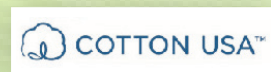




KALLAM TEXTILES LIMITED

Formerly known as “Kallam Spinning Mills Limited



*Towards excellence in Spinning,
Yarn Dyeing and Weaving*

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29th Annual General Meeting

Date : 30-09-2021

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 69 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 63 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 63 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 80 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 68 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 34 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 are pleased to present the 29th Annual Report of the Company together with Audited Financial Statements for the year ended 31st March 2021.

1. FINANCIAL RESULTS :

The standalone financial results for the year ended 31st March 2021 are summarized below :

Particulars	2020-21 (₹in Lakhs)	2019-20 (₹in Lakhs)
Net Sale / Revenue from operation	24,061.97	29,161.07
Other income	164.56	172.40
Total	24,226.53	29,333.48
Operating Expenditure	24,039.19	29,480.46
Profit before Depreciation and amortization expense	187.33	-146.98
Depreciation and amortization expense	1,524.92	1,564.66
Profit before Exceptional Items and tax	-1,337.59	-1,711.64
Exceptional items	-	-
Profit before tax	-1,337.59	-1,711.64
Provision for income tax		
i) Current year Tax	0.78	32.08
ii) Deferred Tax	-548.75	-534.85
Profit after tax	-789.62	-1,208.87
Earnings per share (₹ 2/-)	-1.84	-2.82

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

For the period under review (FY 2020-21), the turnover of the company was Rs 242.26 Crores as against Rs. 293.33 Crores in the previous Financial Year. The profit after tax was Rs 7.89 Crore as against Rs -12.08 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.

3. AMOUNTS TRANSFERRED TO RESERVES

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

4. EXTRACT OF THE ANNUAL RETURN:

Extract of Annual Return of the Company pursuant to Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, in the prescribed Form MGT-7, MGT-9 is available at the weblink http://ksml.in/wp-content/uploads/2021/09/Kallam-Textiles-Ltd_MGT-9_2021.pdf as Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021.

5. NUMBER OF MEETINGS HELD OF THE BOARD:

The Board of Directors met 6 (Six) times during the year 2020-21. The details of the Board Meetings and the attendance of the Directors are provided in the Report on Corporate Governance

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL**(i) Re-appointment under retire by rotation :**

During the year the shareholders at the 28th AGM held on 30.09.2020 has approved the re-appoint of Mr.P.Venkateswara Reddy as a Director of the company under the retire by rotation provisions of the Companies Act, 2013.

(ii) Resignation of Company Secretary

During the year Mr Nandan Bisoi, the Company Secretary of the Company has resigned with effect from 01-02-2021

(iii) Appointment of Company Secretary & Compliance officer

During the year Mr Nitin Tripathi was appointed as Company Secretary and Compliance Officer of the Company with effect from 13-02-2021

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

Mr. M.V.Subba 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.

(v) 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.

(viii) 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.

(ix) 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.

(x) 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.

7. 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.

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

Your Company does not have any Unclaimed Shares

8. COMMITTEES OF THE BOARD:

The Board of Directors has the following Committees:

A. Audit Committee

The Company has an Audit Committee in accordance with the provisions of section 177 of the Companies Act, 2013 and in accordance with Regulation 18 of SEBI (LODR) Regulations, 2015 and as per other applicable laws. All members of the Committee are financially literate.

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

10. 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.

11. 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)

12. 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.

13. 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.