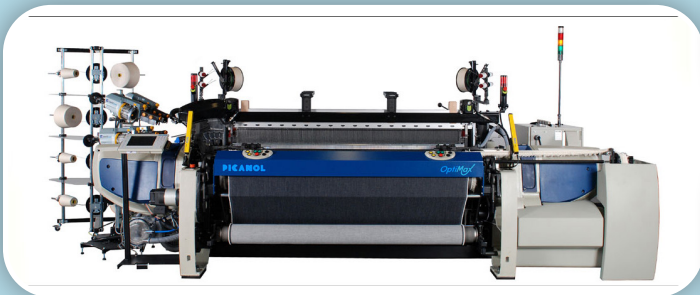




KALLAM TEXTILES LIMITED

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

IN AP & TELANGANA STATES

The map shows the following districts and locations in Andhra Pradesh and Telangana:

- Andhra Pradesh:** Khammam, Vizianagaram, Srikakulam, Visakhapatnam, East Godavari, West Godavari, Krishna, Guntur, Kurnool, Anantapur, Raydurg, Hindpur, Chittoor, Rajampet, Nellore, Prakasam, Machilipatnam, Yanam (Pondicherry), Kainada, Eluru, Guntur, Markapur, Ongole, Kavali, Kadapa, Y.S.R., Chittoor.
- Telangana:** Khammam, Nelakondapalli, Vizianagaram, Srikakulam, Visakhapatnam, East Godavari, West Godavari, Krishna, Guntur, Kurnool, Anantapur, Raydurg, Hindpur, Chittoor, Rajampet, Nellore, Prakasam, Machilipatnam, Yanam (Pondicherry), Kainada, Eluru, Guntur, Markapur, Ongole, Kavali, Kadapa, Y.S.R., Chittoor.

Industrial Facilities:

- HYDEL PLANTS:** Nelakondapalli, Khammam Dist.
- REGISTERED AND CORPORATE OFFICE:** Chowdavaram, Guntur Dist.
- GINNING, SPINNING, OPEN END PLANTS & SPINNING TOWNSHIP:** Chowdavaram, Guntur Dist.
- DYEING, WEAVING PLANTS & WEAVING TOWNSHIP:** Kunkupadu, Prakasam Dist.

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