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 /2020-21 **Date: 08-09-2021**

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 Twenty Ninth (29th) Annual Report for the FY 2020-21 along with the Notice of 29th, Annual General Meeting of the Company to be held on Thursday, 30th September 2021 at 3.00 PM through Video Conference & Other Audio Visual Means.

The same will also be made available on the Company's website www.ksml.in & weblink at http://ksml.in/wp-content/uploads/2021/09/KTL-2021.pdf

Kindly take the same on record

Thanking you,

Yours Sincerely,
For Kallam Textiles Limited.,

KALLAM TEXTILES LTD.

(P.Venkateswara Reddy)
Managing Director
DIN: 00018677

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.

KALLAM

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. Poluri Venkateshwara Reddy, aged 69 years is the Managing Director of our Companysince 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
Joint Managing Director & CEO

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
Whole Time Director & CFO

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 Committe

M Stakeholders Relationship Committee

C Corporate Social Responsibility Committee

C Share Transfer Committe

M Stakeholders Relationship Committee

M Corporate Social Responsibility Committee

M Share Transfer Committe

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 appointmented 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 FINAN¬CIAL 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.

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.

14. 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.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of Section 135 of the Companies Act, 2013 and the Rules made there under, 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.

16. AUDITORS

(i) Statutory Auditors And Their' Report:

M/s. Chevuturi Associates, Chartered Accountants (Firm Reg No : 000632S), were appointed as the statutory auditors at the Annual General Meeting held on September 29, 2017 for a term of five (5) years from the conclusion of the 25th annual general meeting till the conclusion of 30th annual general meeting.

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.

(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 31.03.2021.

The Board of Directors of your Company, on the recommendations made by the Audit Committee at its meeting held on 29th June, 2021 had appointed M/s. Sairam & Associates, Cost Accountant, (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 2020-21.

For the financial Year 2021-22, on the recommendation of the Audit Committee, The Board has approved the appointment of M/s. SAIRAM & ASSOCIATES, Cost Accountants (Membership No-41948) as Cost Auditor of the Company, to carry out audit of cost records relating to Textile and Power Divisions as required under the Companies Act, 2013, at a remuneration of Rs 20,000/-, plus applicable taxes and out of pocket expenses, if any.

Your Company has received consent from M/s. SAIRAM & ASSOCIATES, Cost Accountant, to act as the Cost Auditor to carry out the audit of the cost records for the financial year 2021-22 a 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 there under, and accordingly, the Company has made and maintained such cost accounts and records.

EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVA¬TION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE COST AUDITOR IN HIS RE¬PORT:

The Cost Auditor's report for the year ended 31.03.2021 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 K. Srinivasa Rao & Co, Company Secretaries, Guntur to undertake the Secretarial Audit of the Company for FY 2020-21. 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 & Nagaraju Associates, Company Secretaries, Vijayawada 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.

Board's Reply On Qualifications Of Secretarial Auditor: Nil

(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.

17. 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, 2021 and the date of the Directors' Report

18. CHANGES IN SHARE CAPITAL

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

19. DISCLOSURE UNDER SECTION 62 OF THE COMPANIES ACT, 2013 AND RULE 14 OF SECURITIES EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS,2014

In order to create a sense of ownership and participation amongst the employees of spinning, weaving & dyeing divisions, to reward long term employee loyalty towards the Company, to motivate the employees with incentives, inspire loyalty and reward opportunities, to provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company and to achieve sustained growth of the Company the Board of Directors in its meeting held on 28th May, 2018 had Approved Kallam Textiles Limited, Employee Stock Option Plan- I and II 2018. The shareholders of the Company at their Annual General Meeting held on 22nd September 2018, approved the said plan as per the approved plan an employees, who comply with certain eligibility criteria, would be granted stock options to subscribe a specified number of equity shares of the Company offered to them at a price to be determined. The proposed plan would be subject to and in conformity with the SEBI Guidelines.

During the year under review, there the company has not issued any grants under the scheme and there have been no changes in the scheme as approved by the Shareholders.

A description of each ESOP that existed at any time during the year, including the general terms and conditions of each ESOP.

Sl. No.	Particulars	Employee Stock Option Plan - I 2018	Employee Stock Option Plan - II 2018
1.	Date of shareholders' approval	22-09-2018	22-09-2018
2.	Total number of options approved under ESOS	(i) The maximum aggregate number of shares that may be granted under the proposed plan is 1 % of the total issued capital i.e 4,28,194 equity shares of the face value of Rs. 2 / -each. (ii) One option entitles the holder of the options to apply for one equity share of the company subject to corporate action	(i) The maximum aggregate number of shares that may be granted under the proposed plan is 1 % of the total issued capital i.e 4,28,194 equity shares of the face value of Rs. 2 / -each. (ii) One option entitles the holder of the options to apply for one equity share of the company subject to corporate action
3.	Maximum number of options to be issued per employee and in aggregate	(i) The maximum number of options to be granted to each employee will depend upon the rank/designation of the employee as on the date of grant of options. However no employee shall be entitled to more than such number of options exceeding the limit fixed by the SEBI or any other relevant regulation as is applicable to such options. (ii) The maximum aggregate number of shares that may be granted under the proposed plan is 1 % of the total issued Share Capital i.e 4,28,194 shares. (iii) The Nomination & Remuneration Committee shall decide upon the number of options to be granted to each employee within this limit	(i) The maximum number of options to be granted to each employee will depend upon the rank/designation of the employee as on the date of grant of options. However no employee shall be entitled to more than such number of options exceeding the limit fixed by the SEBI or any other relevant regulation as is applicable to such options. (ii) The maximum aggregate number of shares that may be granted under the proposed plan is 1 % of the total issued Share Capital i.e 4,28,194 shares. (iii) The Nomination & Remuneration Committee shall decide upon the number of options to be granted to each employee within this limit
4.	Eligibility criteria for the employees to participate	The following are eligible to participate in the proposed plan of the Company : (i) a permanent employee of the company who has been working in India or outside India; or (ii) a director of the company whether a whole time director or not but excluding an independent director; or	The following are eligible to participate in the proposed plan of the Company : (i) a permanent employee of the company who has been working in India or outside India; or (ii) a director of the company whether a whole time director or not but excluding an independent director; or

Sl. No.	Particulars	Employee Stock Option Plan - I 2018	Employee Stock Option Plan - II 2018
		(iii) an employee as defined in clauses (i) or (ii) of a subsidiary, in India or outside India, or of a holding company of the company but does not include— (a) an employee who is a promoter or a person belonging to the promoter group; or (b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company	(iii) an employee as defined in clauses (i) or (ii) of a subsidiary, in India or outside India, or of a holding company of the company but does not include— (a) an employee who is a promoter or a person belonging to the promoter group; or (b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company
5.	Parameters/Process for determining the eligibility of employees to the ESOP Scheme	(i) Employees would be granted stock options based on their tenure in the Company or such other parameters as may be decided by the Nomination & Remuneration Committee from time to time. (ii) The Nomination & Remuneration Committee may at its discretion extend the benefits of the proposed plan to a new entrant or any existing employee on such other basis as it may deem fit.	(i) Employees would be granted stock options based on their tenure in the Company or such other parameters as may be decided by the Nomination & Remuneration Committee from time to time. (ii) The Nomination & Remuneration Committee may at its discretion extend the benefits of the proposed plan to a new entrant or any existing employee on such other basis as it may deem fit.
6.	Vesting Requirements/ Conditions	There shall be a minimum period of one year between the grant of options and vesting of options. However, in case where options are granted by a company under the proposed plan in lieu of options held by the employee under an ESOP plan in another company which has merged or amalgamated with that company, the period during which the options granted by the transferor company were held by him shall be adjusted against the minimum vesting period of one year. The vesting shall hap-	There shall be a minimum period of one year between the grant of options and vesting of options. However, in case where options are granted by a company under the proposed plan in lieu of options held by the employee under an ESOP plan in another company which has merged or amalgamated with that company, the period during which the options granted by the transferor company were held by him shall be adjusted against the minimum vesting period of one year. The vesting shall happen in one

Sl. No.	Particulars	Employee Stock Option Plan - I 2018	Employee Stock Option Plan - II 2018
		pen in one or more tranches as may be decided by the Nomination & Remuneration Committee and communicated to the employee at the time of grant.	or more tranches as may be decided by the Nomination & Remuneration Committee and communicated to the employee at the time of grant.
7.	Exercise price or pricing formula	The exercise price for the conversion of one option into one equity share shall be as decided by the Nomination & Remuneration Committee	The exercise price for the conversion of one option into one equity share shall be as decided by the Nomination & Remuneration Committee
8.	Exercise Period and the Process of Exercise	(i) Exercise period shall be Three years from the date of vesting of the options. (ii) If an eligible employee's employment with the company terminates otherwise than due to "Cause", the eligible employee shall be eligible to exercise all the vested options within 30 days of his termination of employment with the company or such extended period as decided by the Nomination & Remuneration Committee. "Cause" for the purpose of the Plan shall mean, as determined by the Nomination & Remuneration Committee and shall include. (a) the engaging by the eligible employee in wilful, reckless or grossly negligent conduct which is determined by Nomination and Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise. (b) fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company. (c) the eligible employee pleading guilty to or conviction of a felony. (d) violation of any terms of employment contract.	(i) Exercise period shall be Three years from the date of vesting of the options. (ii) If an eligible employee's employment with the company terminates otherwise than due to "Cause", the eligible employee shall be eligible to exercise all the vested options within 30 days of his termination of employment with the company or such extended period as decided by the Nomination & Remuneration Committee. "Cause" for the purpose of the Plan shall mean, as determined by the Nomination & Remuneration Committee and shall include. (a) the engaging by the eligible employee in wilful, reckless or grossly negligent conduct which is determined by Nomination and Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise. (b) fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company. (c) the eligible employee pleading guilty to or conviction of a felony. (d) violation of any terms of employment contract.

Sl. No.	Particulars	Employee Stock Option Plan - I 2018	Employee Stock Option Plan - II 2018
		(iii) If an eligible employee's employment with the company terminates due to Death or Permanent disability, the eligible employee / nominee shall be eligible to exercise all the options within 30 days or such period as decided by the Nomination & Remuneration Committee. (iv) The options will be exercisable by the employees by a written application to the Nomination &Remuneration Committee to exercise the options, in such manner and on execution of such documents as may be prescribed by the Nomination &Remuneration Committee under theproposed plan. (v) The options will lapse if not exercised within the specified exercise period.	(iii) If an eligible employee's employment with the company terminates due to Death or Permanent disability, the eligible employee / nominee shall be eligible to exercise all the options within 30 days or such period as decided by the Nomination & Remuneration Committee. (iv) The options will be exercisable by the employees by a written application to the Nomination &Remuneration Committee to exercise the options, in such manner and on execution of such documents as may be prescribed by the Nomination &Remuneration Committee under theproposed plan. (v) The options will lapse if not exercised within the specified exercise period.
9.	Mode of Implementation and Administration of Scheme	The scheme shall be directly implemented and administrated by the Company through the Nomination & Remuneration Committee.	The scheme shall be directly implemented and administrated by the Company through the Nomination & Remuneration Committee.
10.	Source of Shares (primary, secondary or combination	The company shall issue fresh shares as and when application for exercise of options are received by the Company from the employees.	The company shall issue fresh shares as and when application for exercise of options are received by the Company from the employees.
11.	Variation in Terms of Options	Not Appliacable.	Not Appliacable.
12.	Method used to account for ESOS	The Company shall confirm to the accounting policies specified in the SEBI Guidelines and/ or such other guidelines as may be applicable from time to time.	The Company shall confirm to the accounting policies specified in the SEBI Guidelines and/ or such other guidelines as may be applicable from time to time.
13.	Method of Valuation of the Options	The Company shall use the prescribed method for valuation of the options.	The Company shall use the prescribed method for valuation of the options.
14.	Options Movement During the Year (For each ESOS)	Not Applicable	Not Applicable

20. 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.

21. 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, 2021

22. 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).

During the year 2020-21 there is no change in outstanding balances of unsecured loans from Directors, as compared to previous financial year 2019-20. All the Directors were, at the time of giving the money, furnished their declaration in writing to the effect that the amount in not being given out of finds acquired by them by borrowing or accepting loans or deposits from others.

23. 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.

24. 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.

25. 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 2020-21, there were no Complaints Received in this regards.

26. 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, 2021, 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, 2021, 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, 2021 and of the profit and loss of the Company for the financial year ended 31st March, 2021;

(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.

27. 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 : 13-08-2021

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 COVID-19 pandemic led to a market situation where demand for the goods and services decreased significantly. There is low order intake and sales of components moreover on average companies in all regions of the world suffered significant numbers of cancellations and/or postponements of orders. Export orders, orders of apparel in retail shops, department's stores, outlets stores, etc. dropped dramatically. This situation has led brands and retailers across the board to cancel and/or postpone orders significantly. Fabric and yarn prices are weak, which will continue to pressure the margins of industry participants. In the present post covid situation the demand for cotton yarn had improved significantly.

B) INDIAN ECONOMIC PROSECTIVE

Spinning had seen major recovery in the second half of 2020-2021 and continue to do well till present date. Weaving had performed exceedingly well during fourth quarter of 2020-2021. 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 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 NH5, 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 it 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 5, 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.

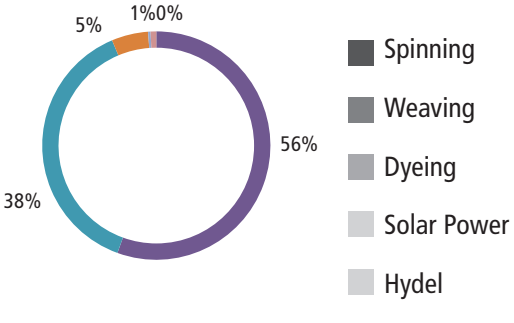
Weaving & Dyeing Plants – Our weaving and dyeing divisions are located at Kunkupadu - 523265, Addanki, District – Prakasam, Andhra Pradesh spread in an area of 134.01 acres. Our Weaving division has production capacity of 248 looms whereas our dyeing division has a capacity of 3,000 kgs per day.

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.

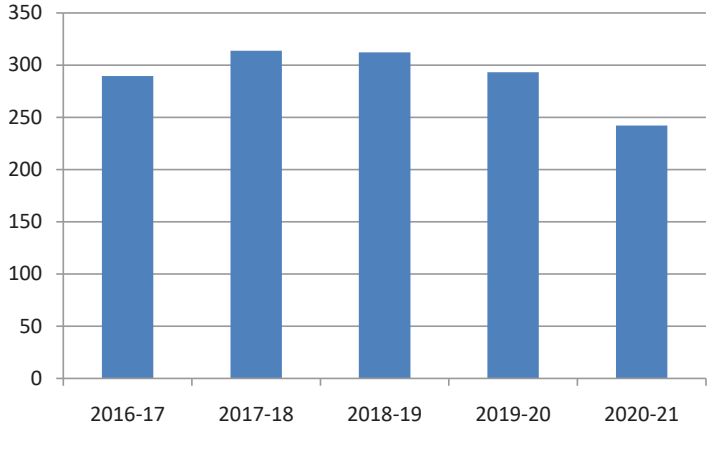
Solar Plants – Your Company had established 2.0 MW AC at spinning unit, chowdavaram and 1.0MW AC at weaving unit, kunkupadu , addanki. The generation had been very encouraging. We plan to increase solar capacity in the next financial year.

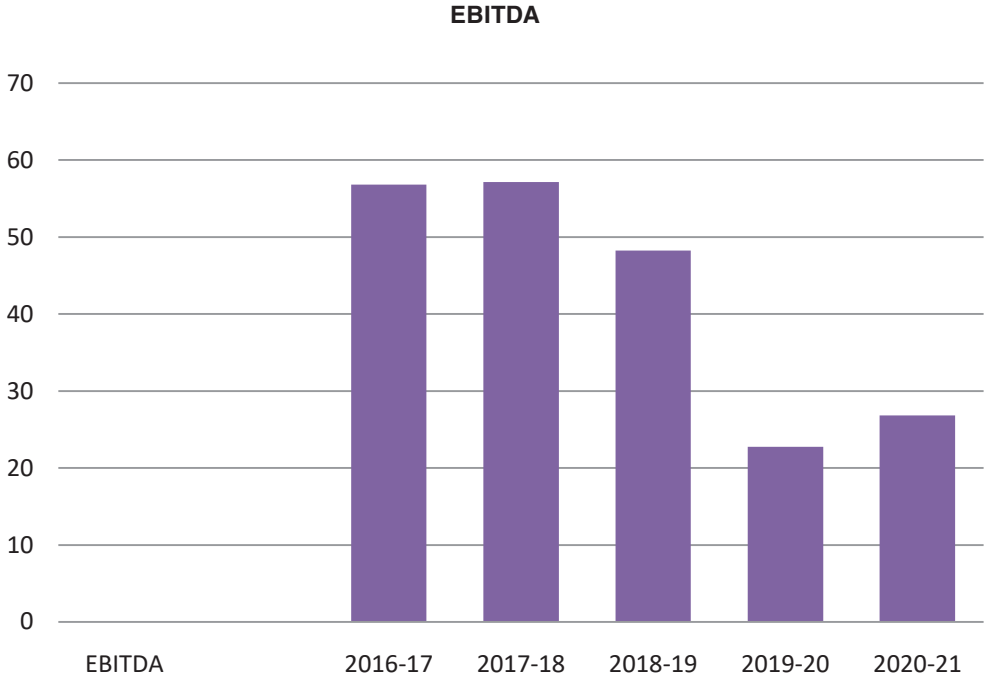
FINANCIAL PERFORMANCE REVIEW AND ANALYSIS

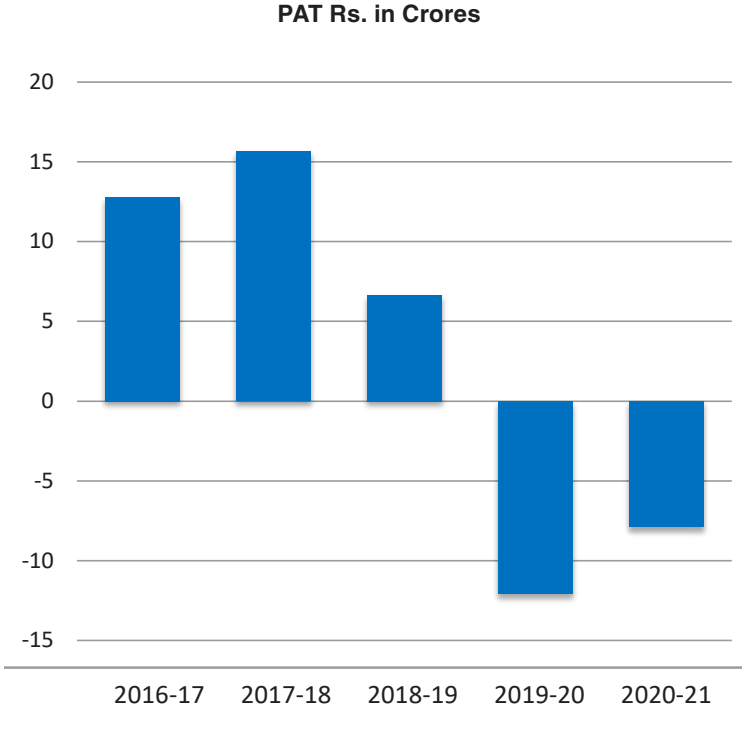
SEGMENT WISE BREAK UP OF REVENUES,FY 2020-21(%)



Total Revenue (Rs in Crores)







In FY 2020-21 and 2019-20, our revenue from operations was Rs. 24061.97 lakhs and Rs. 29161.07 lakhs respectively and net profit after tax for FY 2020-21 and 2019-20 was -789.62 lakhs and -1208.87 lakhs respectively.

The decrease in operating profit as a percentage of revenue for the current year as compared to the previous year was primarily attributable to a decrease of gross profit as a percentage of revenue during the same period.

The details of sale of our products for FY 2020 - 2021 is as under:

Particulars	Year ended 31st March, 2021		Year ended 31st March, 2020	
	Quantity (in Kgs)	Revenue (in Rs.)	Quantity (in Kgs)	Revenue (in Rs.)
i) Cotton Yarn	41,58,598	94,13,79,941	56,02,493	1,26,95,38,882
ii) OE Yarn	39,13,224	52,54,81,007	42,43,215	54,66,28,708
iii) Cotton Waste	11,11,749	6,45,56,778	17,56,137	10,92,54,494
iv) OE Waste	5,61,808	1,00,40,793	9,06,119	1,48,00,133
v) Cotton Seed	25,710	5,11,014	62,34,476	14,09,58,984
vi) Cotton Lint	14,338	17,02,909	30,90,655	33,81,37,533
vii) Damaged Kappas	-	-	8,479	1,78,059
viii) Sale of Gray Fabric (Mtrs)	1,47,09,158	89,33,47,688	2,27,66,614	1,31,62,56,087
ix) Sale of Fabric Waste	76,001	31,45,846	1,14,037	59,62,506
x) Sale of Dyed Fabric (Mtrs)	12,56,206	11,75,50,570	29,83,816	28,84,04,940
xi) Sale of Dyed Yarn (Kgs)	3,12,657	11,21,80,417	5,79,764	20,75,29,108
xii) Sale of cut pieces cloth and shirts	-	-	813	1,70,177
xiii) Gray Yarn	1,34,229	2,64,25,040	7,73,718	22,28,01,429
xiv) Sale of Solar Power(KWH)	15,74,677	93,06,340	-	-
xiv) Sale of Power (KWH)	46,18,395	2,15,47,492	60,36,955	2,84,42,118
		2,72,71,75,835		**4,48,90,63,158**
Less: Total inter-divisional transfer				
Cotton Yarn	3,31,930	10,08,58,871	23,35,294	65,67,19,769
OE yarn	1,25,294	1,83,02,803	4,20,028	5,79,26,654
Dyed yarn	3,12,657	11,21,80,417	5,69,910	20,34,83,523
Gray Yarn	1,34,229	2,64,25,040	7,73,718	22,28,01,429
Cotton Waste	10,15,690	5,91,95192	15,41,683	10,28,27,416
Cotton Lint	14,338	17,02,909	30,90,655	33,81,37,533
Solar Power	15,74,677	93,06,340	-	-
		32,97,71,572		**1,58,18,96,324**
TOTAL		**2,39,92,04,263**		**2,90,71,66,834**

CAPACITY UTILISATION:

Manufacturing Facility	Fiscal 2020-21		Fiscal 2019-20		Fiscal 2018-19	
	Installed capacity	Capacity Utilization	Installed capacity	Capacity Utilization	Installed capacity	Capacity Utilization
Ginning Division	28 Gins	10.00%	28 Gins	50.00%	28 Gins	50.00%
Spinning Division	59,280 Spindles	88.69%	59,280 Spindles	94.79%	58,096 Spindles	95.85%
Open End Division	2,912 Rotors	79.20%	2,912 Rotors	99.62%	2,912 Rotors	99.55%
Weaving Division	248 Looms	60.02%	248 Looms	97.52%	248 Looms	96.35%
Dyeing Division	3,000 KG/P.A	29.55%	3,000 KG/P.A	55.19%	3,000 KG/P.A	69.14%
Hydel Plant	4MW	12.24%	4MW	14.67%	4MW	9.43%

C) KEY FINANCIAL RATIOS

Sl. No.	Particulars	31-03-2021	31-03-2020
1.	**Debt Service Ratio:**		
	Earnings Available for Debt Service	25,67,78,019	20,52,55,381
	Interest	24,96,55,682	16,52,79,210
	Repayment During the period for long term loans	31,85,17,732	32,02,20,062
		0.45	**0.42**
2.	**Interest service coverage ratio:**		
	Earnings before interest and Tax	11,87,99,008	7,06,56,990
	Interest Expenses	24,96,55,682	24,23,58,893
		0.48	**0.29**
3.	**Debt/Equity Ratio**		
	Total Debt	3,39,98,33,999	3,80,92,11,766
	Equity	1,90,19,16,856	2,05,86,80,987
		1.79	**1.85**
4.	**Current Ratio**		
	Current Assets	1,95,56,19,765	1,74,23,79,213
	Current Liabilities	21,67,44,1152	219,14,53,241
		0.90	**0.80**
5.	**Net Profit Margin**		
	Net Profit	11,87,99,008	7,06,56,990
	Revenue	2,40,61,96,965	2,91,61,07,399
		0.05	**0.02**
6.	**Operating Ratio**		
	Revenue	11,87,99,008	7,06,56,990
	Sales	2,40,61,96,965	2,91,61,07,399
		20.25	**41.27**

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 : 29-06-2021

Place : Chowdavaram, Guntur

ANNEXURE -III TO THE DIRECTORS' REPORT

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 2020-21 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 2020-21 (Amount In ₹)	Ratio of remuneration of each Director/to median remuneration of employees
1	P. Venkateswara Reddy Managing Director	31,70,925	22.81
2	G.V.Krishna Reddy Joint Managing Director	33,50,323	24.10
3	M.V.Subba Reddy Whole Time Director	9,56,877	6.88
4	V.S.N Murthy Non Executive Nominee Director	60,000	0.43
5	V.Ramagopal Non Executive Independent Director	60,000	0.43
6	V. Bhargavi Non Executive Independent Director	75,000	0.54

II. Details of percentage increase in the Remuneration of each Director in the Financial Year 2020-21 is as follows

S. No.	Name of the Director / KMP and Designation	Remuneration of Director During the F.Y 2020-21 (Amount In ₹)	Remuneration of Director During the F.Y 2019-20 (Amount In ₹)	% Increase/(Decrease) in Remuneration in the Financial Year 2019-20
1	P. Venkateswara Reddy Managing Director	31,70,925	38,83,720	(18.35)
2	G.V.Krishna Reddy Joint Managing Director	33,50,323	38,41,142	(12.77)
3	M.V.Subba Reddy Whole Time Director	9,56,877	12,00,547	(20.29)
4	V.S.N Murthy Non Executive and Nominee Director	60,000	30,000	100
5	V.Ramagopal Non Executive and Independent Director	60,000	60,000	0.00
6	V. Bhargavi Non Executive and Independent Director	75,000	45,000	66.66
7	Nandan Bisoi	4,16,667	5,00,000	(16.67)
8	Nitin Tripathi ,Company Secretary	45,000	-	-
		81,34,792	**95,60,409**	**(14.91)**

Note : Mr. Nandan Bisoi , Company Secretary has resigned from w.e.f 01.02.2021 & Mr. Nitin Tripathi has joined the Company in his place w.e.f 13.02.2021.

III. Percentage increase in the median remuneration of all employees in the financial year 2020-21

Amount in ₹

Particulars	2020-21	2019-20	% Increase/(Decrease) in the Financial Year 2020-21
Median Remuneration of all the Employees	1,39,032	1,40,561	(1.09)

IV. There were 516 permanent employees on the rolls of the Company as on 31st March, 2021.

V. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:

The total remuneration of Key Managerial Personnel decreased by 8.50 % from 104.22 Lakhs in 2018-19 to Rs 96.05 Lakhs in 2019-20 whereas the Profit before Tax decreased by 169.84% to Rs 17711.64 Lakhs in 2019-20 from 1195.48 Lakhs in 2018-19

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

Sd/-
G.V. Krishna Reddy
Joint Managing Director
DIN: 00018713

Sd/-
P. Venkateswara Reddy
Managing Director
DIN : 00018677

Date : 13-08-2021

Place : Chowdavaram, Guntur

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 31stMarch, 2020 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 Brothers Cottons Pvt Ltd	Rendering of services:	5 Years	10% of Total Turnover of the Company or 100 Crores Which ever is lower	13-08-16	₹ 6,49,485 Per Annum
2	Kallam Agro products and Oils Pvt. Ltd	Sale of Goods and Services	5 Years	10% of Total Turnover of the Company or 100 Crores Which ever is lower	13-08-16	₹ 6,01,859 Per Annum
3	Kallam Brothers Cottons Pvt Ltd	Purchase of services	5 Years	10% of Total Turnover of the Company or 100 Crores Which ever is lower	13-08-16	₹ 1,65,63,932 Per Annum
4	P.Govardhan Reddy Son of Managing Director		-	Appointed on a Monthly remuneration not exceeding ₹ 2,50,000/- Per Month	-	Commensurate with qualification and experience an amount of Rs 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	-	Commensurate with qualification and experience an amount of Rs 22,030 Per Month is being paid

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 : 13-06-2021

Place : Chowdavaram, Guntur

ANNEXURE -V 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 allmanufacturing 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:

a) Installation of energy efficient lighting fixtures such as Compact Fluorescent Light Bulbs (CFLs)

b) Optimized usage of Captive compressors.

c) Saving in diesel consumption for steam generation boiler operation

d) Optimization of Plant Power load to match the daily power demand.

e) Dedicated team working for monitoring the lighting system and staff trained for prevention of excessive usage of power inside the campus

f) Implemented RO plant for recycling & reuse of water.

g) Replacing existing aged inefficient Split AC units with energy efficient units

h) Use of Flood light LED and power efficient Metal Halide lamps instead of Halogen in campuses

i) Efforts have been put consistently year on year to optimize energy consumption in production processes and operation of utilities.

j) 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	2020-21	2019-20 Amount in ₹
a)	**POWER AND FUEL CONSUMPTION:**		
1	Electricity		
	a) Purchased units (KWH)	4,04,61,421	5,45,44,106
	Total amount in	27,71,80,038	37,65,85,482
	Rate per unit in	6.85	6.90
	b) Own Generation		
	i) Through Diesel Generator		
	Units generated – KWH		
	Total Amount in		
	Cost per unit in		
	ii) Through Solar Generation		
	Units generated – KWH	15,74,677	-
	Units consumed – KWH		
	iii)Through Hydel Generation		
	Units generated – KWH	58,04,100	69,56,200
	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 ₹ 5,46,27,114 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 ₹ 40.72 Crores. The foreign exchange expenditure during the year amounted to ₹ 38.77 Crores.

₹ Lakhs

	Foreign Exchange Earnings and Outgo:	2020-21	2019-20
i) Actual Inflows:	**Foreign Exchange Earnings :**		
	Exports	3562.27	4071.90
	Total	**3562.27**	**4071.90**
ii) Actual Outflows:	**Foreign Exchange Outgo:**		
	Imports		
	- Raw Materials Etc	-	2839.54
	-Capital Goods	-	687.29
	-Spares	79.08	303.86
	Others (Royalty,Consultancy,Commissions)	38.77	46.20
	Total	**117.85**	**3876.89**

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 : 13-08-2021

Place : Chowdavaram, Guntur

ANNEXURE -VI TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2020-21

1.	**A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs**
	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
	(xi) Slum area development.
	(x) Such Other Projects as may be notified from Time to time

The Company shall give preference to various local areas and areas around which the Company is carrying out its activities

The policy details are available at the company weblink:http://ksml.in/wp-content/uploads/2016/10/ksml-csr-policy.pdf

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

3. Weblink where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:
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):Rs.6,30,89,984
7. (a) Two percent of average net profit of the company as per section 135(5): 12,61,800/-

   (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):12,61,800/-
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	NA	NA	NA	
12.61	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 theproject (in lakhs)	Mode of implementa-tion Direct (Yes/No)	Mode of implementation – Through implementing agency	
							Name	CSR Reg. No
1	Improvement of Roads	Rural Projects Development	Yes	1.Andhra Pradesh 2. Addanki	12.90	Direct	NA	NA

(d) Amount spent in Administrative Overheads: Nill

(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 : Nill

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

Sd/-
G.V. Krishna Reddy
Joint Managing Director
DIN: 00018713

Sd/-
P. Venkateswara Reddy
Managing Director
DIN : 00018677

Date : 13-08-2021

Place : Chowdavaram, Guntur

Annexure VII TO THE DIRECTOR'S REPORT
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2021

[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, 2021 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, 2021 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:

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.

Place: Guntur

Date : 13-08-2021

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

Sd/-
K. Srinivasa Rao, Partner
FCS. No. 5599/ C. P. No:5178
UDIN : F005599C000785147

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:13-08-2021

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

Sd/-
K. Srinivasa Rao, Partner
FCS. No. 5599/ C. P. No:5178
UDIN : : F005599C000785147

Annual Secretarial Compliance Report of KALLAM TEXTILES LIMITED

(Formerly known as "Kallam Spinning Mills Limited")

For The Year Ended 31-03-2021

[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 K.Srinivasa Rao & Naga Raju Associates., Company Secretaries, Vijayawada 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 **31.03.2021** ("Review Period" i.e 01.04.2020 to 31.03.2021) 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
		-NIL-	

(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 31.03.2020	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: Vijayawada

Date: 29-06-2021

For K.Srinivasa Rao & Naga Raju Associates

Company Secretaries

CS. Naramsetti Venkata Siva Naga Raju
Partner

ACS: 37767 C P No.:14940
UDIN: A037767C000540962

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: Vijayawada

Date: 29-06-2021

For K.Srinivasa Rao & Naga Raju Associates

Company Secretaries

CS. Naramsetti Venkata Siva Naga Raju
Partner

ACS: 37767 C P No.:14940
UDIN: A037767C000540962

REPORT ON CORPORATE GOVERNANCE

For The Period 01-04-2020 to 31-03-2021.

[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, 2021 as follows

Category	Name of the Director
Promoters /Executive Directors	P Venkateswara Reddy(Managing Director) G V Krishna Reddy (Joint Managing Director & CEO) MV Subba Reddy(Whole Time Director & CFO)
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 31-03-2021 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		
	04-06-2020	30-07-2020	31-07-2020	13-11-2020	22-12-2020	13-02-2021	30-09-2020
P Venkateswara Reddy	P	P	P	P	P	P	P
G V Krishna Reddy	P	P	P	P	P	P	P
MV Subba Reddy	P	P	P	P	P	P	P
Suryanarayana Murty Vaddadi	LOA	P	P	P	LOA	P	A
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	1	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 entitities 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 Indepedent 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 2020-21 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	04-06-2020
2	30-07-2020
3	31-07-2020
4	13-11-2020
5	22-12-2020
6	13-02-2021

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 February 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 31.03.2021:

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	
Nitin Tripathi	Secretary		

b) Meetings and attendance during the year.

Name of Director		Date of the Meeting and attendance		
	30-07-2020	31-07-2020	13-11-2020	14-02-2021
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 Man agement 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	Chairman	Non Executive/Independent
Varanasi Ramagopal	Member	Non Executive/Independent
Suryanarayana Murty Vaddadi	Member	Non Executive/Nominee Director
Nitin Tripathi	Secretary	

c. Attendance during the year

Name of the Director	Date of the Meeting and attendance	
	31.07.2020	13.02.2021
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.ksml.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.ksml.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 2020-21 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	26,43,993	28,87,500	7,26,110
	(b Benefits	5,26,932	4,62,823	2,30,767
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 (29.06.2018to 28.06.2021)	3 Years (29.06.2018 to 28.06.2021)	5 Years (01.06.2017 to 31.05.2022)
7	Notice Period	-	-	-
8	Severance Fee	-	-	-
9	Pension	NA	NA	NA
	Total	**31,70,925**	**33,50,323**	**9,56,877**

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

i) 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 2020-21, were paid as follows:

Particulars	Amount in Rs
For attending each meeting of the Board and other Committees	Rs 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 31.03.2021.

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. Nitin Tripathi	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 2020-21 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 31.03.2021

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 31.03.2021.

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, 2013and 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 31.03.2021

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 11.05.2020

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
2019-20	Registered office of the company NH-5 Chowdavaram, Guntur-522019 Though VC/OVM	30.09.2020	3.00 PM	0
2018-19	Registered office of the company NH-5 Chowdavaram, Guntur-522019	22-09-2019	3.00 PM	2
2017-18	Registered office of the company NH-5 Chowdavaram, Guntur-522019	29-09-2018	3.00 PM	0

b) Extraordinary General Meeting (EGM):

There was no Extra Ordinary Annual General Meeting (EGM) held during the financial year 2020-21

c) Special Resolutions passed through Postal Ballot and details of Voting Pattern during the year 2020-21:

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	:	30th September 2021
Time	:	3-00 p.m.
Common Venue	:	Registered Office of the Company, NH-5, Chowdavaram, Guntur - 522 019.
Mode of Meeting	:	Through Video Conference

(b) Particulars of Financial Year 2020-21 and Events

Financial Year	**:**	**01.04.2020 to 31.03.2021**
Financial Year	:	01.04.2021 to 31.03.2022
First Quarter	:	Before 14th August 2021
Second Quarter and Half Yearly	:	Before 14th November 2021
Third Quarter and Nine Months	:	Before 14th February 2022
Fourth Quarter and Annual (Audited)	:	Before 30th May 2022

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
202-21	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 2020-21 have been paid to BSE Limited

BSE Stock Code	530201
ISIN	INE629F01025

d) MARKET PRICE DATA:

Month	High (₹)	Low (₹)	No.of Shares Traded
Apr-20	4.67	3.28	1,16,171
May-20	7.37	3.89	3,67,852
Jun-20	8.35	7.03	2,27,218
Jul-20	7.44	5.35	46,403
Aug- 20	6.94	4.80	1,97,278
Sep-20	7.65	6.27	1,05,123
Oct-20	8.17	6.46	62,752
Nov-20	8.47	6.68	45,113
Dec-20	16.04	7.05	7,92,448
Jan-21	15.05	12.25	5,30,766
Feb-21	12.90	9.50	1,74,202
Mar-21	10.50	8.20	6,90,046

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 2020-21 (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, Rigt 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 com¬plete in all respects. The Board of Directors of your Company have delegated the authority to approve the trans¬fer of shares, transmission of shares or requests for deletion of name of the shareholder, etc., to the desig¬nated 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 2020

Range (No. of Shares)	Shareholders No.of Shareholders	Shareholding % to Total	No.of Shares	% to Total
1 - 5000	3610	81.6004	4899072	5.7206
5001 - 10000	320	7.2333	2301592	2.6876
10001 - 20000	218	4.9277	3108548	3.6298
20001 - 30000	80	1.8083	2054856	2.3994
30001 - 40000	44	0.9946	1504168	1.7564
40001 - 50000	24	0.5425	1063518	1.2419
50001 - 100000	56	1.2658	3763594	4.3947
100001 - 999999999999999	72	1.6275	66943402	78.1695
	4424	**100.0000**	**8,56,38,750**	**100.0000**

Categories of Share Holders as on 31st March 2021

Sr. No	Category	Total Share holders	% Of Shareholders	Total Shares	Percentage
1	CLEARING MEMBER	33	0.75	67487	0.16
2	CORPORATE BODIES	32	0.72	474556	1.11
3	FOREIGN PORTFOLIO INVESTOR (INDIVIDUAL)	1	0.02	87408	0.20
4	GOVERNMENT COMPANIES	1	0.02	494375	1.15
5	MUTUAL FUND	1	0.02	62500	0.15
6	NON RESIDENT INDIAN	34	0.77	223536	0.52
7	PROMOTERS	25	0.57	22620654	52.83
8	PUBLIC	4297	97.135	18788859	43.88

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 in Practice 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 2020-21, In accordance with the Regulation 40(9) of the SEBI (LODR) Regulations,2015, M/s K.Srinivasa Rao & Co., Company Secretaries in Practice, 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 01-04-2020 to 30-09-2020 and For the Half year 01-10-2020 to 31-03-2021. 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.

I) Dematerialization of shares and liquidity

- Details of your Company's dematerialized shares as on 31st March, 2021

Particulars	Physical Record	Demat Record		Total
		NSDL	CDSL	
Number of Shares	16,10,716	34340874	6866785	4,28,19,375
% of Shares	3.76	80.20	16.04	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, 2021.

- 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
2013-14	27-09-2014	01-11-2021
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, 2021 : 516***

- ***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 2020-21, Mr. P. Govardhan Reddy, Son of P. Venkateswara Reddy (Managing Director), Received a total Remuneration of Rs 5,61,870 /-

During the Financial Year 2020-21, Mr. M. Srinivasa Nagarjuna Reddy, Son of M.V.Subba Reddy (Whole Time Director), Received a total Remuneration of Rs 2,64,358 /-

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 31.03.2021.

(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. 69 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. 53 to this Report.

- Regulation 18 -Audit Committee:
  Compliance to this Regulation is given in Page No. 51 to this Report.
- Regulation 19 – Nomination & Remuneration Committee:
  Compliance to this Regulation is given in Page No. 52 to this Report.
- Regulation 20 – Stakeholders Relationship Committee:
  Compliance to this Regulation is given in Page No. 55 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. 64 to this Report.
- Regulation 22 – Vigil Mechanism:
  Compliance to this Regulation is given in Page No. 64 to this Report.
- Regulation 23 – Related Party Transactions:
  Compliance to this Regulation is given in Page No. 63 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. 50 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, 2020.
- 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 63 to this report

b) Vigil Mechanism and Whistle Blower Policy:
Please refer Page No 64 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/

Annexure-I

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, 2021.

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 & CEO

For Kallam Textiles Limited

sd-

M V Subba Reddy
Chief Financial Officer

Place : Guntur

Date: 29.06.2021

Annexure-II

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 Limted ('the Company').

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2021, 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, 2021.

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, 2021. 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

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, 2021.

Place : Chowdavaram,
Date: 13.08.2021

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, 2021 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: L18100AP1992PLC013860and 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, 2021 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: 29.06.2021

For K.Srinivasa Rao & Co.,
Company Secretaries
CS. K.Srinivasa Rao
Partner
FCS:5599 CP No:5178
UDIN: F005599C000540903

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, 2021, 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, 2021, the Loss and total comprehensive Loss, 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	Recognition and measurement of subsidies from government 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. 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.	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. 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.

Sl. No.	Key Audit matter	How the matter was addressed in our audit
2	Recoverability of deferred tax asset related to unabsorbed losses under Income-tax 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.	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.

Emphasis of Matter

Attention is drawn to Note no. 34 wherein the Hon'ble Supreme Court of India allowed the appeal filed by APTRANSCO which confirm the enhancement of wheeling charges. Consequent to the said order, the company has received demand from APCPDCL amounting to Rs.329.71 lakhs. However, the company filed a representation before the authorities questioning the manner of arriving the quantum of demand. Pending outcome of the proceedings, no provision of the said liability has been made in the financial statements.

Our opinion is not modified in respect of the above matter.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 didnot have any long term contracts including derivative contracts for which they were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Place:Camp: Guntur

Date : 29-06-2021

UDIN : 21028105AAAABH5706

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, 2021.

We report that:

1. In respect of its fixed assets:

   a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b) According to the information and explanations furnished to us, the Company has not physically verified its fixed assets 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.

   c) 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.

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.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Consequently, clauses (iii)(a), (b) and (c) of paragraph 3 of the Order are not applicable.

4. The company has not advanced any loans or made any investments or provided any guarantees during the year. Hence the reporting requirements in terms of clause (iv) of paragraph 3 of the Order regarding reporting on compliance with the provisions of section 185 and 186 of the Act with respect to the loans, investments and guarantees does not arise.

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, 2021 was Rs.320 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.

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.

8. In our opinion and according to the information and explanations furnished to us by the Company, considering the moratorium of instalments allowed by the RBI due to disruption of business on account of COVID-19, there were no defaults in repayment of dues to banks, except an amount of Rs. 1051.06 lakhs due on March 31, 2021 and the period and the amount of default, lender wise, has been furnished below. The company has not borrowed any loans from financial institutions, or raised any funds by way of issue of debentures.

(Amount is Rs. Lakhs)

Name of the lender (Term loans)	Amount of default as on date 31.3.2021 (Rs.)	Period of default (in days)	Remarks
Union bank of India	263.60	5-9 days	Paid in the month of April, 2021
Indian bank	718.71	3-6 days	Paid in the month of April, 2021
Bank of Baroda	68.75	5 days	Paid in the month of April, 2021

9. The company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. In respect of term loans borrowed during the year from banks, the proceeds were applied for the purpose for which the said loans were raised.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanation given to us and based on examination of the records of the company, the company has paid/provided remuneration for managerial personnel in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

12. The company is not a nidhi company. Accordingly reporting under provisions of para 3(xii) of the Order is not applicable to the company.

13. According to the information and explanations given to us and based on examination of records of the company, transactions with the related parties are in compliance with the provisions of section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the company.

15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Chevuturi Associates
Chartered Accountants
Firm Registration No.000632S

Place:Camp: Guntur

Date : 29-06-2021

UDIN : 21028105AAAABH5706

(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 2021 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 2021, 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:Camp: Guntur

Date : 29-06-2021

UDIN : 21028105AAAABH5706

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

KALLAM TEXTILES LIMITED

(Formerly known as Kallam Spinning Mills Limited)

Balance Sheet as at 31st March, 2021

(Amount in Rs.)

		Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
A		**ASSETS**			
1		Non-Current Assets			
	(a)	Property, Plant and Equipment	4	3,94,01,07,771	3,94,16,18,059
	(b)	Intangible Assets	4	6,07,530	8,12,121
	(c)	Capital Work-in-progress	4	2,63,34,196	11,66,47,714
	(d)	Financial Assets			
		(i) Investments	5	13,00,000	-
		(ii) Loans	6	-	-
		(iii)Other financial assets	7	5,73,06,765	6,51,37,065
	(e)	Other Non-current Assets	8	5,18,843	12,98,581
		Total Non-Current assets		***4,02,61,75,105***	***4,12,55,13,540***
2		Current Assets			
	(a)	Inventories	9	1,02,62,07,180	90,95,09,735
	(b)	Financial Assets			
		(i) Trade receivables	10	19,18,89,043	21,17,95,757
		(ii) Cash and cash equivalents	11	3,79,13,799	39,33,183
		(iii) Other Bank balances	11	18,01,268	1,52,24,445
		(iv) Loans	6	14,91,023	7,32,969
		(v) Other financial assets	7	7,14,711	7,14,711
	(c)	Current tax assets (Net)	21	12,92,470	7,93,977
	(d)	Other Current assets	8	69,43,10,271	59,96,74,436
		Total Current Assets		***1,95,56,19,765***	***1,74,23,79,213***
		Total Assets		**5,98,17,94,870**	**5,86,78,92,753**
B		**EQUITY AND LIABILITIES**			
1		**Equity**			
	(a)	Equity Share Capital	12	8,56,38,750	8,56,38,750
	(b)	Other Equity	13	1,90,19,16,855	1,97,30,42,237
		Total Equity		**1,98,75,55,605**	**2,05,86,80,987**
		Liabilities			
2		**Non-current liabilities**			
	(a)	Financial Liabilities			
		(i) Long-term borrowings	14	1,53,68,68,589	1,26,91,23,759
		(ii) Other financial liabilities	15	-	-
	(b)	Provisions	16	2,05,31,685	1,98,23,857
	(c)	Deferred Tax liabilities (Net)	17	18,75,27,124	24,73,37,046
	(d)	Other non-current liabilities	18	8,18,70,714	8,64,73,863
		Total Non-current liabilities		**1,82,67,98,112**	**1,62,27,58,525**

		Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
3		**Current liabilities**			
		(a) Financial Liabilities			
		(i) Short-term borrowings	19	1,38,83,71,296	1,56,27,52,545
		(ii) Trade payables	20		
		- Total outstanding dues of micro and small enterprises		-	-
		- Total outstanding dues of creditors other than micro and small enterprises		8,31,19,736	16,64,03,054
		(iii) Other financial liabilities	15	66,59,18,720	44,55,56,653
		(b) Other current liabilities	18	2,88,25,179	1,08,28,004
		(c) Provisions	16	12,06,221	9,12,985
		(d) Current tax liabilities (Net)	21	-	-
		Total Current liabilities		**2,16,74,41,152**	**2,18,64,53,241**
		Total Liabilities		**3,99,42,39,264**	**3,80,92,11,766**
		Total Equity and Liabilities		**5,98,17,94,870**	**5,86,78,92,753**

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 : 29-06-2021

UDIN : 21028105AAAABH5706

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

Statement of Profit and Loss for the Year ended 31st March, 2021

(Amount in Rs.)

	Particulars	Note No.	Year ended 31st March, 2021	Year ended 31st March, 2020
I	Revenue from Operations	22	2,40,61,96,965	2,91,61,07,399
II	Other Income	23	1,64,55,682	1,72,40,841
III	**Total Income (I+II)**		**2,42,26,52,647**	**2,93,33,48,240**
IV	Expenses			
	Cost of Materials consumed	24	1,51,73,06,795	1,83,75,42,851
	Purchases of Stock-in-Trade	25	1,31,69,792	2,53,543
	Changes in inventories of Finished goods, work-in- Progress and Stock-in-trade	26	(1,56,59,888)	58,46,467
	Employee benefits expense	27	14,20,76,718	20,09,18,800
	Finance costs	28	24,96,55,682	24,23,58,893
	Depreciation and Amortization expense	29	15,24,92,339	15,64,66,220
	Other expenses	30	49,73,70,265	66,11,26,409
	Total Expenses (IV)		**2,55,64,11,703**	**3,10,45,13,183**
V	**Profit / (Loss) before exceptional items and tax (III-IV)**		**(13,37,59,056)**	**(17,11,64,943)**
VI	Exceptional Items		-	-
VII	**Profit / (Loss) before tax (V-VI)**		**(13,37,59,056)**	**(17,11,64,943)**
VIII	Tax expense:	21		
	Current tax		-	-
	Short provision of current tax		78,629	32,08,271
	Deferred tax charge/(Credit)		(5,48,75,256)	(5,34,85,459)
IX	**Profit / (Loss) for the year (VII-VIII)**		**(7,89,62,429)**	**(12,08,87,755)**
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		29,02,382	(5,36,960)
	b) Deferred tax credit/(charge) on revaluation surplus		49,34,666	49,34,666
	Total Other comprehensive income		**78,37,048**	**43,97,706**
XI	**Total Comprehensive Income/(Loss) for the year (IX+X)**		**(7,11,25,381)**	**(11,64,90,049)**
XII	Earnings per Share - Basic and Diluted	44	(1.84)	(2.82)
	(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: 29-06-2021

UDIN : 21028105AAAABH5706

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

Cash flow statement for the year ended 31.03.2021

(Amount in Rs.)

Particulars	For year ended 31-03-2021	For year ended 31-03-2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	(13,37,59,056)	(17,11,64,943)
Add/Less: Adjustments for		
Depreciation	15,24,92,339	15,64,66,220
Interest expense	24,96,55,682	24,23,58,893
Interest income	(29,54,431)	(44,55,180)
Amortisation of Govt. grants	(46,03,149)	(46,03,149)
Remeasurement of employee defined benefit plans	29,02,382	(5,36,960)
(Profit)/Loss on on sale of assets	10,951	(17,112)
Operating profit before working capital changes	**26,37,44,718**	**21,80,47,769**
Add/Less: Adjustments for working capital		
Inventories	(11,66,97,445)	10,09,69,635
Trade and other receivables	(6,77,71,923)	(5,78,39,194)
Trade and other payables	(10,51,05,645)	15,06,51,376
Cash generated from operations	(2,58,30,295)	41,18,29,586
Less: Direct taxes paid	(3,17,666)	1,80,78,533
Net cash from (used in) operating activities (A)	**(2,55,12,629)**	**39,37,51,053**
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in PPE and Capital WIP	(6,04,84,899)	(10,63,81,958)
Investment in securities	(13,00,000)	-
Proceeds from sale of fixed assets	10,000	49,107
Margin Money deposit with banks and other balances	1,34,23,177	(1,24,79,161)
Interest received	29,54,431	44,55,180
Net cash used in Investing activities (B)	**(4,53,97,291)**	**(11,43,56,832)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) borrowings	35,45,46,218	(2,68,65,436)
Dividend and tax paid	-	(1,03,24,215)
Interest and finance charges	(24,96,55,682)	(24,23,58,893)
Net cash from financing activities (C)	**10,48,90,536**	**(27,95,48,544)**
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	**3,39,80,616**	**(1,54,323)**
Cash and cash equivalents at the beginning of the Year	39,33,183	40,87,506
Cash and cash equivalents at the end of the Year	3,79,13,799	39,33,183
Net increase/(decrease) in cash and cash equivalents	**3,39,80,616**	**(1,54,323)**

i) The above cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) “Statement of Cash flows”.

ii) Changes in Liabilities arising from financing Activities:

Disclosure under para 44A of Ind AS 7 "Cash flow statement"

Particulars	As at 1.4.2020	Cash flows	Non cash changes	As at 31.3.2021
Borrowings:				
Long Term Borrowings	1,58,76,41,491	52,89,27,467	0	2,11,65,68,957
Short term borrowings	1,56,27,52,545	(17,43,81,249)	0	1,38,83,71,296
	3,15,03,94,036	**35,45,46,218**	**-**	**3,50,49,40,253**

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

(Raghunadha Rao Balineni)
Partner
Membership Number: 028105

Place : Guntur
Date: 29-06-2021
UDIN : 21028105AAAABH5706

For and on behalf of the Board

Sd/-
P. Venkateswara Reddy
Managing Director

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

A. Equity share capital

Statement of Changes in Equity as at 31st March, 2021

Particulars	No's	INR
As at 31st March, 2019	**4,28,19,375**	**8,56,38,750**
Changes in equity during the year	-	-
As at 31st March, 2020	**4,28,19,375**	**8,56,38,750**
Changes in equity during the year	-	-
As at 31st March, 2021	**4,28,19,375**	**8,56,38,750**

B. Other Equity

Statement of Changes in Equity as at 31st March, 2021

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, 2019	**1,60,36,486**	**96,51,01,118**	**60,81,86,602**	**50,87,55,343**	**17,76,952**	**2,09,98,56,501**
Add: Profit/(Loss) for the year 19-20	-	(12,08,87,755)		-	-	(12,08,87,755)
Other Comprehensive Income/(Loss)					(5,36,960)	(5,36,960)
Add: Deferred tax on OCI				49,34,666		49,34,666
Total Comprehensive Income/(Loss) for the year		**(12,08,87,755)**		**49,34,666**	**(5,36,960)**	**(11,64,90,049)**
Less: Appropriations:						
Proposed Dividend and Dividend tax for the year 2018-19		1,03,24,215				1,03,24,215
Transfer to General Reserve	-	-	-	-	-	-
Balance at the end of reporting period 31st March, 2020	1,60,36,486	83,38,89,148	60,81,86,602	51,36,90,009	12,39,992	1,97,30,42,237
Add: Profit/(Loss) for the year 20-21	-	(7,89,62,429)		-	-	(7,89,62,429)
Other Comprehensive Income/(Loss)					29,02,382	29,02,382
Deferred tax on OCI				49,34,666		49,34,666
Total Comprehensive Income/(Loss) for the year		**(7,89,62,429)**		**49,34,666**	**29,02,382**	**(7,11,25,381)**
Less: Appropriations:						
Proposed Dividend		-				-
Transfer to General Reserve	-	-	-	-	-	-
Balance at the end of reporting period 31st March, 20201	**1,60,36,486**	**75,49,26,718**	**60,81,86,602**	**51,86,24,675**	**41,42,374**	**1,90,19,16,855**

The accompanying notes form an integral part of the financial statements.

For and on behalf of the Board

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: 29-06-2021
UDIN : 21028105AAAABH5706

Sd/-
P. Venkateswara Reddy
Managing Director

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

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

COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES 2020-21

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 Registered and 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. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

b) Basis of measurement

These financial statements have been prepared on historical cost convention and on accrual basis of accounting except for certain financial instruments that are measured at fair values at the end of each reporting period, 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, regardless of whether that price is directly observable or estimated using another valuation technique.

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.

Operating cycle:

All assets have been classified as current and non-current as per the company's normal operating cycle and other criteria as set out in Schedule III to the Act and Ind AS-1 – Presentation of Financial Statements, based on the nature of the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

c) Use of estimates and judgements

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 estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effected.

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 and Government grants:

Judgements are required in assessing the recoverability of overdue trade receivables and grants from government

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 determination of company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the statement of Profit and Loss and in other comprehensive income. Such valuation depend upon actuarial assumptions viz., discount rate, mortality rates, salary escalation rate etc., Information about such valuation is provided in the notes to the financial statements.

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 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 includes deemed cost which represents the carrying amount of assets recognized as at 1st April, 2016 measured as per Ind AS notified under section 133 of the Act read together with Rule 7 of the Companies (Accounts) Rules, 2014, which the company elected in accordance with Ind AS 101, except land where the company opted for fair value measurement. The excess amount of fair value of land over its carrying value as per books of accounts is credited to revaluation surplus and shown under Reserves and surplus. Subsequent to the measurement of assets at deemed cost on date of transition, the company, based on Independent technical valuers report, revalued its assets of Land and buildings on 31.3.2018 and excess of carrying value of land and of buildings is recognized in Other comprehensive income and accumulated under equity under the head Revaluation surplus. The fair values of land has been arrived out by technical valuer based on prevailing market rates by considering the existing market conditions and in case of buildings under replacement model.

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 recognized when 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) INVESTMENTS

Investments are stated at fair values.

g) 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 generate 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.

h) 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.

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

Raw materials 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.

i) 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.

j) 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.

k) 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".

l) 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.

m) 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 is 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 is 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.

n) 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.

o) 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.

<u>De-recognition of financial asset</u>

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.

<u>De-recognition of financial liability</u>

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.

p) 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.

q) 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.

r) 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.

Note No.3

(A) Issue of Ind AS 117 – Insurance Contracts

Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk.

Application of this standard is not expected to have any significant impact on the Company's financial statements.

(B) Amendments to existing Standards

Ministry of Corporate Affairs has carried out amendments to the following accounting standards:

1. Ind AS 103 – Business Combination
2. Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
3. Ind AS 40 – Investment Property

The Company is in the process of evaluating the impact of the new amendments issued but not yet effective.

Note No.4

Property, Plant and Equipment and Capital Work-In-Progress

Particulars	As at 31st March, 2021	As at 31st March, 2020
Carrying Amounts of :		
Land	92,58,92,141	92,58,92,141
Factory Buildings	62,09,24,887	65,01,34,778
Office Buildings	49,94,88,912	51,03,70,126
Plant and Equipment	1,82,82,24,165	1,78,79,78,876
Electrical and Electronic Equipment	5,56,18,034	5,50,00,516
Borewells and Water pumps	7,15,770	4,61,766
Office and Other equipment	35,14,273	44,65,565
Furniture and Fixtures	3,45,211	4,65,924
Vehicles	53,84,384	68,48,367
	3,94,01,07,777	**3,94,16,18,059**
Capital Work-in-progress	**2,63,34,196**	**11,66,47,714**

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, 2019	**92,58,92,141**	**71,98,53,008**	**53,09,34,630**	**2,16,28,79,525**	**11,11,44,058**	**20,19,059**	**1,15,76,877**	**11,53,935**	**1,24,25,670**	**4,47,78,78,903**
Additions during the year	-	-	29,80,600	30,75,985	7,44,344	-	10,12,861	-	-	78,13,790
Disposals	-	-	-	-	-	-	-	-	2,41,849	2,41,849
As at 31st March, 2020	**92,58,92,141**	**71,98,53,008**	**53,39,15,230**	**2,16,59,55,510**	**11,18,88,402**	**20,19,059**	**1,25,89,738**	**11,53,935**	**1,21,83,821**	**4,48,54,50,844**
Additions during the year		26,22,728		13,68,35,325	1,06,80,204	3,01,634	3,58,526			15,07,98,417
Disposals	-	-	-	-	-	-	-	-	37,156	37,156
As at 31st March, 2021	**92,58,92,141**	**72,24,75,736**	**53,39,15,230**	**2,30,27,90,835**	**12,25,68,606**	**23,20,693**	**1,29,48,264**	**11,53,935**	**1,21,46,665**	**4,63,62,12,105**
Accumulated Depreciation										
As at 31st March, 2019	**-**	**3,79,99,959**	**1,26,63,531**	**28,01,66,372**	**4,44,51,651**	**13,77,267**	**65,87,772**	**5,20,225**	**39,85,914**	**38,77,52,691**
Depreciation charge for the year	-	3,17,18,271	1,08,81,573	9,78,10,262	1,24,36,235	1,80,026	15,36,401	1,67,786	15,59,394	15,62,89,948
On disposals	-	-	-	-	-	-	-	-	2,09,854	2,09,854
As at 31st March, 2020	**-**	**6,97,18,230**	**2,35,45,104**	**37,79,76,634**	**5,68,87,886**	**15,57,293**	**81,24,173**	**6,88,011**	**53,35,454**	**54,38,32,785**
Depreciation charge for the year	-	3,18,32,619	1,08,81,214	9,65,90,036	1,00,62,686	47,630	13,09,818	1,20,713	14,43,032	15,22,87,748
On disposals	-	-	-	-	-	-	-	-	16,205	16,205
As at 31st March, 2021	**-**	**10,15,50,849**	**3,44,26,318**	**47,45,66,670**	**6,69,50,572**	**16,04,923**	**94,33,991**	**8,08,724**	**67,62,281**	**69,61,04,328**
Net carrying amount										
As at 31st March, 2021	**92,58,92,141**	**62,09,24,887**	**49,94,88,912**	**1,82,82,24,165**	**5,56,18,034**	**7,15,770**	**35,14,273**	**3,45,211**	**53,84,384**	**3,94,01,07,777**
As at 31st March, 2020	**92,58,92,141**	**65,01,34,778**	**51,03,70,126**	**1,78,79,78,876**	**5,50,00,516**	**4,61,766**	**44,65,565**	**4,65,924**	**68,48,367**	**3,94,16,18,059**
As at 31st March, 2019	**92,58,92,141**	**68,18,53,049**	**51,82,71,099**	**1,88,27,13,153**	**6,66,92,407**	**6,41,792**	**49,89,105**	**6,33,710**	**84,39,756**	**4,09,01,26,212**

Notes : *Terms Loans taken by the Company from Union Bank of India, Indian Bank and Bank of Baroda are secured by way of first charge on fixed assets of the company.*

Intangible assets *Note No.4*

Particulars	As at 31st March, 2021	As at 31st March, 2020
Carrying amount of:		
Computer software	6,07,530	8,12,121
Total	**6,07,530**	**8,12,121**
(A) Gross Carrying Value (At cost)		
Opening balance	9,94,635	7,59,635
Additions	-	2,35,000
Disposals/Adjustments	-	-
Closing balance	9,94,635	9,94,635
(B) Accumulated amortisation and impairment		
Opening balance	1,82,514	6,244
Amortisation for the year	2,04,591	1,76,270
On disposals	-	-
Closing balance	3,87,105	1,82,514
(C) Carrying Amount		
Balance at March 31, 2021		8,12,121
Balance at March 31, 2020	6,07,530	

Capital Work-in-Progress

Particulars	Amount
Carrying value - At Cost/Deemed Cost	
As at 31st March, 2019	**1,83,14,546**
Additions	10,63,81,958
Capitalised during the year	80,48,790
As at 31st March, 2020	**11,66,47,714**
Additions	6,04,84,894
Capitalised during the year	15,07,98,416
As at 31st March, 2021	**2,63,34,192**

Investments *Note No. 5*

Particulars	As at 31st March, 2021	As at 31st March, 2020
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	13,00,000	-
Total	13,00,000	-
Total aggregate value of unquoted investments	**13,00,000**	**-**
Cost	13,00,000	0
Market value	13,00,000	0

Loans *Note No. 6*

Particulars	Non-Current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Unsecured Considered Good				
a) Employee related advances	-	-	14,85,273	7,02,219
b) Other advances	-	-	5,750	30,750
Total	**-**	**-**	**14,91,023**	**7,32,969**

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.

Of above:

Loans considered good- Secured	-	-	-	-
Loans considered good- Unsecured	-	-	14,91,023	7,32,969
Loans which have significant increase in credit risk	-	-	-	-
Loans - Credit impaired	-	-	-	-

Other Financial Assets *Note No. 7*

Particulars	Non-Current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
a) Security deposits with Govt. authorities and others	5,73,06,765	6,51,37,065	-	-
b) Claims receivable	-	-	7,14,711	7,14,711
Total	**5,73,06,765**	**6,51,37,065**	**7,14,711**	**7,14,711**

Other Assets

Note No. 8

Particulars	Non-Current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Unsecured, Considered Good				
a) Advances for Capital goods	5,18,843	12,98,581		
b) Advances to creditors against supplies			2,51,48,868	1,26,80,020
c) Prepaid expenses			13,84,761	40,45,561
d) Balances with Statutory Authorities:				
IGST receivable			76,33,931	26,66,380
CGST Receivable			-	19,93,537
SGST receivable			71,95,215	28,94,530
Taxes paid under protest			-	-
Taxes refund receivable			19,46,600	19,46,600
e) EPCG Terminal Excise Duty refund receivable			26,09,828	26,09,828
f) Duty draw back refund receivable			16,85,540	14,40,261
g) Interest rebate receivable under TUF scheme			5,25,60,906	5,09,93,724
h) Interest subsidy receivable from AP government			36,75,36,412	30,93,03,840
i) Power Subsidy receivable			22,43,00,959	20,51,99,359
j) Accrued Interest			23,07,251	39,00,796
Total	**5,18,843**	**12,98,581**	**69,43,10,271**	**59,96,74,436**

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.

Inventories (At lower of cost and net relisable value)

Note No. 9

Particulars	As at 31st March, 2021	As at 31st March, 2020
Spinning/Power:		
Raw materials	41,06,66,979	29,24,78,480
Work-in-progress	7,10,89,768	6,16,06,664
Finished goods	8,20,20,304	12,19,49,671
Stores and spares	3,82,82,378	4,26,43,934
Weaving/Dyeing unit:		
Raw materials	2,96,00,156	4,17,50,169
Work-in-progress	33,13,66,012	28,56,06,103
Finished goods	4,43,80,795	4,40,34,553
Stores and spares	1,88,00,788	1,94,40,161
Total	**1,02,62,07,180**	**90,95,09,735**

Note:

(i) The mode of valuation of inventories has been stated in Note No.g in Accounting Policies.

(ii) The cost of inventories recognised as an expense for the year ended 31st March, 2021 has been disclosed on the face of the statement of P&L in note no. 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 liquidated after more than twelve months.

Trade receivables *Note No. 10*

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade receivables considered good- Secured	-	-
Trade receivables considered good- Unsecured	19,18,89,043	21,17,95,757
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Total	**19,18,89,043**	**21,17,95,757**

Notes:

(i) The average credit period is 15-45 days. No interest is charged for overdue receivables.

(ii) The above amount does not include any amount due from related parties.

(iii) There is no customer who represents more than 10% of total balance of trade receivables.

iv) The company had used the 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.,

v) During the year, the company has not recognised any loss allowance towards trade receivables.

Cash and cash equivalents *Note No. 11*

Particulars	As at 31st March, 2021	As at 31st March, 2020
i) Balances with banks in Current accounts		
a. In Current accounts	3,68,01,932	9,89,025
ii) Cash on hand	11,11,867	29,44,158
Total	**3,79,13,799**	**39,33,183**

Other Bank Balances *Note No. 11*

Particulars	As at 31st March, 2021	As at 31st March, 2020
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.	2,50,000	1,36,73,777
b. Earmarked balances with banks towards unclaimed dividends	15,51,268	15,50,668
Total	**18,01,268**	**1,52,24,445**

Share Capital

Authorised Share Capital *Note No. 12*

Particulars	Equity	
	No's	INR
As at 31st March 2019	**5,00,00,000**	**10,00,00,000**
Changes during the year	5,00,00,000	10,00,00,000
As at 31st March 2020	**10,00,00,000**	**20,00,00,000**
Changes during the year	-	-
As at 31st March' 2021	**10,00,00,000**	**20,00,00,000**

Issued Share Capital

Particulars	No's	INR
As at 31st March, 2019	**4,28,19,375**	**8,56,38,750**
Changes during the year	-	-
As at 31st March, 2020	**4,28,19,375**	**8,56,38,750**
Changes during the year	-	-
As at 31st March, 2021	**4,28,19,375**	**8,56,38,750**

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

Name of the Share Holder	As at 31st March, 2021		As at 31st March, 2020	
	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	30,70,329	7.18%	30,73,329	7.18%
Gurram Venkata Krishna Reddy	35,13,733	8.21%	35,13,733	8.21%
Kallam Agro products and Oils Pvt. Ltd	20,38,202	4.76%	20,38,202	4.76%
Kallam Mohan Reddy	29,44,625	6.88%	29,44,625	6.88%
Kallam Prathyusha	28,80,957	6.73%	28,80,957	6.73%

Out of last five financial years, during the financial year 2017-18, the company has issued bonus shares Nos.85,63,875 in ratio of 1:4 i.e one equity share for every four shares held by capitalizing part of retained earnings.

None of the shares were alloted in pursuant to contract without payment being received in cash.

Other Equity

a) General Reserve

Note No. 13

Particulars	Amount
As at 31st March, 2019	**1,60,36,486**
Transfers during the year	-
As at 31st March, 2020	**1,60,36,486**
Transfers during the year	-
As at 31st March, 2021	**1,60,36,486**

b) Revaluation Reserve

Particulars	Amount
As at 31st March, 2019	**1,11,69,41,945**
Deferred tax on revaluation of assets now withdrawn	49,34,666
As at 31st March, 2020	**1,12,18,76,611**
Deferred tax on revaluation of assets now withdrawn	49,34,666
As at 31st March, 2021	**1,12,68,11,277**

c) Retained Earnings

Particulars	Amount
As at 31st March, 2019	96,68,78,070
Add: Total comprehensive income for the year transferred from statement of profit and loss	-12,14,24,715
Final dividend and dividend distribution tax for the year 2018-19	1,03,24,215
As at 31st March, 2020	83,51,29,140
Add: Total comprehensive income/(Loss) for the year transferred from statement of profit and loss	-7,60,60,047
Final dividend and dividend distribution tax for the year 2019-20	-
As at 31st March, 2021	75,90,69,093

Summary of Other Equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
Revaluation surplus	1,12,68,11,277	1,12,18,76,611
General Reserve	1,60,36,486	1,60,36,486
Retained Earnings	75,90,69,093	83,51,29,140
	1,90,19,16,856	**1,97,30,42,237**

Nature of reserves:

a) General reserve

The general reserve is created by way of tranfer of part of the profits before declaring dividend pursuant to the provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

b) Revaluation surplus

The revaluation surplus represents revaluation of land by the company as at 1st April, 2016 at its fair market value and the resultant excess amount over its book value was transferred to other equity as Revaluation Surplus.

During the year ended on 31.3.2018, the company keeping in view of changes in fair value of land, remeasured the land at fair value and differential amount was transferred to revaluation surplus through other comprehensive income.

During the year ended on 31.3.2018, subsequent to recognition of buildings at deemed cost on 1st April, 2016, being the date of transition to Ind AS, the company adopted revaluation model for its buildings and consequent to that decision, valued at its buildings at their fair value. The resultant increase over its carrying value was transferred to Revaluation surplus through other comprehensive income.

c) Retained Earnings:

Retained earnings are the profits that the company has earned till date less transfers to general reserves and dividends paid to share holders.

Long Term Borrowings

Note No. 14

Particulars	Non-Current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
A. Secured				
i. Term loans				
a) From banks :				
i) Andhra Bank	69,64,20,571	47,91,78,231	17,43,63,822	8,57,26,066
ii) Indian Bank	79,34,01,441	71,45,15,528	26,87,30,291	21,21,66,666
iii) Bank of Baroda	1,49,91,577	4,33,75,000	3,15,00,000	2,06,25,000
Total (a)	**1,50,48,13,589**	**1,23,70,68,759**	**47,45,94,113**	**31,85,17,732**
B. Unsecured				
i) Loans from Promoters and their relatives	25,10,000	25,10,000	-	-
ii) Loans from Directors	2,95,45,000	2,95,45,000	-	-
Total (b)	**3,20,55,000**	**3,20,55,000**	**-**	**-**
Total (a+b)	**1,53,68,68,589**	**1,26,91,23,759**	**47,45,94,113**	**31,85,17,732**

I) SPINNING UNIT:

iI) UNION BANK (ANDHRA BANK):

a) Term loans from Andhra 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 @ 7.80% to 11.10%.

c) The above loans are repayable in following manner.

2021-22 : ₹17,43,63,821/- ; 2022-23 : ₹11,08,04,652/- ;
2023-24 : ₹17,42,70,486/-; 2024-25 : ₹16,04,94,233/- ;
2025-26 : ₹16,81,23,239 ; 2026-27 : ₹3,50,96,911/- ;
2027-28 : ₹1,71,68,605/-; 2028-29 : ₹1,53,08,293/-;
2029-30 : ₹1,51,54,142

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

b) The above loans carry interest @ 9.50%

c) The above loans are repayable in following manner. 2021-22: ` 2,18,17,059/-

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 @8.30% to 10.40%.

c) The above loans are repayable in following manner.

2021-22: ₹ 24,69,13,235/- ; 2022-23 ₹ 15,73,67,674/- ; 2023-24: ₹ 29,38,63,146/- ; 2024-25: ₹ 18,03,19,693/- and 2025-26: ₹ 16,18,50,928/-

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 @11.50%.

c) The above loan is repayable in following manner.

2021-22: ₹ 3,15,00,000/- and 2022-23 ₹ 1,49,91,577/-

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, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
a) Current maturities of long-term debt (Refer note no.14)	-	-	47,45,94,114	31,85,17,732
b) Overdue instalments of term loans			10,51,06,255	-
c) Creditors for capital goods	-	-	1,50,43,128	6,86,98,786
d) Interest accrued and due	-	-	1,34,45,196	1,40,56,913
e) Unclaimed dividend	-	-	15,51,268	15,50,668
f) Employee related payments	-	-	1,93,26,573	1,84,39,841
g) Other Liabilities	-	-	3,68,52,186	2,42,92,713
Total	**-**	**-**	**66,59,18,720**	**44,55,56,653**

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

Particulars	Non-Current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
a) Provision for employee benefits				
- Group gratuity (Unfunded)	2,05,31,685	1,98,23,857	12,06,221	9,12,985
Total	**2,05,31,685**	**1,98,23,857**	**12,06,221**	**9,12,985**

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 Rs. 30,79,472/- (Year ended March 31, 2020: Rs. 45,25,116/-) 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 acturial 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.

Longetivity 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, 2021	As at 31st March, 2020
Present value of obligation	2,17,37,906	2,07,36,842
Fair Value of plan assets*	-	-
(Asset)/Liability recognised in the Balance Sheet	2,17,37,906	2,07,36,842

** 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, 2019	1,57,87,062
Current service cost	32,15,143
Interest cost	12,51,437
Interest income	-
Actuarial (gain)/loss arising from changes in assumptions	5,36,960
Contributions by employer	-
Benefit payments	(53,760)
Return on plan assets, excluding interest income	-
As at March 31, 2020	2,07,36,842
Current service cost	30,93,802
Interest cost	13,88,383
Interest income	-
Actuarial (gain)/loss arising from changes in assumptions	(29,02,382)
Contributions by employer	-
Benefit payments	(5,78,739)
Return on plan assets, excluding interest income	-
As at March 31, 2021	2,17,37,906

(iii) Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises :

Particulars	2020-21	2019-20
Employee Benefit Expenses		
Current service cost	30,93,802	32,15,143
Past service cost	-	-
Interest cost	13,88,383	12,51,437
Interest income	-	-
Net impact on profit before tax	44,82,185	44,66,580
Remeasurement of the net defined benefit plans:		
Actuarial (gain)/loss arising from changes in assumptions	(29,02,382)	5,36,960
Return on plan assets excluding interest income	-	-
Net impact on other comprehensive income before tax	(29,02,382)	5,36,960

iv) Assets

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
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, 2021	As at 31st March, 2020
Discount rate	6.91%	6.79%
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, 2021		As at 31st March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,97,22,017	2,41,11,575	1,87,50,522	2,30,74,087
Salary escalation rate (1% movement)	2,39,48,041	1,98,23,366	2,29,02,176	1,88,58,064

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 Rs.1,26,25,875/-

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, 2021
Within 1 year	12,06,221
1-2 year	12,76,567
2-3 year	17,47,935
3-4 year	12,63,204
4-5 year	14,58,350
5-10 year	85,25,886

Deferred Tax ***Note No.17***

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

Particulars	Components	
	As at 31st March, 2021	As at 31st March, 2020
Liability:		
Towards depreciation	60,03,47,247	60,21,38,777
Asset:		
On allowances under Income-tax	(4,20,79,203)	(3,90,53,454)
Unabsorbed losses as per Income tax Act	(20,70,21,956)	(15,20,29,313)
MAT Credit Entitlement	(16,37,18,964)	(16,37,18,964)
Total	**18,75,27,124**	**24,73,37,046**

Movement in Deferred Tax Assets/Liabilities

Component	As at 31st March, 2019	Charge/(Credit) in Statement of P&L	As at 31st March, 2020	Charge/(Credit) in Statement of P&L	As at 31st March, 2021
Deferred tax (liabilities)/assets in relation to:					
Depreciation	59,68,98,611	52,40,166	60,21,38,777	(17,91,530)	60,03,47,247
Expenses allowable under Income tax when paid	(3,89,57,402)	(96,052)	(3,90,53,454)	(30,25,749)	(4,20,79,203)
Unabsorbed Depreciation as per Income Tax Act	(8,84,65,074)	(6,35,64,239)	(15,20,29,313)	(5,49,92,643)	(20,70,21,956)
MAT Credit entitlment	(16,37,18,964)	-	(16,37,18,964)	-	(16,37,18,964)
	30,57,57,171	**(5,84,20,125)**	**24,73,37,046**	**(5,98,09,922)**	**18,75,27,124**

Other Liabilities ***Note No. 18***

Particulars	Non-Current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
a) Advances received from customers against supplies	-	-	2,19,90,143	34,84,990
b) Statutory Liabilities	-	-	21,73,387	26,81,365
c) Teak Plantation Deposits	-	-	58,500	58,500
d) Deferred government grants	8,18,70,714	8,64,73,863	46,03,149	46,03,149
Total	**8,18,70,714**	**8,64,73,863**	**2,88,25,179**	**1,08,28,004**

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, 2021	As at 31st March, 2020
A. Secured		
Loans repayable on demand :		
Working Capital Loans :		
a) Cash Credit from banks		
i) From Andhra Bank	71,82,16,821	72,89,89,601
ii) From Indian Bank	59,99,33,126	60,38,50,939
III) From Bank of Baroda	5,02,21,349	4,91,27,925
b) Buyers credit facilities from banks		
i) From Andhra Bank	-	16,07,84,080
B. Unsecured		
Loans repayable on demand :		
a) From Directors'	2,00,00,000	2,00,00,000
Total	**1,38,83,71,296**	**1,56,27,52,545**

A.Secured

a) Working Capital Loan from Andhra Bank 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 @ 9.70%.

b) 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 @ 7.55%.

c) 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%.

B. Unsecured

a) 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, 2021	As at 31st March, 2020
Dues to : Small and Micro Enterprises	-	-
: Other than Small and Micro Enterprises	8,31,19,736	16,64,03,054
Total	**8,31,19,736**	**16,64,03,054**

Note: The company has no information about the status of its creditors to identify their status under Micro, Small and Medium Enterprises Development Act, 2006. Consequently, the disclosure requirements u/s 22 of the said Act has not been made.

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for Income-tax	2,77,87,949	2,77,87,949
Less: Advance Income-tax and TDS	2,90,80,419	2,85,81,926
Current tax liability / (Asset)	**(12,92,470)**	**(7,93,977)**

The current income- tax expense for the year can be reconciled to the accounting profit as follows :

Particulars	As at 31st March, 2021	As at 31st March, 2020
Profit/(Loss) before tax	(13,37,59,056)	(17,11,64,943)
Enacted Tax Rates in India	34.61%	34.61%
Computed Tax expense (Nil, if loss)	-	-
Add: Tax effects of expenses which are not deductible in determining taxable profit		
- Earlier Years Short Provision	78,629	32,08,271
Current Tax provision (A)	**78,629**	**32,08,271**
Increase of Deferred tax liability on account of Fixed Assets	(17,91,530)	52,40,166
Decrease/(Increase) of Deferred tax Asset on account of expenses and losses	(5,80,18,392)	(6,36,60,291)
Deferred Tax Charges (Including Charge/Credit to OCI) (B)	**(5,98,09,922)**	**(5,84,20,125)**
Total Tax Charge/(Credit) (A+B)	**(5,96,52,664)**	**(5,20,03,583)**

Revenue From Operations *Note No.22*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Revenue from Operations		
Sale of goods	2,39,92,04,263	2,90,71,66,834
Other Operating Revenue		
Job work charges	4,97,905	500
Export Incentive	64,94,797	89,40,065
	2,40,61,96,965	**2,91,61,07,399**

Revenue from Operations from sale of goods include:

Particulars	Year ended 31st March, 2021		Year ended 31st March, 2020	
	Qty(kgs.)	Revenue	Qty(kgs.)	Revenue
i) Cotton Yarn	41,58,598	94,13,79,941	56,02,493	1,26,95,38,882
ii) OE Yarn	39,13,224	52,54,81,007	42,43,215	54,66,28,708
iii) Cotton Waste	11,11,749	6,45,56,778	17,56,137	10,92,54,494
iv) OE Waste	5,61,808	1,00,40,793	9,06,119	1,48,00,133
v) Cotton Seed	25,710	5,11,014	62,34,476	14,09,58,984
vi) Cotton Lint	14,338	17,02,909	30,90,655	33,81,37,533
vii) Damaged Kappas	-	-	8,479	1,78,059
viii) Sale of Gray Fabric (Mtrs)	1,47,09,158	89,33,47,688	2,27,66,614	1,31,62,56,087
ix) Sale of Fabric Waste	76,001	31,45,846	1,14,037	59,62,506
x) Sale of Dyed Fabric (Mtrs)	12,56,206	11,75,50,570	29,83,816	28,84,04,940
xi) Sale of Dyed Yarn (Kgs)	3,12,657	11,21,80,417	5,79,764	20,75,29,108
xii) Sale of cut pieces cloth and shirts	-	-	813	1,70,177
xiii) Gray Yarn	1,34,229	2,64,25,040	7,73,718	22,28,01,429
xiv) Sale of Solar Power (KWH)	15,74,677	93,06,340	-	-
xv) Sale of Power (KWH)	46,18,395	2,15,47,492	60,36,955	2,84,42,118
		2,72,71,75,835		**4,48,90,63,158**
Less: Inter divisional transfers				
Cotton Yarn	3,31,930	10,08,58,871	23,35,294	65,67,19,769
OE yarn	1,25,294	1,83,02,803	4,20,028	5,79,26,654
Dyed yarn	3,12,657	11,21,80,417	5,69,910	20,34,83,523
Gray Yarn	1,34,229	2,64,25,040	7,73,718	22,28,01,429
Cotton Waste	10,15,690	5,91,95,192	15,41,683	10,28,27,416
Cotton Lint	14,338	17,02,909	30,90,655	33,81,37,533
Solar Power	15,74,677	93,06,340	-	-
		32,79,71,572		**1,58,18,96,324**
TOTAL		**2,39,92,04,263**		**2,90,71,66,834**

Other Income ***Note No.23***

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest from banks and others	29,54,431	44,55,180
Deferred Govt. grants credited back	46,03,149	46,03,149
Credit Balances Written back	759	28,371
Profit on sale of assets	-	17,112
Gain on exchange fluctuations	2,05,511	91,287
Miscellaneous receipts	86,91,832	80,45,742
TOTAL	**1,64,55,682**	**1,72,40,841**

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, 2021	Year ended 31st March, 2020
Opening Stock	33,42,28,649	43,78,72,019
Add: Purchase of Raw Material	1,62,33,45,281	1,73,38,99,481
	1,95,75,73,930	**2,17,17,71,500**
Less : Closing Stock	44,02,67,135	33,42,28,649
TOTAL	**1,51,73,06,795**	**1,83,75,42,851**

Purchase of stock-in-trade *Note No.25*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
	Amount	Amount
OE Yarn	1,31,69,792	2,53,543
TOTAL	**1,31,69,792**	**2,53,543**

Changes in inventories of finished goods, work -in- progress and stock-in-trade *Note No.26*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening work-in-progress	34,72,12,767	40,04,20,565
Opening Finished goods	16,59,84,224	11,86,22,893
	51,31,96,991	**51,90,43,458**
Closing work-in-progress	40,24,55,780	34,72,12,767
Closing Finished goods	12,64,01,099	16,59,84,224
	52,88,56,879	**51,31,96,991**
Increase/(decrease) in inventories	**1,56,59,888**	**(58,46,467)**

Employee benefit expenses *Note No.27*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries and Wages	13,19,41,791	18,96,74,774
Contribution to provident and other funds	30,79,472	45,25,116
Staff welfare expenses	27,55,450	26,61,626
Contribution towards group gratuity	43,00,005	40,57,284
TOTAL	**14,20,76,718**	**20,09,18,800**

Finance costs *Note No.28*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest paid to banks and others	31,30,17,302	31,34,67,279
Other Borrowing Costs	-	-
Total Interest Cost	**31,30,17,302**	**31,34,67,279**
Less: Subsidy under TUF Scheme	51,29,048	53,02,386
Interest subsidy from AP Government	5,82,32,572	6,58,06,000
TOTAL	**24,96,55,682**	**24,23,58,893**

Depreciation and amortisation *Note No.29*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Depreciation and Amortization	15,24,92,339	15,64,66,220
TOTAL	**15,24,92,339**	**15,64,66,220**

Other expenses *Note No.30*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Consumption of Stores and Spares	11,57,76,353	16,32,58,469
Processing charges paid	-	12,18,733
Power and Fuel (Net of power subsidy	25,92,56,346	34,07,24,423
Rs.1,91,01,600/- (Pr. Year Rs.3,11,68,875/-)		
Repairs and Maintenance: Buildings	12,39,097	10,76,914
Machinery	3,08,53,817	4,60,76,282
Others	10,37,865	17,29,137
Insurance	52,40,745	56,18,562
Loading and Unloading charges	3,02,08,176	2,78,89,581
Commission on Sales	1,61,16,646	2,31,05,329
Rents - Office	-	24,000
Rates and taxes	86,48,980	1,23,70,142
Payments to auditors		
- Statutory audit	2,75,000	2,75,000
- Tax audit and taxation matters	50,000	50,000
- Cost audit	20,000	20,000
Directors Sitting Fee	1,95,000	1,80,000
Donations	1,17,463	4,05,000
CSR expenses	12,90,000	41,00,000
Loss on sale of assets	10,951	-
Debit Balances written off	3,972	7,214
Miscellaneous expenses	2,70,29,854	3,29,97,623
TOTAL	**49,73,70,265**	**66,11,26,409**

CIF value of imports *Note No.31*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
i) Stores & Spares	79,08,001	3,03,85,773
ii) Capital goods	0.00	6,87,28,794

Comparision between consumption of imported and indigenous raw materials Spares and components *Note No.32*

Particulars	Year ended 31st March, 2021	%	Year ended 31st March, 2020	%
a) Raw material:				
Imported	46,51,965	0.31	23,84,76,335	12.98
Indigenous	151,26,54,830	99.69	159,90,66,516	87.02
Total	**151,73,06,795**	**100.00**	**183,75,42,851**	**100.00**
b) Spares & Components:				
Imported	79,08,001	6.83	2,75,49,944	16.88
Indigenous	10,78,68,352	93.17	13,57,08,525	83.12
Total	**11,57,76,353**	**100.00**	**16,32,58,469**	**100.00**

Expenditure incurred in Foreign Currency *Note No.33*

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
a) Commission On Yarn & Fabric Sales	38,77,200	42,48,408
b) Foreign Travel	0.00	3,71,817

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/-)	4,16,00,410	1,10,86,246
c) Income-tax	0.00	38,405
d) Entry Tax	2,34,726	2,34,726

e) *The Hon'ble Supreme Court of India allowed the appeal filed by APTRANSCO confirming the enhancement of wheeling charges. Consequent to the said order, the company has received demand from APCPDCL for differential wheeling charges amounting to Rs.3,29,70,993/- However, the company based on legal advice, filed a representation before the authorities questioning the manner of arriving the quantum of demand and is of opinion that the demand may be reduced substantially. Pending outcome of the proceedings, no provision of the said liability has been made in the financial statements

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.Srinvivasa Nagarjuna Reddy, Son of M.V.Subba Reddy
3) Relative of Key Managerial Personnel:
   1. Kallam Agro products & Oils Private Limited, Guntur
   2. Kallam Brothers Cottons Pvt Ltd, 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	31,70,925	(38,83,720)
-Short term employment benefits	30,81,412	(37,26,870)
-Post employment benefits	89,513	(1,56,850)
2. G.V.Krishna Reddy, JMD	33,50,323	(38,41,142)
-Short term employment benefits	32,98,775	(37,06,733)
-Post employment benefits	51,548	(1,34,409)
3. M.V.Subba Reddy,WTD	9,56,877	(12,00,547)
-Short term employment benefits	9,15,758	(10,82,529)
-Post employment benefit	41,119	(1,18,018)
Total	**74,78,125**	**(89,25,409)**
b. Salary paid:		
P. Govardhan Reddy	5,61,870	(6,22,926)
M. Srinivas Nagarjuna Reddy	2,64,358	(3,13,237)
c. Sale of Goods and Services:		
1. Kallam Brothers Cottons Pvt Ltd- Testing & Sale of Fabric	6,49,485	(1,67,125)
2. Kallam Agro products and Oils Pvt. Ltd Seed Sales	6,01,859	(6,33,98,986)
d. Purchases of Goods and Services:		
1. Kallam Brothers Cottons Pvt Ltd- Purchases Commission	1,65,63,932	(43,30,042)

II. Balance as at 31-03-2021 :

a) Unsecured loans form:		
1. P.Venkateswara Reddy, MD	1,71,55,000	(2,71,55,000)
2. G.V.Krishna Reddy, JMD	85,40,000	(1,75,40,000)
3. M.V.Subba Reddy, WTD	38,50,000	(48,50,000)
	2,95,45,000	**(4,95,45,000)**
b) Remuneration payable to:		
1. P.Venkateswara Reddy, MD	1,77,500	(2,37,997)
2. G.V.Krishna Reddy, JMD	1,22,500	(3,02,500)
3. M.V.Subba Reddy, WTD	87,110	(1,59,580)
	3,87,110	**(7,00,077)**
c) Trade dues from:		
1. Kallam Brothers cottons pvt Ltd., Guntur	0.00	(1,14,323)
2. Kallam Agro Products and Oils pvt Ltd., Guntur	0.00	(3,69,464)
III. Sitting fees paid to Non-executive and Independent director		
1. Varanasi Ramgopal	60,000	(60,000)
2. Vangala Bhargavi	75,000	(45,000)
3. Suryanarayana Murthy Vaddadi (Non-excutive nominee director)	60,000	(30,000)

Segment Information: ***Note No.37***

Particulars	(Amount in Lacs) Year 2020-21	Year 2019-20
Segment Revenue:		
1. Spinning	14,851.19	19,836.24
2. Weaving	10,194.75	16,146.42
3. Dyeing	1,386.05	4,303.20
4. SolarPower	93.06	0.00
5. Power	215.47	284.42
	26,740.52	**40,570.38**
Less: Inter segment Revenue	2,678.55	11,409.31
Net Revenue from Operation	24,061.97	29,161.07
Segment Results (Profit before Tax and Interest)		
1. Spinning	517.86	-348.19
2. Weaving	461.80	874.87
3. Dyeing	26.04	85.86
4. Solar Power	76.80	0.00
5. Power	75.95	99.40
	1,158.45	**711.94**
Less: Interest (net)	2,496.35	2,423.59
Net Loss before Tax	**1,338.11**	**-1,711.65**
Capital Employed: (Segment Assets-Segment Liabilities)		
1. Spinning	25249.54	25449.93
2. Weaving	24760.43	23318.69
3. Dyeing	1497.89	1719.61
4. Solar	1128.17	316.19
5. Power	1238.04	1286.33
Total	**52090.75**	**52090.75**
Capital Expenditure		
1. Spinning	6.47	91.51
2. Weaving	0.13	33.30
3. Dyeing	0.00	0.77
4. Solar Power	1501.38	938.24
5. Power	0.00	0.00
Depreciation:		
1. Spinning	666.60	707.43
2. Weaving	702.32	705.96
3. Dyeing	77.94	77.94
4. Solar Power	16.87	0.00
5. Power (Hydal)	61.19	73.33

Corporate Social Responsibility ***Note No.38***

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Amount required to spent during the year	12,61,800	40,71,727
Amount actually spent	12,90,000	41,00,000
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, 2020: ₹ 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 ₹ 35,77,94,035 (Previous year ₹ 39,21,66,887).

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

The Carrying amounts and fair value of financial instruments by categories as at 31st March, 2021 and 31st March, 2020 are as follows:

Particulars	Carrying value		Fair value	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Financial assets				
Measured at Amortised cost				
(i) Loans and Advances	14,91,023	7,32,969	14,91,023	7,32,969
(ii) Other financial assets	5,80,21,476	6,58,51,776	5,80,21,476	6,58,51,776
(iii) Trade receivables	19,18,89,043	21,17,95,757	19,18,89,043	21,17,95,757
(iv) Cash and cash equivalents	3,79,13,799	39,33,183	3,79,13,799	39,33,183
(v) Other bank balances	18,01,268	1,52,24,445	18,01,268	1,52,24,445
Total assets	**29,11,16,609**	**29,75,38,130**	**29,11,16,609**	**29,75,38,130**
Financial liabilities				
Measured at Amortised cost				
(i) Borrowings (including current maturities of Long term borrowings)	3,50,49,40,254	3,15,03,94,036	3,50,49,40,254	3,15,03,94,036
(ii) Other financial liabilities	8,62,18,351	12,70,38,921	8,62,18,351	12,70,38,921
(iii) Trade payables	8,31,19,736	16,64,03,054	8,31,19,736	16,64,03,054
Total liabilities	**3,67,42,78,341**	**3,44,38,36,011**	**3,67,42,78,341**	**3,44,38,36,011**

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, 2021 and March 31, 2020 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	10,09,478	44,29,426
Net Assets / (Liabilities)	**-10,09,478**	**-44,29,426**

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 Rs. 50,474/- 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, 2021 and March 31, 2020 . 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. 13.

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 31.3.2021				
Long term borrowings	57,97,00,369	1,53,68,68,589		2,11,65,68,958
Short term borrowings (Repayable on demand)	1,38,83,71,296			1,38,83,71,296
Trade payables	8,31,19,736			8,31,19,736
Other financial liabilities	8,62,18,351			8,62,18,351
As on 31.3.2020				
Long term borrowings	31,85,17,732	1,26,91,23,759		1,58,76,41,491
Short term borrowings (Repayable on demand)	1,56,27,52,545			1,56,27,52,545
Trade payables	16,64,03,054			16,64,03,054
Other financial liabilities	12,70,38,921			12,70,38,921

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 managment 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, 2021	31st March, 2020
Total Borrowings	3,50,49,40,254	3,15,03,94,036
(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	1,47,35,701	1,57,51,970
A decrease in 50 bps will increase the profit by	1,47,35,701	1,57,51,970

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 geraing ratio which is debt divided by total capital.

Particulars	31st March, 2021	31st March, 2020
Interest bearing loans and borrowings (Long term and short term borrowings)	3,50,49,40,254	3,15,03,94,036
Total debt	**3,50,49,40,254**	**3,15,03,94,036**
Equity share capital	8,56,38,750	8,56,38,750
Other equity	77,51,05,579	85,11,65,626
Total capital	86,07,44,329	93,68,04,376
Total debt and capital	**4,36,56,84,583**	**4,08,71,98,412**
Capital geraing ratio (Debt/Total capital) (in no. of times)	4.07	3.36

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

Particulars	31st March, 2021	31st March, 2020
Basic and Diluted Earning per share: No. of shares at the beginning of the year	4,28,19,375	4,28,19,375
Total Weighted average number of shares at the end of the Year	4,28,19,375	4,28,19,375
Net Profit after tax before OCI as per Statement of Profit and Loss	(7,89,62,429)	(12,08,87,755)
Basic and diluted Earning per share	**(1.84)**	**(2.82)**

45 " The Ministry of Home Affairs vide order no. 40-3/2020-DM-I(A) dated March 24, 2020 announced a nationwide lockdown as a measure to contain the spread of COVID 19 which was declared a global pandemic by the World Health Organisation. Owing to the lockdown, the operations of the Company were impacted due to shutting down of all plants and offices. The Company has resumed operations in a phased manner as per directives issued by the Government and is closely monitoring the impact of the pandemic on all aspects of its business. The Company is taking appropriate measures to ensure the safety and well-being of all its employees and ensuring full compliance with the directives issued by the Government in this regard. The Management has exercised due care, in concluding on significant accounting judgements and estimates,

interalia, recoverability of assets, receivables and other current assets based on the information available to date, both internal and external, to the extent relevant, while preparing these financial statements as of and for the year ended March 31, 2020. Based on the assessment of current indicators of future economic conditions, the Management does not envisage any significant impact on its financial statements as on March 31, 2020. The impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration, and accordingly, the eventual outcome may be different from those estimated as on the date of approval of these financial statements."

46. Previous year figures have been regrouped where ever necessary.

47. Paise have been rounded off to the nearest rupee.

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

For and on behalf of the Board

Sd/-
P. Venkateswara Reddy
Managing Director

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

Place : Guntur
Date : 29-06-2021
UDIN : 21028105AAAABH5706

AGM NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **29th Annual General Meeting** (AGM) of the members of Kallam Textiles Limited (formerly known as Kallam Spinning Mills Limited) is scheduled to be held on Thursday, the 30th September, 2021 at 3.00 PM IST through Video Conferencing/ Other Audio Visual Means (VC)/(OAVM) 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 31.03.2021, together with the reports of Directors' and Auditors' thereon.

2. **Appointment of Director under Retirement by Rotation.**

   To appoint a Director in place of Sri M.V. Subba Reddy (DIN-00018719) is liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **Ratification of remuneration payable to Cost Auditor**

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

   "RESOLVED THAT pursuant to the provisions of Section 148(3) 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 20,000 (Rupees Twenty Thousand only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses payable to M/s. SAIRAM&ASSOCIATES, Cost Accountants, (Membership No-41498) to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022 as recommended by the Audit Committee and approved by the Board of Directors 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."

4. **To re-appoint 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**

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

   "RESOLVED THAT pursuant to the provisions of Sections 196,197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V of the said Act and the Companies (Appointment and Remu-neration of Managerial Personnel) Rules, 2014 and other rules made there under (including any statutory modifica-tion(s) or re-enactment thereof for the time being in force), and pursuant to the Articles of Association of the Compa-ny and subject to other approvals as may be required, the approval of the Members be and is hereby accorded for re-appointment of Mr. Venkateswara Reddy Poluri (DIN: 0018677) as the Managing Director of the Company, for a term of 3 (Three) years with effect from June 29, 2021 upto June 29, 2024 on such terms and conditions as set out in this resolution and the explanatory statement annexed hereto including payment of such remuneration, as may be determined by the Board (including any Committee thereof), from time to time, within the maximum limits approved by the Members of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board (including any Com-mittee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

5. **To Re-appoint Sri. Gurram Venkata Krishna Reddy as a Joint Managing Director of the company for a pe-riod of three years i.e. 29.06.2021,**

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

"RESOLVED THAT pursuant to the provisions of Sections 196,197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V of the said Act and the Companies (Appointment and Remu-neration of Managerial Personnel) Rules, 2014 and other rules made there under (including any statutory modifica-tion(s) or re-enactment thereof for the time being in force), and pursuant to the Articles of Association of the Compa-ny and subject to other approvals as may be required, the approval of the Members be and is hereby accorded for re-appointment of Mr. Gurram Venkata Krishna Reddy (DIN: 00018713) as the Joint Managing Director (JMD) of the Company, for a term of 3 (Three) years with effect from June 29, 2021 upto June 29, 2024 on such terms and conditions as set out in this resolution and the explanatory statement annexed hereto including payment of such remuneration, as may be determined by the Board (including any Committee thereof), from time to time, within the maximum limits approved by the Members of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board (including any Com-mittee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

By the Order of the Board

Sd/-

(Poluri Venkateswara Reddy)
Managing Director
DIN: 00018677

Place: Guntur

Date: 13-08-2021

1. An Explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of item nos. 3,4 & 5 of the Notice set out above, is annexed hereto.

2. Ministry of Corporate Affairs ("MCA") has vide its circulars dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 ("MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM. In compliance with the provisions of the Act, MCA Circulars and SEBI (Listing Obligations and Disclo-sure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 29th Annual General Meeting of the Company ("AGM") is being held through VC / OAVM on Thursday, September 30, 2021 at 3.00 p.m. The deemed venue of the AGM shall be the Registered Office of the Company. The procedure for joining the AGM through VC/ OAVM is mentioned in this Notice.

3. The register of members and share transfer books of the Company shall remain closed from September 24, 2021 to September 30, 2021 (both days inclusive) for determining the names of the members eligible for voting at the Meeting. The members whose names appear on the Company's register of members as on September 23, 2021 will be eligible to attend and vote at the Meeting

4. Notice of AGM along with the Annual Report for the year 2020-21 is sent only through electronic mode to those members whose E-mail addresses are registered with National Securities Depository Limited ("NSDL")/ Central Depository Services (India) Limited ("CDSL") as of 3rd September, 2021.

5. Since the AGM being held through VC/OAVM, the Route Map, Attendance Slip and proxy form are not attached to this Notice However in pursuance of section 112 and 113 of the act, representatives of the members and institutional members of the company are required to send a scanned certified true copy of the Board Resolution/ Authority Letter, etc., authorizing their representative to attend the AGM through VC/ OAVM on their behalf and to vote through remote e- for the purpose of voting in the meeting held through VC or OAVM. The said Resolution/Authorization shall be sent to the corp@ksml.in

6. The AGM notice and Annual Report of the Company are made available on the Company's website at www.ksm.in and also on the website of the Stock Exchanges where the equity shares of the Company have been listed viz., BSE Limited (www.bseindia.com) The Company has published a Public Notice by way of advertisement in Telugu Language, the principal vernacular language of Andhra Pradesh and in English language in an English newspaper with the required details of 29th Annual General Meeting, for information of the Members

7. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. In case of joint holders only such joint holder who is higher in the order of names will be entitled to vote during the meeting

8. ELECTRONIC DISPATCH OF ANNUAL REPORT ANDPROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT

   The Members who have not yet registered their E-mail addresses are requested to register their E-mail addresses with their DPs in case the shares are held by them in electronic form and with Big share Services Pvt. Ltd in case the shares are held by them in physical form. Upon such Registration, all communication from the Company/RTA will be sent to the registered E-mail address In view of covid-19 pandemic situations, In order to send annual reports, notices and other communications/ benefits to shareholders in electronic form, we request the Members of Kallam Textiles Limited("Company") in respect of shares held in electronic form who have not yet registered/ updated their email address, mobile number, PAN number, address changes and bank account details, to register/ up¬date the same with the Depository through their Depository Participants) and in respect of shares held in physical form by writing to the Company corp@ksml.in or Company's Registrar and Share Transfer Agent, Big share Services Pvt. Ltd., 306, 3rd Floor, Rigt Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajigu-da, Hyderabad- 500082 PhNo:040-23374967, Website www.bigshareonline.com for sending certain documents/Information as required.

   No action is required from shareholders whose email address, mobile number, PAN number, address changes and bank account details, are already been updated. This notice will be made available on the Stock Exchange BSE and Company's website: www.ksml.in

9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 30, 2021. on the basis of request being sent to corp@ksml.in

10. 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 shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

11. Unclaimed Dividends: Pursuant to the provisions of Sections 124 and 125 of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends which remain unclaimed / unpaid for a period of 7 years are required to be transferred to Investor Education and Protection Fund. The Company requests the Members to claim the unclaimed dividends within the prescribed period. The details of the unclaimed dividends are available on the website of the Company at www.ksml.in and Ministry of Corporate Affairs at www.iepf.gov.in/. Members can contact the RTA for claiming the unclaimed dividends standing to the credit in their account.

12. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agent M/s Big share services private Limited for assistance in this regard.

13. Voting Rights: Members holding Equity Shares shall have one vote per share as shown against their holding

14. E-Voting:

1. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Big share Services Pvt. Ltd on all resolutions set forth in this Notice.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER

The Company has entered into an arrangement with Central Depositary Services Limited (CDSL) for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

The Remote e-Voting process to be followed by the shareholders to cast their votes:

Pursuant to Provisions of Section 108 of the Companies Act, 2013 and Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 29th Annual General Meeting to be held on Thursday, 30th September, 2021, at 3.00 PM.

(i) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Information regarding the E-Voting

The shareholders should log on to the e-voting website www.evotingindia.com

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

EVSN (E-VOTING SEQUENCE NUMBER): 210907017

COMMENCEMENT OF E-VOTING:

Monday 27th September 2021 at 9.00 A.M

END OF E-VOTING:

Wednesday, 29th September, 2021 at 5.00P.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 23rdSeptember, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

STEPS & INSTRUCTIONS FOR E-VOTING:

The Instructions For Shareholders Voting Electronically Are As Under:

Type of share-holders	Login Method
Individual Shareholders holding securi-ties in Demat mode with CDSL	1) Userswho have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest arehttps://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful log in the Easi / Easiest user will be able to see the e-Voting option for el-igible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system ofall e-Voting Service Providers i.e. CDSL/ NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is availab-leathttps://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/ Evoting/EvotingLoginThe system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
	1) Userswho have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest arehttps://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful log in the Easi / Easiest user will be able to see the e-Voting option for el-igible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system ofall e-Voting Service Providers i.e. CDSL/ NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is availab-leathttps://web.cdslindia.com/myeasi/Registration/EasiRegistration

Type of share-holders	Login Method
	4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLoginThe system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.

(ii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDLis given below:

Type of share-holders	Login Method
Individual Shareholders holding securi-ties in demat mode with NSDL	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
	2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding secur-ities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.comor contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

i. Attending the AGM: Members will be provided with a facility to attend the AGM through video confe-rencing platform provided by the Company, Members are requested to visit http://kallamtextiles.makvel.in and click on the "e-AGM Video Conference & Streaming" to join the Meeting.

ii. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Fire-fox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connect-ing via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.

iii. Shareholders who would like to express their views/ask questions during the meeting may register them-selves as a speaker by sending their request in advance to corp@ksml.in at least 3 days prior to Annual General Meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to participate during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account num-ber/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

iv. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting

v. Members who need assistance before or during the AGM may contact Mr. G.V.Krishna Reddy, Join Man-aging Director & KMP , at Tel: +0863- 2344016/2344010 or send an email request at the email id: corp@ksml.in

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THEAGM ARE AS UNDER:-

i. The e-voting window shall be activated upon instructions of the Chairman of the Meeting during the AGM. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same.

ii. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM through poll or show of hand

iii. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting

iv. The Members shall be guided on the process during the AGM to vote by using e voting system provided by the Company on resolutions set out in the notice up on mentioning their details i.e. Name, PAN and no.of shares held at the e voting page provided by the Company, visit. http://kallamtextiles.makvel.in , as per the provisions of the Companies Act. If the voting at AGM through VC/OAVM conducted by way of show of hands as may be decided by the Chairman then each shareholder can cast one vote irrespective of their share holding.

v. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Declaration of Results:

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and submit, not later than two days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairperson of the Company or the person authorized by him, who shall countersign the same
2. Based on the Scrutinizer's Report, the Company willsubmit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations

   The results declared along with the Scrutinizer's Report, will be hosted on the website of the Company at https://www.ltfs.com and on the website of CDSL, immediately after the declaration of the result by the Chairperson or a person authorised by him in writing and communicated to the Stock Exchanges.

By the Order of the Board

Sd/-

(Poluri Venkateswara Reddy)
Managing Director
DIN: 00018677

Place: Guntur

Date: 13-08-2021

EXPLANATORY STATEMENT FORMING PART OF THE NOTICE DATED AUGUST 13, 2021

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 : 3. TO ratify the remuneration payable the Cost Auditors for the financial year ending 31st March, 2021

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s SAI RAM & 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 20,000 (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, 2022 to be paid to M/s. SAIRAM & ASSOCIATES, Cost Accountants Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 3 of the accompanying Notice, for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2022.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the shareholders. None of the Directors / Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution

ITEM NO : 4

The Board of Directors of the Company ("the Board"), at its meeting held on May 28, 2018 had re- appointed Mr. Venkateswara Reddy Poluri (Din: 0018677) as a Managing Director of the Company for a period of 3 (Three) years commencing from June 28, 2018 up to and including June 29, 2021. The aforesaid was approved by the Members at the Annual General Meeting held on September 22, 2018. Thus, the tenure of Mr. Venkateswara Reddy Poluri was expiring on June 29, 2021.

In view of the aforesaid and based on the recommendation of the Nomination and Remuneration Committee ("the NRC"), the Board at its meeting held on June 29, 2021, subject to the approval of Members, has re-appointed Mr. Venkateswara Reddy Poluri as the Managing Director ("MD ") of the Company, for a period of 3 (Three) years with effect from June 29, 2021 till June 29, 2024, on the terms and conditions as stated in the Letter of Appointment duly approved by the Board. Mr. Venkateswara Reddy Poluri is not disqualified from being re-appointed as a Direc-tor in terms of Section 164 of the Companies Act 2013 ("the Act"). As required under Section 196(4) of the Act, the material terms and conditions of the appointment entered into with Mr. Venkateswara Reddy Poluri.

Particulars of the terms of re—appointment of and remuneration payable to Venkateswara Reddy Poluri (DIN: 0018677) as a Joint Managing Director are as under

Remuneration:

a) Salary : Rs.2,75,000/-p.m.

b) Commission : Commission is payable 0.5% on profits computed undersection 198 of the Companies Act, 2013.

c) Housing : Rent Free Accommodation or House Rent Allowance of 10% of Basic Salary

d) Car & Telephone : The Company shall provide a car and telephone atresidence and further agrees to provide one mobile phone.

e) Health and Accidental insurance premium: The Company agrees to bear the Health Insurance premium for self and family for a value ofRs 20 Lakhs per personAccidental Insurance premium will be paid for self covering a risk of Rs Five Croresand beneficiary being the Spouse.

f) The medical expenses incurred and not reimbursed by Health insurance Company, to be reimbursed for self and family all together to a limit of one month's salary in a year or three months salary over a period of three years.

g) The Company also agrees to reimburse, with the approval of the Board, the additional Medical expenses, if any, incurred in excess of the expenses not covered by point (f).

h) Club Fees: The Company agrees to pay annual subscription to a club/Health centre/Gym. Life time member ship/Lumpsum deposit will not be covered in the above.

i) Payment of Gratuity at the end of the tenure shall not exceed 15 days salary for each completed year of continuous service rendered in thecompanyi.e Since September 2002 or at the rate as may be notified by the government from time to time.

j) Reimbursement of Leave Travel Assistance with in India or abroad for self and family once in a year subject to a maximum of one month salary.

II. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. P.Venkateswara 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 specified above.

It is proposed to seek Members' approval for re-appointment of Mr. Mr. P.Venkateswara Reddy as the Managing Director of the Company and payment of remuneration thereof, in terms of the applicable provisions of the Act.

The Board is of the view that the Company would greatly benefit from the skills, knowledge and rich experience of Mr. P.Venkateswara Reddy and accordingly, recommends the resolution set forth in Item No. 4 of the Notice for approval of the Members.

Save and except Mr. P.Venkateswara Reddy,G.V.Krishna Reddy and M.V.Subba Reddy and their relatives none of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Com-pany, are concerned / interested, financially or otherwise, in the said resolution.

ITEM NO : 5

The Board of Directors of the Company ("the Board"), at its meeting held on May 28, 2018 had re- appointed Mr. Gurram Venkata Krishna Reddy (Din: 00018713) as a Joint Managing Director of the Company for a period of 3 (Three) years commencing from June 28, 2018 up to and including June 29, 2021. The aforesaid was approved by the Members at the Annual General Meeting held on September 22, 2018. Thus, the tenure of Mr. Gurram Venkata Krishna Reddy was expired on June 29, 2021.

In view of the aforesaid and based on the recommendation of the Nomination and Remuneration Committee ("the NRC"), the Board at its meeting held on June 29, 2021, subject to the approval of Members, has re-appointed Mr. Gurram Venkata Krishna Reddy as the Managing Director ("MD ") of the Company, for a period of 3 (Three) years with effect from June 29, 2021 till June 29, 2024, on the terms and conditions as stated in the Letter of Appointment duly approved by the Board. Mr. Gurram Venkata Krishna Reddy is not disqualified from being re-appointed as a Director in terms of Section 164 of the Companies Act 2013 ("the Act"). As required under Section 196(4) of the Act, the material terms and conditions of the appointment entered into with Mr. Gurram Venkata Krishna Reddy .

Particulars of the terms of re—appointment of and remuneration payable to Gurram Venkata Krishna Reddy (DIN: 00018713) as a Joint Managing Director are as under

Remuneration:

a) Salary : Rs.2,75,000/-p.m.

b) Commission : Commission is payable 0.5% on profits computed under section 198 of the Companies Act, 2013.

c) Housing : Rent Free Accommodation or House Rent Allowance of 10% of Basic Salary

d) Car & Telephone : The Company shall provide a car and telephone at residence and further agrees to pro-vide one mobile phone.

e) Health and Accidental insurance premium: The Company agrees to bear the Health Insurance premium for self and family for a value ofRs 20Lakhs per personAccidental Insurance premium will be paid for self covering a risk of Rs Five Crores and beneficiary being the Spouse.

f) The medical expenses incurred and not reimbursed by Health insurance Company, to be reimbursed for self and family all together to a limit of one month's salary in a year or three months salary over a period of three years.

g) The Company also agrees to reimburse, with the approval of the Board, the additional Medical expenses, if any, incurred in excess of the expenses not covered by point (f).

h) Club Fees: The Company agrees to pay annual subscription to a club/Health centre/Gym. Life time member-ship/Lump sum deposit will not be covered in the above.

i) Payment of Gratuity at the end of the tenure shall not exceed 15 days salary for each completed year of continuous service rendered in the company i.e Since September 2002 or at the rate as may be notified by the government from time to time.

ii) Reimbursement of Leave Travel Assistance with in India or abroad for self and family once in a year subject to a maximum of one month salary.

j) Reimbursement of Leave Travel Assistance with in India or abroad for self and family once in a year subject to a maximum of one month salary.

II. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sri. G. V. Krishna 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 specified above.

It is proposed to seek Members' approval for re-appointment of Mr. G. V. Krishna Reddy as the Joint Managing Director of the Company and payment of remuneration thereof, in terms of the applicable provisions of the Act.

The Board is of the view that the Company would greatly benefit from the skills, knowledge and rich experience of Mr. G. V. Krishna Reddy and accordingly, recommends the resolution set forth in Item No. 5 of the Notice for ap-proval of the Members.

Save and except Mr. P.Venkateswara Reddy, G.V.Krishna Reddy and M.V.Subba Reddy and their relatives none of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Com-pany, are concerned / interested, financially or otherwise, in the said resolution.

By the Order of the Board

Sd/-

(Poluri Venkateswara Reddy)
Managing Director
DIN: 00018677

Place: Guntur

Date: 13-08-2021

Additional Information of Directors seeking re-appointment / appointment at the 29th Annual General Meeting pursuant to SS-2 and SEBI Listing Regulations:

Name of Director	M.V.Subba Reddy	P.Venkateswara Reddy	G.V.Krishna Reddy
Designation	Director	MD	JMD
DIN	00018719	00018677	00018677
Date of Appointment	25/09/1999	28/09/2002	25/09/1999
Date of Re-appointment	29/06/2015	29.06.2019	29.06.2019
Date of Birth (Age)	09.08.1957 (64 Y)	14.08.1951 (70 Y)	11.09.1957 (64Y)
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 Gradu-ate in Commerce from Andhra University, Visakhapatnam. He looks after day to day adminis-tration of Spinning Unit at Chowdavaram. He is also Chief Financial Officer of the Compa-ny.	Mr P. Venkateswara Reddy is aged about 70 years and he also hails from Agricul-tural Family. He is associated with the Company Since Sep-tember 2002. Mr P.V. Reddy handels the Purchase of Raw Cotton, Ginning, Civil Constructions and Administration of Spinning Unit At Chowdavaram.	Mr G.V.K Reddy is aged about 63 years. He is a graduate in Mechanical Engi-neering with Distinc-tion and Ist Rank Holder from Andhra University, Visakha-patnam. He did his M.Sc. in Marine En-gineering from Royal Naval Engin— eering College, Plymouth, UK. He was commis-sioned in Indian Navy in 1997. He looks after the day to day admini— stration of Weaving and Dyeing Units. In addition to the above, he also looks after the Marketing and Finance Management of the entire Company.
Expertise in specific functional area	Special Knowledge/ Practical Experience/ Skills/ Expertise/ Competencies in Policy Making, Finance, Business Strategy, Risk Management, Corporate Go-vernance, Value Creation, Mar-keting.	Special Knowledge / Practical Experience / Skills/ Expertise / Competencies in Policy Making, Finance, Business Strategy, Risk Man-agement, Corporate Governance, Value Creation, Marketing	Special Knowledge/ Practical Experience/ Skills/ Expertise/ Competencies in Policy Making, Finance, Business Strategy, Risk Man-agement, Corporate Governance, Value Creation, Marketing.
Qualifications	Post Graduate	NA	M.Sc.
Remuneration last drawn	9,56,877	31,70,925	33,50,323
Number of meetings of the Board attended during the financial year 2020-21	6	6	6
Directorship held in other Listed Companies	Nil	Nil	Nil
Committee position held in other Compa-nies	Nil	Nil	Nil
Relationship with other Directors	Relative of other executive directors	Relative of other executive directors	Relative of other executive directors
No. of equity shares held in the Company	428125	1151250	3513733

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 produc-tivity and profits in measura-ble 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	P.Venkateswara Reddy	G.V.Krishna Reddy
Background details	Given above	Given above
Past remuneration	Rs.31,70,925 per annum	33,50,323 per annum
Recognition or awards Job profile and his suitability	Given above	Given above
Remuneration proposed	Rs.33,00,000per annum	Rs.33,00,000per annum
Comparative remuneration profile with respect to industry, size of the company, profile of the posi-tion and person (in case of expa-triates the relevant details would be with respect to the Country of his origin)	The remuneration as pro-posed of P.Venkateswara Reddy is comparable to that drawn by the peers in the similar capacity in the indus-try and is commensurate with the size of the Company .	The remuneration as proposed of G.V.Krishna Reddy is comparable to that drawn by the peers in the simi-lar 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 Com-pany as a Managing Director and promoter of the compa-ny.	Besides the remuneration proposed, he has pecuniary relationship with the Company a Managing Director and promoter of the company.

NOTES

NOTES

If undelivered Please return to

Kallam Textile Limited (Formerly known as Kallam Spinning Mills Limited)
NH5, Chowdavaram, Guntur- 522 019

CIN No. : L18100AP1992PLC013860

BOOK - POST

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