

**ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER  
FOR THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY**

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated May 27, 2022 (“**Letter of Offer**”) which is available on the websites of the Registrar, our Company, the Lead Manager and the Stock Exchange where our Company is listed, i.e, BSE Limited (“**BSE**”). You are encouraged to read greater details available in the Letter of Offer. Capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Letter of Offer.

**THIS ABRIDGED LETTER OF OFFER CONTAINS 10 (TEN) PAGES. PLEASE ENSURE THAT YOU  
HAVE RECEIVED ALL THE PAGES**

Our Company has made available on the Registrar’s website at [www.bigshareonline.com](http://www.bigshareonline.com) and the Company’s website at [www.ksml.in](http://www.ksml.in), this Abridged Letter of Offer and the Application Form for the Eligible Equity Shareholders. You may also download the Letter of Offer from the websites of the Securities and Exchange Board of India (“**SEBI**”), BSE Limited and the Lead Managers i.e., [www.sebi.gov.in](http://www.sebi.gov.in), [www.bseindia.com](http://www.bseindia.com) and [www.smccapitals.com](http://www.smccapitals.com) respectively.



**Kallam Textiles Limited**

**Registered & Corporate Office:** N.H 5, Chowdavaram, Guntur, Andhra Pradesh – 522 019

**Tel. No.:** +91 863 2344016; **Fax No.:** +91 863 2344000

**Company Secretary & Compliance Officer:** Mr. Golagani Ramesh Kumar

**E-mail:** [corp@ksml.in](mailto:corp@ksml.in); **Website:** [www.ksml.in](http://www.ksml.in)

**Corporate Identity Number:** L18100AP1992PLC013860

**PROMOTER OF OUR COMPANY: POLURI VENKATESHWARA REDDY, GURRAM VENKATA  
KRISHNA REDDY, KALLAM MOHAN REDDY & MOVVA VENKATA SUBBA REDDY**

**ISSUE DETAILS, LISTING AND PROCEDURE**

ISSUE OF 99,91,187 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 2/- EACH OF OUR COMPANY (THE“EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ 10/- PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 8/- PER EQUITY SHARE) FOR AN AGGREGATE AMOUNT OF ₹ 999.12 LAKHS# ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 7 (SEVEN) EQUITY SHARES FOR EVERY 30 (THIRTY) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS JUNE 03, 2022 (THE “ISSUE”). FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” BEGINNING ON PAGE 123 OF THE LETTER OF OFFER. # Assuming full subscription

**LISTING**

The Existing Equity Shares of our Company are listed on BSE. We have received “in-principle” approval from BSE for listing the Equity Shares to be allotted in the Issue vide its letter dated April 22, 2022. For the purpose of this Issue, the Designated Stock Exchange is BSE.

**ELIGIBILITY FOR THE ISSUE**

Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

**MINIMUM SUBSCRIPTION**

The Object of the Issue does not involve financing of capital expenditure and our Promoters have confirmed their intention to subscribe to the full extent of their aggregate rights entitlement in the Issue and not renounce their Rights Entitlements except to the extent of renunciation within the Promoter Group, the minimum subscription criteria mentioned under the SEBI ICDR Regulations will not be applicable to the Issue.

**INDICATIVE TIME TABLE\***

<b>Issue Opening Date</b>	Thursday, June 23, 2022	<b>Date of Allotment (on or about)</b>	Friday, July 15, 2022
<b>Last Date for On Market Renunciation#</b>	Monday, July 04, 2022	<b>Date of credit of Equity Shares to demat account of Allottees (on or about)</b>	Thursday, July 21, 2022
<b>Issue Closing Date *</b>	Thursday, July 07, 2022	<b>Date of listing/Commencement of trading of Equity Shares on BSE (on or about)</b>	Friday, July 22, 2022
<b>Finalisation of Basis of Allotment (on or about)</b>	Thursday, July 14, 2022		

# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounces on or prior to the Issue

Closing Date.

\* Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

### NOTICE TO INVESTORS

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer, Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email and courier, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access the Issue Material from the websites of the Registrar, our Company and the Stock Exchange. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials.

#### NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT IN A TRANSACTION NOT SUBJECT TO, OR EXEMPT FROM, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES ARE BEING OFFERED AND SOLD ONLY TO PERSONS OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS AS DEFINED IN AND IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT ("REGULATIONS"). ACCORDINGLY, THE RIGHTS ENTITLEMENT AND THE RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND THE LETTER OF OFFER AND ANY OTHER ISSUE MATERIALS MAY NOT BE DISTRIBUTED, IN WHOLE OR IN PART, IN OR INTO (I) THE UNITED STATES OR (II) OR ANY JURISDICTION OTHER THAN INDIA EXCEPT IN ACCORDANCE WITH LEGAL REQUIREMENTS APPLICABLE IN SUCH JURISDICTION. RECEIPT OF THE LETTER OF OFFER OR ANY OTHER ISSUE MATERIALS (INCLUDING BY WAY OF ELECTRONIC MEANS) WILL NOT CONSTITUTE AN OFFER, INVITATION TO OR SOLICITATION BY ANYONE (I) IN THE UNITED STATES OR (II) IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER, INVITATION OR SOLICITATION IS UNLAWFUL OR NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER, INVITATION OR SOLICITATION.

#### GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares have neither been recommended nor approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the Letter of Offer. Specific attention of the investors is invited to the section "Risk Factors" on page 12 of the Letter of Offer and "Internal Risk factors" on page 4 of this Abridged Letter of Offer before making an investment in the Issue.

#### Name of the Lead Manager and contact details

#### SMC Capitals Limited

11/6B, Ground Floor, Shanti Chamber, Pusa Road, New Delhi – 110005

**Tel:** +91-11-30111000/40753333

**Fax:** +91-11-25754365

**Email:** rights.kallam@smccapitals.com

**Website:** www.smccapitals.com

**Investor Grievance:** investor-grievance@smccapitals.com

**Contact Person:** Sri Krishna Tapariya

**SEBI Regn No:** INM000011427

<b>Name of Registrar to the Issue and contact details</b>	<b>Bigshare Services Private Limited</b> SEBI Regn. No.: INR000001385 Office No. S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai – 400 093, Maharashtra <b>Tel.:</b> +91 22 6263 8200/22 <b>Fax:</b> +91 22 6263 8299 <b>E-mail:</b> rightsissue@bigshareonline.com <b>Investor Grievance e-mail id:</b> investor@bigshareonline.com <b>Website:</b> www.bigshareonline.com <b>Contact Person:</b> Vijay Surana
<b>Name of Statutory Auditors</b>	M/s Chevuturi Associates, Chartered Accountants, Vijayawada
<b>Self-Certified Syndicate Banks (“SCSBs”)</b>	The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on SEBI website at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.
<b>Banker(s) to the Issue</b>	<b>Axis Bank Limited</b> D No. 5-25-92, 3/7, Brodipet, Guntur, Andhra Pradesh – 522002 Tel No. - +91 – 8142200702 Email ID: <a href="mailto:guntur.operationshead@axisbank.com">guntur.operationshead@axisbank.com</a>

#### SUMMARY OF BUSINESS

We are engaged in the business of Ginning, Manufacturing of Cotton Yarn, Dyed Yarn, Grey Fabric and Dyed Fabric. Our manufacturing facilities are located in the state of Andhra Pradesh. We also have three Hydel Power Plants of total capacity of 4 MW in Telangana.

#### SUMMARY OF OBJECTS OF THE ISSUE AND MEANS OF FINANCE

##### Requirement of Funds

The total estimated funds requirement is given below:

Sr.No.	Particulars	Amount (in ₹ lakhs)
1.	Part Repayment of outstanding Term Loans from Bank	800.00
2.	General corporate purposes	157.59
3.	Expenses for the Issue	41.53
<b>Total</b>		<b>999.12</b>

##### Means of Finance

Particulars	Amount (in Rs. Lakhs)
Gross Proceeds from the Issue	999.12
Less: Issue related expenses	41.53
Net Proceeds from the Issue	957.59

**Name of Monitoring Agency:** Since the issue size is less than Rs. 100 Crore, appointment of Monitoring Agency is not required.

#### EQUITY SHAREHOLDING PATTERN

Shareholding Pattern of our Company as on March 31, 2022 is as follows:

Category of Shareholder	Equity Shares of Face Value Rs.2 each	Total as a % of Total voting rights
<b>Promoter &amp; Promoter Group</b>	2,25,61,632	52.69
<b>Public</b>	2,02,57,743	47.31
<b>Total</b>	<b>4,28,19,375</b>	<b>100.00</b>

**BOARD OF DIRECTORS**

S. No	Name	Designation	Other Directorship
1.	Mr. Poluri Venkateshwara Reddy	Managing Director	• Nil
2.	Mr. Gurram Venkata Krishna Reddy	Joint Managing Director & CEO	• Nil
3.	Mr. Movva Venkata Subba Reddy	Whole Time Director	• Nil
4.	Mr. Suryanarayana Murty Vaddadi	Independent Director	• Sarvaraya Textiles Limited • Raj Packaging Industries Limited • Kallam Brothers Cottons Private Limited • Sri Sarvaraya Sugars Limited
5.	Mr. Ramagopal Varanasi	Independent Director	• Nil
6.	Mrs. Bhargavi Vangala	Independent Director	• Nil

Neither our Company nor our Promoters or our Directors have been or are identified as Wilful Defaulter or a fraudulent borrower

**FINANCIAL STATEMENT SUMMARY**

(in ₹ lakhs)

Particulars	As and for the period / year ended on		
	December 31, 2021 (Unaudited)	March 31, 2021 (Audited)	March 31, 2020 (Audited)
Total Income from Operations (net)	32,870.49	24,061.97	29,161.07
Net Profit / (Loss) before tax and extraordinary items	1,554.95	(1,337.59)	(1,711.65)
Profit/(Loss) after Tax and extraordinary items	805.59	(789.62)	(1,208.88)
Equity Share Capital	856.39	856.39	856.39
Other Equity	19,861.76	19,019.17	19,730.42
Net worth	9,413.02	8,607.44	9,368.04
Basic earnings per share	1.88	(1.84)	(2.82)
Diluted earnings per share	1.88	(1.84)	(2.82)
Net asset value per share	21.98	20.10	21.88
Return on net worth (%) (RONW)	8.56%	(8.84%)	(12.96%)

**INTERNAL RISK FACTORS**

1. We are party to certain legal proceedings and cannot assure investors that we will prevail in these actions. Any adverse outcome in these or other proceedings may adversely affect our business, reputation, financial condition and results of operations.
2. We have incurred losses in the past and as a result we had negative earnings per share. If we continue to incur losses, the results of our operations and financial condition may be materially and adversely affected.
3. Our business is dependent on proper maintenance of manufacturing facilities which are located at two places in Andhra Pradesh and Hydel Power Plants in Telangana which contributes to our revenue. The loss of or shutdown of operations at any of our manufacturing facilities may have an adverse effect on our business and results of operations.

4. Raw material most of which is Cotton / Kapas is sourced from external suppliers, mostly farmers. Any increase in the Raw Material Cost or other input costs and shortfall in the supply of Raw Material and quality of the same may adversely impact our business, cause delay and increase in costs.
5. One of our Group Companies operate in similar lines of business as us and certain of our Promoters and members of Promoter Group are also on the Board of Directors of such entities. In the event of a conflict of interest, our Promoters and our Directors may favor the interests of such entity over our interests.
6. Our Company has not entered into any long-term contracts with most of its customers and we typically operate on the basis of orders. Inability to maintain regular order flow would adversely impact our revenues and profitability.
7. Our Company requires a number of approvals, licenses, registrations and permits in the ordinary course of our business (es) and the failure to obtain or renew them in a timely manner may adversely affect its operations.
8. We are subject to certain restrictive covenants in our financing arrangements which may limit operational and financial flexibility, and failure to comply with these covenants may impact our future results of operations and financial condition.

For further details, see the section “Risk Factors” on page 12 of the Letter of Offer.

### SUMMARY OF OUTSTANDING LITIGATIONS

Following are the Summary of Outstanding Litigations involving our Company:

<b>LITIGATIONS PENDING AGAINST OUR COMPANY</b>				
<b>S. no.</b>	<b>Category</b>	<b>Brief</b>	<b>Total no of cases</b>	<b>Amount involved (in ₹ Lakhs)</b>
1	Civil	OS 41 of 2018 U/s 26 of Cpc	1	Not Ascertainable
2	Labour	WC Case No. 08/2019 under Indian Workmen’s Compensation act, 1923 (WC Act)	1	Not Ascertainable
<b>LITIGATIONS PREFERRED BY OUR COMPANY</b>				
<b>S. no.</b>	<b>Category</b>	<b>Brief</b>	<b>Total no of cases</b>	<b>Amount involved (in ₹ Lakhs)</b>
1	Civil	Civil Appeal with The Appellate Tribunal of the Electricity	1	Approx. 50.00

#### **Tax Related Matters**

<b>Nature of tax involved</b>	<b>Number of cases outstanding</b>	<b>Amount involved (₹ in Lakh)</b>
<b>Direct Tax (A)</b>		
Income Tax	1	67.85

For further details, please see the Chapter titled “Outstanding Litigations and Material Developments” starting from page 115 of the Letter of Offer.

### TERMS OF THE ISSUE

#### **Procedure for Application**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders" on Page 134 of the Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account

in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see "Grounds for Technical Rejection" given on page 130 of the Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

#### **Making of an Application through the ASBA process**

Investors wishing to participate in this Issue (i.e. through the ASBA facility) are required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

#### **Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchange(s) or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- a) Name of our Company, being Kallam Textiles Limited;
- b) Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- c) Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
- d) Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue
- e) Number of Equity Shares held as on Record Date;

- f) Allotment option – only dematerialised form;
- g) Number of Rights Equity Shares entitled to;
- h) Number of Rights Equity Shares applied for within the Rights Entitlements;
- i) Number of additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
- j) Total number of Rights Equity Shares applied for;
- k) Total amount paid at the rate of ₹ 10/- per Equity Share;
- l) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
- m) In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- n) Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- o) Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
- p) All such Eligible Equity Shareholders are deemed to have accepted the following:

*"I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for Shareholders in investments of the type subscribed for herein imposed by the jurisdiction of our residence.*

*I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a "U.S. Person" as defined in ("Regulation S"), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements. "*

### **Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Eligible Equity Shareholders holding Shares in Physical Form shall be required to provide their Demat Account details to Registrar to the Issue / Company for Credit of Rights Entitlement not later than two working days prior to the issue closing date, such that credit of rights entitlement in their demat account takes place at least one day before the issue closing date. This is to ensure that applications made by the Shareholders are not rejected due to non-availability of Rights Entitlement in their Demat account, as on issue closing date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e- mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

- c) The remaining procedure for Application shall be same as set out in "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" mentioned on Page 126 of the Letter of Offer.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process.

### **Rights Entitlements Ratio**

The Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 7:30, i.e, 7 (Seven) Equity Shares for every 30 (Thirty) Equity Shares held as on the Record Date.

### **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 7 (Seven) Equity Share for every 30 (Thirty) Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 30 Equity Shares or not in the multiple of 30, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

### **Procedure for Renunciation of Rights Entitlements**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off-market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

***The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.***

### ***On Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE629F20017 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from BSE for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the BSE from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.



The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Thursday, June 23, 2022 to Monday, July 04, 2022 (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN INE629F20017 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

### ***Off Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Rights Equity Shares in the Issue. The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE629F20017, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account. The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

### **Application for Additional Equity Shares**

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "*Basis of Allotment*" mentioned on Page 142 of the Letter of Offer. **Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares.**

### **Intention and extent of participation by our Promoters and Promoter Group in the Issue:**

Our Promoters, Mr. Poluri Venkateshwara Reddy and Mr. Gurram Venkata Krishna Reddy, on behalf of themselves and as representative of the Promoter Group have confirmed *vide* letter dated January 08, 2022, that they alongwith Promoter Group will subscribe to the full extent of the aggregate rights entitlement of the Promoter and Promoter Group, either through themselves or through other members of the Promoter and Promoter Group, including renunciation within the Promoter Group in the Issue. Further, our Promoter and Promoter Group may subscribe to additional Rights Securities.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be in accordance with Regulation 10(4) of SEBI Takeover Regulations and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

### **Availability of offer document of the immediately preceding public issue or rights issue for inspection**

Our Company had filed Draft Letter of Offer dated March 27, 2019 of Rights Issue not exceeding Rs. 995.50 Lakhs to meet Additional Working Capital requirements and General Corporate Purposes with BSE. BSE had issued its in principle approval for the same *vide* their letter dated May 14, 2019. However, due to market conditions, the management decided not to come out with the Rights Issue then. Draft Letter of Offer dated March 27, 2019 is available for inspection on the website of our Company.

**Any other important information as per Lead Manager and the Issuer: Nil**

## **DECLARATION**

No statement made in the Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in the Letter of Offer are true and correct.

On behalf of the Board of Directors of Kallam Textiles Limited

Sd/-  
**Poluri Venkateswara Reddy**  
Managing Director

Sd/-  
**Gurram Venkata Krishna Reddy**  
Joint Managing Director and CEO

Sd/-  
**Movva Venkata Subba Reddy**  
Whole Time Director & CFO

Sd/-  
**Suryanarayana Murthy Vaddadi**  
Director

Sd/-  
**Ramagopal Varanasi**  
Director

Sd/-  
**Vangala Bhargavi**  
Director

Sd/-  
**Golagani Ramesh Kumar**  
Company Secretary

Place: Guntur

Date: May 27, 2022