on conclusion of this AGM and cease to be the Statutory Auditors of the Company. The Board of Directors of the Company ("the Board"), on the recommendation of the Audit Committee ("the Committee"), has recommended for the approval of the Members, the appointment of M/s. Brahmayya & Co., Chartered Accountants (Firm Reg No : 000513S), Guntur as the Statutory Auditors of the Company for a period of 5 (Five) years in accordance with the requirements of the Companies Act, 2013 ("the Act"), to hold office from the conclusion of this AGM till the conclusion of the 25th AGM. Before recommending the appointment of M/s. Brahmayya & Co., Chartered Accountants (Firm Reg No:000513S) as the Statutory Auditors of the Company, the Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s. Brahmayya & Co., Chartered Accountants (Firm Reg No : 000513S), Guntur to be suitable to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company. The Statutory Auditors fulfil the eligibility criteria, including relating to independence and conflict. M/s. Brahmayya & Co., Chartered Accountants (Firm Reg No : 000513S), Guntur is a Chartered Accountant Firm registered with Institute of Chartered Accountants of India. The firm was established in 2006 and is led by ten partners. The firm provides a range of services which include audit & assurance, taxation, advisory & accounting. The firm has significant experience in providing auditing, taxation and advisory services to banks and other financial services clients. M/s M/s. Brahmayya & Co., have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act. The proposed remuneration to be paid to M/s. Brahmayya & Co., for FY 2022-22 for statutory audits mutually decided by the Board and Auditors which shall not exceed Rs 2 Lakhs. Further, there is no material change in the remuneration paid to the outgoing auditors and the proposed auditors. In view of the aforesaid, the Board recommends the resolution set forth in Item No. 3 for approval of the Members. None of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned / interested, financially or otherwise, in the said resolution.

Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;

- (b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed

By the Order of the Board

Sd/-

Place: Chowdavaram, Guntur

Date: 11-08-2022

Golagani Ramesh Kumar
Company Secretary & Compliance Officer
ACS39635

Additional Information of Directors seeking re-appointment / appointment at the 30th Annual General Meeting pursuant to SS-2 and SEBI Listing Regulations:

Name of Director	M.V.Subba Reddy	Gurram Venkata Krishna Reddy	Ramagopal Varanasi
Designation	Director	MD	JMD
DIN	00018719	00018713	02889497
Date of Appointment	25/09/1999	25/09/1999	27/09/2017
Date of Re-appointment	27/05/2022	29.06.2021	11/08/2022
Date of Birth (Age)	09.08.1957 (64 Y)	11.09.1957 (64Y)	19/12/1951
Brief Resume	Mr M.V.Subba Reddy is aged about 63 years and he hails from Agricultural Family. He is associated with the Company Since 1996. He is a Post Graduate in Commerce from Andhra University, Visakhapatnam. He looks after day to day administration of Spinning Unit at Chowdavaram. He is also Chief Financial Officer of the Company.	Mr G.V.K Reddy is aged about 63 years. He is a graduate in Mechanical Engineering with Distinction and 1st Rank Holder from Andhra University, Visakhapatnam. He did his M.Sc. in Marine Engineering from Royal Naval Engineering College, Plymouth, UK. He was commissioned in Indian Navy in 1997. He looks after the day to day administration of Weaving and Dyeing Units. In addition to the above, he also looks after the Marketing and Finance Management of the entire Company.	Mr. Varanasi Ramagopal, aged 70 years is the Independent Director of our Company. He has a Master's Degree in Bio-Chemistry. He joined as Probationary Officer in Indian bank in 1973, before moving to Andhra Bank in 1976. In senior positions he served as Zonal Manager (DGM) in Zonal Office, Kolkata and Guntur besides other assignments in Andhra Bank. On promotion to General Manager, he was General Manager in-charge of Investments and International Banking Division in Andhra Bank. He also served as General Manager in Head office, Andhra Bank. Mr. Ramagopal was appointed as Executive Director of Indian Bank and served from December 7, 2009 to December 31, 2011
Expertise in specific functional area	Special Knowledge/ Practical Experience/ Skills/ Expertise/ Competencies in Policy Making, Finance, Business Strategy, Risk Management, Corporate Governance, Value Creation, Marketing.	Special Knowledge/ Practical Experience/ Skills/ Expertise/ Competencies in Policy Making, Finance, Business Strategy, Risk Management, Corporate Governance, Value Creation, Marketing.	
Qualifications	Post Graduate	M.Sc.	M.Sc.
Remuneration last drawn	11,09,153	33,50,323	Sitting Fee
Number of meetings of the Board attended during the financial year 2021-22	7	7	5
Directorship held in other Listed Companies	Nil	Nil	Nil
Committee position held in other Companies	Nil	Nil	Nil
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements.			
Relationship with other Directors	Relative of other executive directors	Relative of other executive directors	No relationship with directors
No. of equity shares held in the Company	4,28,125	35,13,733	Nil

**STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V
TO THE COMPANIES ACT, 2013****1. General Information:**

Nature of Industry	Spinning
Details of commencement of commercial production	Kallam Textiles Limited (Formerly known as " Kallam Spinning Mills Limited ") is incorporated on 18th February, 1992. It is a leading textile company engaged in the business of Manufacturing of Cotton Yarn, Dyed Yarn, Grey Fabric and Dyed Fabric. The company is also engaged in the business of generation of electricity through Hydel and solar energy. The company has its Registered and Corporate office at Chowdavaram, Guntur
Financial performance based on given indicators	Revenue from operations: Net profit:
Foreign investments or collaborations, if any	Nil
Reasons of loss or inadequate profits	Adverse market conditions for Spinning industry
Steps taken or proposed to be taken for improvement	The Company has embarked on a series of strategic and operational measures that is expected to result in the improvement in the present position.
Expected increase in productivity and profits in measurable terms	The Company has taken various initiatives to maintain its leadership, improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve financial performance.

2. Information about the appointee:

Particulars	M.V.Subba Reddy
Background details	Given above
Past remuneration	Rs. 9,56,877 per annum
Recognition or awards Job profile and his suitability	Given above
Remuneration proposed	Rs. 11,09,153 per annum
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the Country of his origin)	The remuneration as proposed of M.V.SubbaReddy is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Besides the remuneration proposed, he has pecuniary relationship with the Company as a Managing Director and promoter of the company.



KALLAM TEXTILES LIMITED

(Formerly Known as "Kallam Spinning Mills Limited")

CIN -L18100AP1992PLC013860

NH-5, Chowdavaram, GUNTUR - 522 019. A.P., INDIA.

Ph: 0863-2344016 : Fax:0863-2344000

E-mail: corp@ksml.in

GSTIN :37AAACK9363M1ZY



Form No.MGT-12

POLLING PAPER

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(C) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : Kallam Textiles Limited

Registered Office : Chowdavaram, Guntur -522019

BALLOT PAPER

S.No	Particulars	Details
1.	Name of the First Named Shareholder (IN BLOCK LETTERS)	
2.	Name(s) of the Joint Holder(s) if any	
3.	Postal Address	
4.	Registered Folio No. / Client ID No.	
5.	Class of Share	Equity
6.	Number of Share(s) held	

I/We hereby exercise my/our vote(s) in respect of the following resolutions stated in the Notice of the 30th Annual General Meeting of the Company to be held on Tuesday, September 27, 2022 by sending my/our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Item No	Description of Resolutions	No of shares held by me	(FOR)	(AGAINST)
			I/We assent to the Resolution	I/We dissent to the Resolution
1.	Adoption of Financial Statements and the reports of the Directors and Auditors thereon			
2.	Declaration of Final Dividend on Equity Shares			
3.	Appointment of Director under Retirement by Rotation			
4.	To appoint auditors and fix their remuneration and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution, as an ordinary resolution:			
5.	Re-appointment of Mr. Ramagopal Varanasi (DIN 02889497) as an Independent Director of the Company for the second term (Special Resolution)			
6.	To consider and approve the re-appointment of Sri M.V.Subba Reddy as a whole time director of the company for one year, as an ordinary resolution:			
7.	To ratify of the remuneration of Cost Auditors for the financial year ending 31st March, 2023, as an ordinary resolution:			
8.	Authority to the Board of Directors under Section 180 (1) (c) of the Companies Act, 2013 for borrowings (Special Resolution)			
9.	Authority to the Board of Directors under Section 180 (1) (a) of the Companies Act, 2013 for creation of charge (Special Resolution)			



KALLAM TEXTILES LIMITED

(Formerly Known as "Kallam Spinning Mills Limited")
CIN -L18100AP1992PLC013860
NH-5, Chowdavaram, GUNTUR - 522 019. A.P., INDIA.
Ph: 0863-2344016 : Fax:0863-2344000
E-mail:corp@ksml.in
GSTIN :37AAACK9363M1ZY



MGT-11 PROXY FORM

30th ANNUAL GENERAL MEETING

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(C) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): Registered Address	E-mail Id : Folio No/ Client ID DP ID :
--	---

I/We, being member ofshares of Kallam Textiles Limited, hereby appoint

- 1).....ofhaving email ID or failing him
2)..... ofhaving email ID or failing him
3)..... ofhaving email ID

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th ANNUAL GENERAL MEETING of the company to be held at Chowdavaram, Guntur -22019, Andhra Pradesh, India, on 27th September, 2022 at 3.00 pm and at any adjournment(s) thereof in respect of such resolutions as are indicated below.

Item No.	Resolutions	For	Against
1	Adoption of Financial Statements and the reports of the Directors and Auditors thereon		
2	Declaration of Dividend on Equity Shares		
3	Appointment of Director under Retirement by Rotation		
4	To appoint auditors and fix their remuneration and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution, as an ordinary resolution:		
5	Re-appointment of Mr. Ramagopal Varanasi (DIN 02889497) as an Independent Director of the Company for the second term (Special Resolution)		
6	To consider and approve the re-appointment of Sri M.V.Subba Reddy as a whole time director of the company for one year as an ordinary resolution:		
7	To ratify of the remuneration of Cost Auditors for the financial year ending 31st March, 2023, as an ordinary resolution:		
8	Authority to the Board of Directors under Section 180 (1) (c) of the Companies Act, 2013 for borrowings (Special Resolution)		
9	Authority to the Board of Directors under Section 180 (1) (a) of the Companies Act, 2013 for creation of charge (Special Resolution)		

Signed thisday of2022.

.....
/Signature of the member

Signature of the First Proxy Holder

Signature of the Second Proxy Holder

Signature of the Third Proxy Holder

Note: this form, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, Not Less than 48 hours before the meeting



KALLAM TEXTILES LIMITED

(Formerly Known as "Kallam Spinning Mills Limited")

CIN -L18100AP1992PLC013860

NH-5, Chowdavaram, GUNTUR - 522 019. A.P., INDIA.

Ph: 0863-2344016 : Fax:0863-2344000

E-mail: corp@ksml.in

GSTIN :37AAACK9363M1ZY



ATTENDANCE SLIP

DP Id		Folio No.	
Client Id		No.of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER:

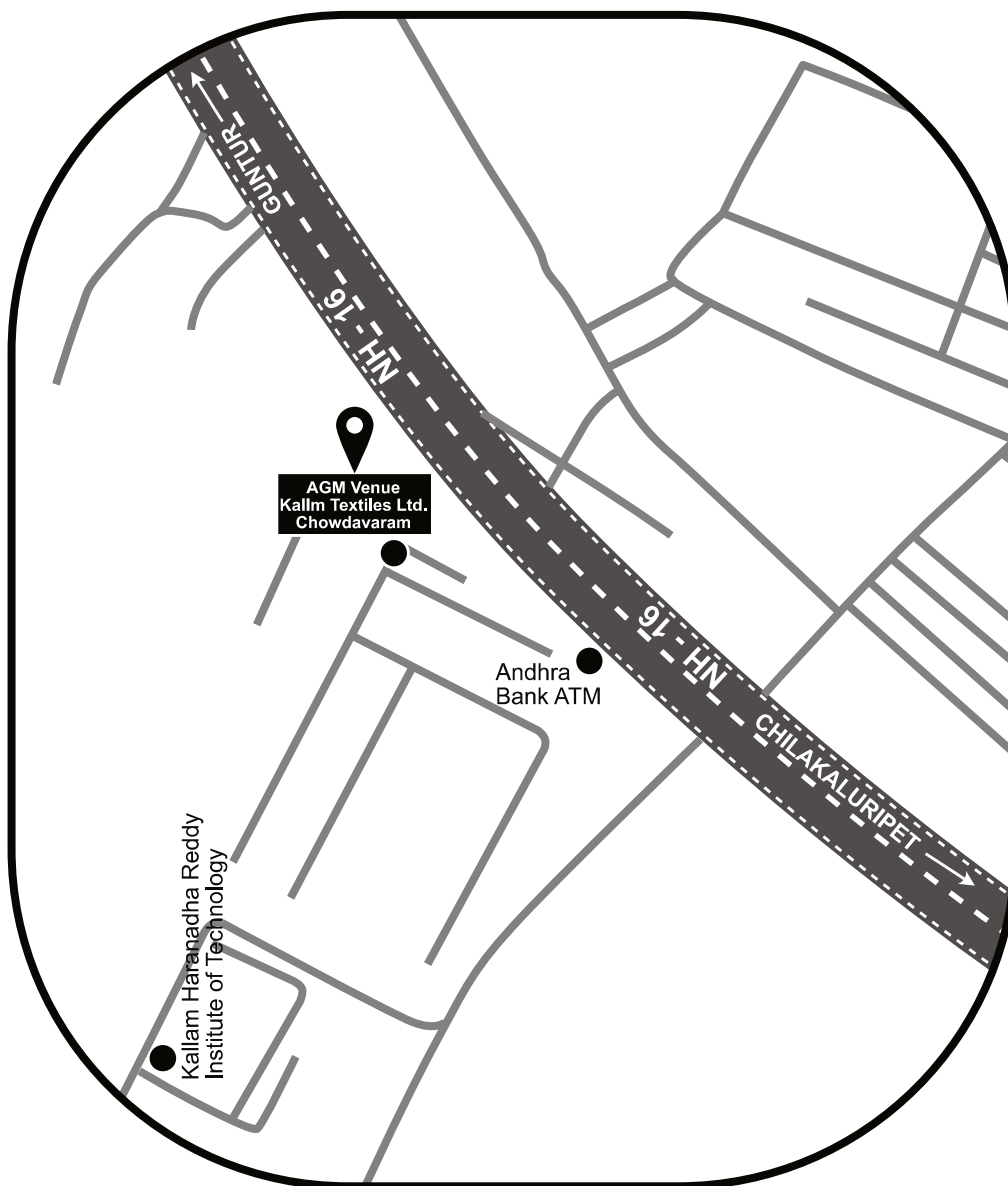
I hereby record my presence at the 30th ANNUAL GENERAL MEETING of the Company held on Tuesday, The 27th September, 2022 at 3.00 pm. at Chowdavaram, Guntur- 522019, Andhra Pradesh, India.

Name of the member/Proxy (IN BLOCK LETTERS)

Signature of the member/Proxy

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall, Members are requested to bring their copies of the Annual Report to the meeting.

For the Venue of the 30th Annual General Meeting of
Kallam Textiles Limited



KALLAM TEXTILES LIMITED

Chowdavaram, Guntur-522019, A.P., India. Phones : 0863-2344010 / 16. E-mail : corp@ksml.in Website : www.ksml.in

For Queries, Contact us :

Ph. : 0863- 2344016, Fax : 0863- 2344000, E-mail : corp@ksml.in

NOTES

[illegible]

If undelivered Please return to

Kallam Textile Limited (Formerly known as Kallam Spinning Mills Limited)
NH5, Chowdavaram, Guntur- 522 019

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KALLAM TEXTILES LIMITED

Formerly known as "Kallam Spinning Mills Limited"

Registered and Corporate Office :

Chowdavaram, Guntur-522019, A.P., India. Phones : 0863-2344010 / 16. E-mail : corp@ksml.in Website : www.ksml.in

Works :

Ginning, Spinning, Open End Plants :

Chowdavaram, Guntur-522019, A.P., India.

Weaving and Dyeing Plants :

Kunkupadu- 523265, Addanki, Prakasam (Dist.), A.P., India.

Hydel Plants :

Nelakondapalli (M)- 507160, Khammam (Dist.), Telangana, India