



IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Through Hybrid Mode)

Item No.4
IA(IBC)/273/2025 in
CP(IB)/2/7/AMR/2025
(Admitted on 06.08.2025)

IN THE MATTER OF:

Axis Bank Ltd

--- **Petitioner/Financial Creditor**

Vs

M/s.Kallam Brothers Cottons Pvt Ltd --- Respondent/Corporate Debtor

Under Section: 7, 98(1) of IBC, 2016

Order delivered on 25.08.2025

CORAM:

SHRI UMESH KUMAR SHUKLA
HON'BLE MEMBER (TECHNICAL)

SHRI KISHORE VEMULAPALLI
HON'BLE MEMBER (JUDICIAL)

PRESENT:

In CP

For the Petitioner / Financial Creditor : Mr. V.V. Sivakumar, Adv.
For the Respondent / Corporate Debtor :

In IAs

For the Applicant in IA(IBC)/273/2025 : Mr. V.V. Sivakumar, Adv.

ORDER

IA(IBC)/273/2025:

This Adjudicating Authority, vide order dated 06.08.2025 in CP(IB)/2/7/AMR/2025, admitted the Corporate Debtor into CIRP and appointed Mr. Madhu Sudhanarao Mallipaddi (Registration No. IBBI/IPA-001/IP-P-02633/2022-2023/14081) as the Interim Resolution Professional (IRP).

Subsequently, the said IRP, through his e-mail dated 09.08.2025, communicated to the Financial Creditor his inability to take up the assignment as IRP, citing personal reasons and seeking to withdraw his consent. The Financial Creditor has therefore filed the present application proposing the name of Mr. Chillale Rajesh (Registration No. IBBI/IPA-001/IP-P00699/2017-2018/11226) as a substitute IRP. The proposed IRP has furnished his consent affidavit to act as IRP. On verification of the IBBI portal during the course of hearing, it is observed that his Authorisation for Assignment (AFA) is valid up to 31.12.2025. The relevant extract of the IBBI website is given below:



//2//

Name of the IP	Mr. Chillale Rajesh
Registration no	IBBI/IPA-001/IP-P00699/2017-2018/11226
Date of Registration	23-Nov-17
Member of IPA	Indian Institute of Insolvency Professionals of ICAI
Member of IPE	IRR Insolvency Professionals Private Limited
Email id	chillalerajesh[at]yahoo[dot]co[dot]in
Address	B-725, Western Plaza, OU Colony, HS Darga, Manikonda, Hyderabad, Telangana, 500008
Have Valid AFA	Yes
AFA Certificate No.	AA1/11226/02/311225/107357
AFA Valid Upto	31-Dec-25
Total CPE Earned	75
Total Assignments	28

Accordingly, Mr. Chillale Rajesh is appointed as the Interim Resolution Professional (IRP) in place of Mr. Madhu Sudhanarao Mallipaddi, in CP (IB)/2/7/AMR/2025, in accordance with the provisions of Section 16(5) of the Code, subject to his written consent, after due examination of the relevant Regulations regarding his eligibility more particularly with reference to number assignments to be filed within 7 days of this order.

Accordingly, IA (IBC)/273/2025 is allowed.

**Sd/-
(UMESH KUMAR SHUKLA)
MEMBER (TECHNICAL)**

**Sd/-
(KISHORE VEMULAPALLI)
MEMBER (JUDICIAL)**



IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Through Hybrid Mode)

Item No.5
CP(IB)/2/7/AMR/2025

IN THE MATTER OF:
Axis Bank Ltd

--- **Financial Creditor**

Vs

M/s.Kallam Brothers Cottons Pvt Ltd

--- **Corporate Debtor**

Under Section: 7 of IBC Code, 2016

Order delivered on 06.08.2025

CORAM:

SHRI UMESH KUMAR SHUKLA
HON'BLE MEMBER (TECHNICAL)

SHRI KISHORE VEMULAPALLI
HON'BLE MEMBER (JUDICIAL)

PRESENT:

For the Petitioner/Financial Creditor : Mr. V.V. Siva Kumar, Adv.
For the Respondent/ Corporate Debtor : *Ex-parte*

ORDER

The instant Application has been filed on 26.11.2024 (vide Diary No.1696) by Axis Bank Ltd ('Financial Creditor') under section 7 of the Insolvency and Bankruptcy Code, 2016 ('IBC') read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 ('IB Regulations') seeking initiation of Corporate Insolvency Resolution Process ('CIRP') against M/s. Kallam Brothers Cottons Pvt Ltd ('Corporate Debtor') against the default amount of Rs.72,85,85,048.80/- (Rupees Seventy-Two Crores Eighty-Five Lakhs Eighty-Five Thousand Forty-Eight and Eighty Paise Only).

2. The registered office of the Corporate Debtor is situated at D.No.160-B, Sattenapalli, Piduguralla Road, Dhulipalla Village, Sattenapalli Mandal, Guntur District, AP-522412, therefore, the territorial jurisdiction lies with this Adjudicating Authority.

3. The facts of the case, as stated during the course of in the synopsis and pleadings filed along with the Application, are briefly summarised as under:

- (i) The Corporate Debtor had availed various credit facilities, including Term Loans, Working Capital Loans, and Emergency Credit Line Guarantee Scheme (ECLGS) loans, from the Financial Creditor. These facilities were granted through three (3) separate sanction letters, which also included two (2) extensions for both term and working capital loans.
- (ii) The Corporate Debtor committed default in servicing the interest and principal obligations under the respective loan accounts on 21.02.2024 resulting in classification of the accounts as Non-Performing Assets (NPA) on 21.05.2024.
- (iii) The details of the sanctioned loan facilities and the outstanding dues along with penal interest as on 07.10.2024, including accrued and penal interest, are provided below:

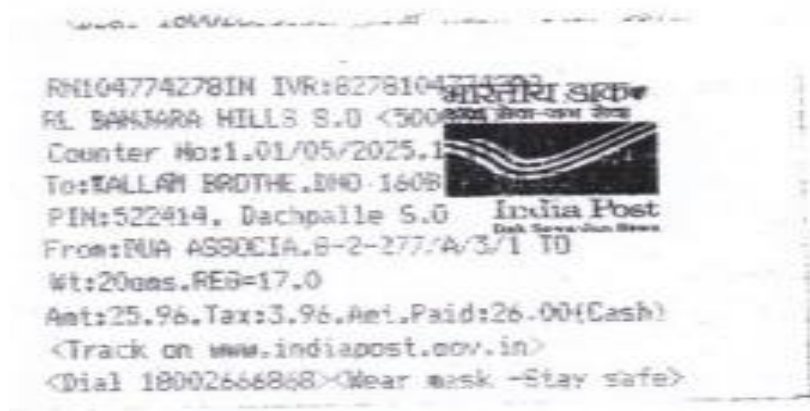
Nature of facilities with Account Number (Ac.)	Amount sanctioned (Rs.)	Total dues outstanding including penal interest as on 07.10.2024 (Rs.)
Cash Credit (Ac.070010300008419)	19,00,00,000.00	305160628.78
Term Loan (Ac.920060053415810)	2,68,00,000.00	13028470.66
ECLGS (Ac.921060054797747)	10,25,00,000.00	52325536.64
ECLGS (Ac.921060057895240)	6,45,00,000.00	64885159.38
Term Loan (Ac.921060057895253)	3,75,00,000.00	33477401.13
Term Loan (Ac.922060052877613)	13,30,00,000.00	133035386.80
Cash Credit (Ac.921030036717498)	12,00,00,000.00	4981726.83
FCDL (Ac.921060053645966)	11,56,37,119.01	11,93,30,738.57
BG	1,00,00,000.00	23,60,000.00
Total	79,99,37,119.01	728585048.80

- (iv) Despite repeated requests and issuance of demand/recall notices, the Corporate Debtor failed to regularise the accounts or repay the outstanding amounts. Consequently, the Financial Creditor has approached this Adjudicating Authority under Section 7 of the IBC, seeking initiation of CIRP against the Corporate Debtor.



4. The matter was first listed for hearing on 04.02.2025, on which date this Adjudicating Authority directed the Financial Creditor to serve notice upon the Corporate Debtor. Thereafter, the matter was posted for hearing on 24.04.2025. During the hearing on 24.04.2025, the Counsel for the Financial Creditor submitted that notice had been served on the Corporate Debtor. However, upon perusal, it was observed that the address to which the notice was sent, is differed from the address reflected in the Master Data of the Corporate Debtor as available on the MCA portal and on the request of the Counsel for the Financial Creditor, time was granted to serve fresh notice at the correct address of the Corporate Debtor.

5. The Financial Creditor filed a compliance memo vide Diary No. 924 dated 13.05.2025, along with purported proof of service as shown below:



DUA ASSOCIATES
 Advocates & Solicitors
 #8-2-277/A/3/1 to 3/3, 3A & 3B
 II Floor, Street No. 2, Road No. 2
 Banjara Hills, Hyderabad 500 034
 T: +91 (40) 2354 7881-83

*By Regd Post Ack Due
 from closed, no such person in the
 address here (S)*
~~M/s. KALLAM BROTHERS COTTONS PRIVATE LIMITED
 D.No. 160 B, DHULIPALLA (VILLAGE)
 SATTENA PALLI, Andhra Pradesh,
 India, - 522414~~

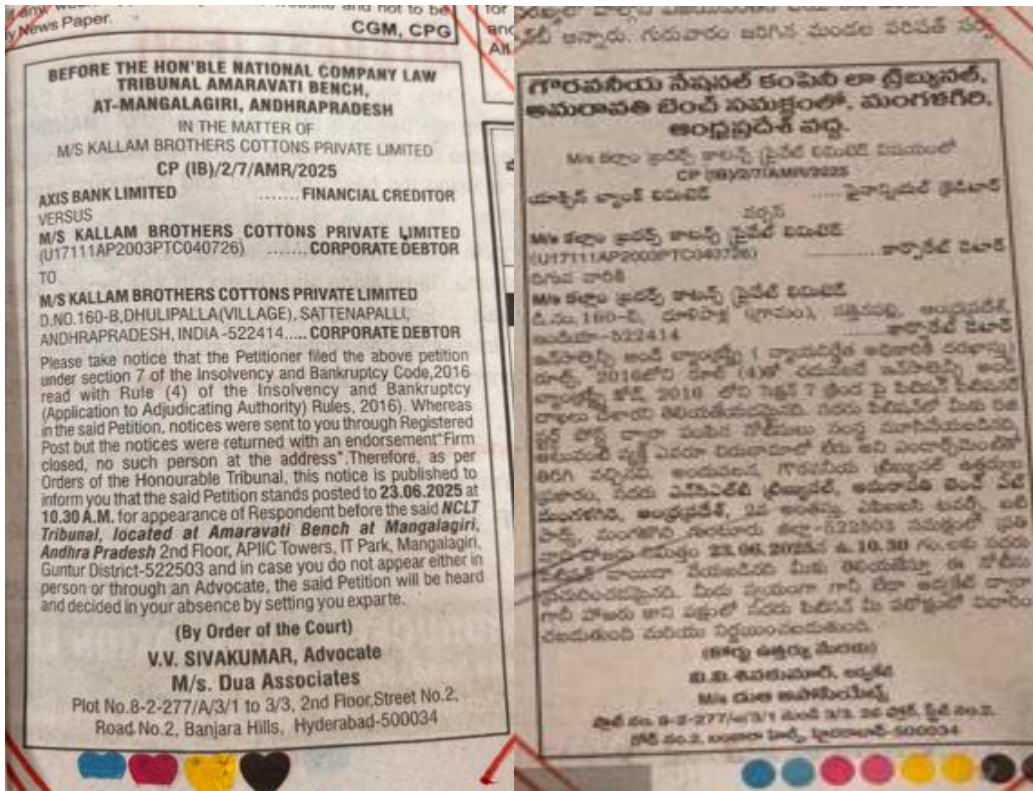
(19)






6. During the course of hearing on 27.05.2025, it was observed that the notice was returned undelivered with a postal endorsement stating, "Firm closed, no such person at the address." In light of the above, the Financial Creditor was directed to serve notice upon the Corporate Debtor through substituted service by publication in two daily newspapers—one in English and one in vernacular language having wide circulation in the area of the registered office of the Corporate Debtor.

7. The Financial Creditor filed a compliance memo vide Diary No. 1159 dated 17.06.2025, along with copy of notice published in *The Times of India* (English edition) and *Andhra Jyothi* (Telugu edition) dated 06.06.2025, the relevant extract of which are shown below:



8. In the hearing on 23.06.2025, it was noted that despite substituted service having been duly effected through publication in *The Times of India* (English edition) and *Andhra Jyothi* (Telugu edition) dated 06.06.2025, there was no representation or appearance on behalf of the Corporate Debtor and



therefore the Corporate Debtor was set *ex-parte*, and the matter was directed to be listed for final hearing on 30.07.2025.

9. During the course of hearing held on 30.07.2025, this Adjudicating Authority posed a query as regards the date on which the debt has become due as per various credit facilities granted to the Corporate Debtor and how the date of default committed by the Corporate Debtor has been arrived at. However, the Counsel for the Financial Creditor sought one week's time to file an additional affidavit explaining all the above details, which was granted and the matter was posted for today.

10. During the course of today's hearing, the Counsel for the Financial Creditor submitted that, in compliance with Order dated 30.07.2025, a compliance memo dated 02.08.2025 has been filed on 05.08.2025 vide diary No.1599. It is stated therein that the original date of default is 21.02.2024 with respect to Loan Account No. 070010300008419, and that the date of default with respect to the remaining seven (7) other loan accounts, which also form part of the present Company Petition, is 29.02.2024. The Counsel further submitted that the Financial Creditor is relying on 21.02.2024 as the original date of default, and the above-referred account was subsequently classified as a Non-Performing Asset (NPA) on 21.05.2024, i.e., three months after the date of default. It was clarified that entries extracted from the material documents annexed to the Company Petition duly substantiate the default as having occurred on 21.02.2024. It was further submitted by the Counsel for the Financial Creditor that the following documents placed on record clearly establish the disbursement of the loan facilities and the transactions undertaken by the Corporate Debtor in relation to the said loan accounts: (a) Certificate under Section 2A(a), (b) & (c) of the Bankers Books Evidence Act; (b) Acknowledgement of debt captured under Open Charges sequence by Corporate Debtor in its Consolidated Financial Statements; (c) Statement of accounts and Certificate under Bankers Books Evidence Act; (d) Recall Notice and SARFEASI Notice, clearly evidences the disbursement of the loan facilities and the transactions undertaken by the Corporate Debtor in relation to the said loan accounts.



11. In view of the submissions made and the material placed on record, we are of the considered view that the Corporate Debtor has continuously failed to make repayments towards the outstanding dues under the various loan accounts sanctioned by the Financial Creditor and has thereby failed to comply with the terms and conditions of the respective loan agreements. For the purpose of adjudication of the present Petition under Section 7 of the Insolvency and Bankruptcy Code, 2016, the matter can appropriately be determined with reference to Loan Account No. 070010300008419, which forms part of the petition. As per the entries and records placed on file, the last transaction recorded in the said account reflects the date of default as 21.02.2024. Accordingly, in terms of Article 137 of the Limitation Act, 1963, the period of limitation for initiating proceedings would expire on 21.02.2027. Even otherwise, the date of classification of the said loan account as Non-Performing Asset (NPA) on 21.05.2024, i.e., three months from the date of default, would also be well within the limitation period in the context of filing of the present Petition. Based on the last transaction recorded against Loan Account No. 070010300008419, the date of default is 21.02.2024. Accordingly, the limitation period under Article 137 of the Limitation Act, 1963 would expire on 21.02.2027. Since the present Petition has been filed on 26.11.2024, the same is well within the period of limitation prescribed under law.

12. In this regard, reliance is placed on the judgment of the Hon'ble Supreme Court in ***Dena Bank (now Bank of Baroda) v. C. Shivakumar Reddy & Anr., (2021) 10 SCC 330***, wherein it was held that:


“to sum up, in our considered opinion an application under Section 7 of the IBC would not be barred by limitation, on the ground that it had been filed beyond a period of three years from the date of declaration of the loan account of the Corporate Debtor as NPA, if there were an acknowledgement of the debt by the Corporate Debtor before expiry of the period of limitation of three years, in which case the period of limitation would get extended by a further period of three years”.



13. The Financial Creditor has satisfactorily established the existence of financial debt and occurrence of default by placing reliance on the following documents: (a) Certificate under Section 2A(a), (b) & (c) of the Bankers Books Evidence Act; (b) Acknowledgement of debt captured under Open Charges sequence by CD in its Consolidated Financial Statements; (c) Statement of accounts and Certificate under Bankers Books Evidence Act; (d) Recall Notice and SARFEASI Notice. In view of the above, we are of the considered view that a financial debt exists, a default has been committed, and the threshold requirement under Section 7 of the Code has been satisfied.

14. As a sequel to the discussion above, the present Petition bearing **CP(IB)/2/7/AMR/2025** filed by the Financial Creditor under Section 7 of the IBC for initiating CIRP against the Corporate Debtor, namely, M/s. **Kallam Brothers Cottons Pvt Ltd** (CIN: U17111AP2003PTC040726), is hereby admitted and accordingly, the Moratorium is declared in terms of Section 14 of the Code:

- (i) Moratorium under Section 14 (1) for prohibiting all of the following, namely:
 - (a) The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority;
 - (b) Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
 - (c) Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;



(d) The recovery of any property by an owner or lessor, where such property is occupied by or in the possession of the Corporate Debtor.


- (ii) It is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concession, clearances or a similar grant or right during the moratorium period;
- (iii) The provisions of sub-section of section 14(1) shall not apply to such transactions, agreements or other arrangement, as may be notified by the Central Government in consultation with any financial sector regulator or any other authority; and also to a surety in a contract of guarantee to a corporate debtor.
- (iv) The supply of essential goods or services to the Corporate Debtor, as may be specified, shall not be terminated or suspended or interrupted during moratorium period, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period or in such circumstances, as may be specified.
- (v) The order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of the Corporate Debtor under Section 33 as the case may be.


15. As per Part III of Form 1 of the Petition, the Financial Creditors have proposed the name of Mr. Madhu Sudhanarao Mallipaddi, Registration No. IBBI/IPA-001/IP-P-02633/2022-2023/14081, as Interim Resolution Professional (IRP) in the matter and has also filed his written consent in Form 2 dated 25.09.2024 affirming that he is eligible to be appointed as IRP in respect of the Corporate Debtor and certified that there are no disciplinary proceedings pending against him. During the course of today's hearing, the credentials of the proposed IRP was verified on the IBBI website, which shows that proposed IRP holds the valid AFA up to 30.06.2026, The relevant extract of the IBBI website is given below:

Name of the IP	MADHU SUDHANARAO MALLIPADDI
Registration no	IBBI/IPA-001/IP-P-02633/2022-2023/14081
Date of Registration	28-Apr-22
Member of IPA	Indian Institute of Insolvency Professionals of ICAI
Member of IPA Since	07-Jan-22
Member of IPE	
Email id	madhumallipaddi[at]gmail[dot]com
Address	502,H.No.8-3-966/16, K O R RESIDENCY ,NAGARJUNA NAGAR, SRINAGAR COLONY ,Behind State Bank of India ,Hyderabad,Telangana ,500073
Have Valid AFA	Yes
AFA Certificate No.	AA1/14081/02/300626/108197
AFA Valid Upto	30-Jun-26
Total CPE Earned	46
Total Assignments	2

16. Accordingly, we hereby appoint Mr. Madhu Sudhanarao Mallipaddi, Registration No. IBBI/IPA-001/IP-P-02633/2022-2023/14081, email ID- madhumallipaddi@gmail.com having registered address at 502,H.No.8-3-966/16, K O R Residency, Nagarjuna Nagar, Srinagar Colony, Behind State Bank of India, Hyderabad, Telangana-500073, as IRP in the instant matter, with the following directions: -


- (i) The term of appointment of Mr. Mr. Madhu Sudhanarao Mallipaddi shall be in accordance with the provisions of Section 16(5) of the Code, subject to his written consent to be filed within 7 days of this order;

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- (ii) In terms of Section 17 of the Code, from the date of this appointment, the powers of the Board of Directors shall stand suspended and the management of the affairs shall vest with the IRP and the officers and the managers of the Corporate Debtor shall report to the IRP, who shall be enjoined to exercise all the powers, as are vested with the IRP and strictly perform all the duties as are enjoined on the IRP under Section 18 and other relevant provisions of the Code, including taking control and custody of the assets, over which the Corporate Debtor has ownership rights recorded in the balance sheet of the Corporate Debtor, etc. as provided in Section 18(1)(f) of the Code. The IRP is directed to prepare a complete list of the inventory of assets of the Corporate Debtor;
 - (iii) The IRP shall strictly act in accordance with the Code, all the rules framed thereunder by the Board or the Central Government and in accordance with the Code of Conduct governing his profession and as an Insolvency Professional with high standards of ethics and moral;
 - (iv) The IRP shall cause a public announcement within three days as contemplated under Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 of the initiation of the CIRP in terms of Section 13(1)(b) read with Section 15 of the Code calling for the submission of claims against Corporate Debtor;
 - (v) The IRP/RP shall prepare the Audited Financial Statements as on date of the CIRP and shall submit before the CoC for consideration.
 - (vi) The IRP/RP shall also ensure that all the assets appearing in the Financial Statements on the CIRP date have been considered in the valuation report. The IRP/RP shall send individual communication through post or electronic means along with a copy of public announcement to all the creditors as per last available books of accounts / financial statements on the CIRP date of Corporate




Debtor as prescribed under Regulation 6A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

- (vii) The Corporate Debtor, its Directors, personnel and the persons associated with the management shall extend all cooperation to the IRP in managing the affairs of the Corporate Debtor as a going concern and extend all cooperation in accessing books and records as well as assets of the Corporate Debtor;
- (viii) The Suspended Board of Directors is directed to give complete access to the Books of Accounts of the Corporate Debtor maintained under Section 128 of the Companies Act. In case, the books are maintained in the electronic mode, the Suspended Board of Directors are to share with the Resolution Professional all the information regarding Maintaining the Backup and regarding Service Provider kept under Rule 3(5) and Rule 3(6) of the Companies Accounts Rules, 2014 respectively as effective from 11.08.2022, especially the name of the service provider, the internet protocol of the Service Provider and its location, and also address of the location of the Books of Accounts maintained in the cloud. In case accounting software for maintaining the books of accounts is used by the Corporate Debtor, then IRP/RP is to check that the audit trail in the same is not disabled as required under the notification dated 24.03.2021 of the Ministry of Corporate Affairs. A reference is made to the provisions of Section 128(5) of the Companies Act, 2013, whereby every company should maintain its books of accounts for not less than eight financial years immediately preceding a financial year. Minutes and statutory records are the principal documents of the company that should be maintained and preserved since inception.
- (ix) In view of the above mandatory provisions, the suspended Directors of the Board will ensure that the books of accounts for the eight previous financial years preceding the date of this order be made available to the IRP/RP within 15 days of the initiation of the CIRP



order. The Statutory Auditor is also directed to share the records maintained by him in the course of the audit of the accounts of the Corporate Debtor for the period of three years prior to the date of initiation of this CIRP order within the same period of 15 days.

- (x) In case of any non-cooperation by the Suspended Board of Directors or the Statutory Auditors, the IRP/RP may take the help of the police authorities to enforce this order. The concerned police authorities are directed to extend help to the IRP/RP in implementing this order for retrieval of relevant information from the systems of the Corporate Debtor, the IRP/RP may take the assistance of Digital Forensic Experts empanelled with this Bench for this purpose. The Suspended Board of Directors is also directed to hand over all user IDs and passwords relating to the Corporate Debtor, particularly for government portals, for various compliances. The IRP is also directed to make a specific mention of non-compliance, if any, in this regard in his status report filed before this Adjudicating Authority immediately after a month of the initiation of the CIRP.
- (xi) The IRP/RP is directed to approach the Government Departments, Banks, Corporate Bodies and other entities with request for information/documents available with those authorities/institutions/others pertaining to the Corporate Debtor, which would be relevant in the CIRP. The Government Departments, Banks, Corporate Bodies and other entities are directed to render the necessary information and cooperation to the IRP/RP to enable him to conduct the CIRP as per law.
- (xii) The IRP shall, after collation of all the claims received against the Corporate Debtor and the determination of the operational position of the Corporate Debtor constitute a Committee of Creditors and shall file a report, certifying constitution of the Committee to this Adjudicating Authority on or before the expiry of thirty days from the date of his appointment, and shall convene first meeting of the



Committee within seven days of filing the report of constitution of the Committee;

(xiii) The IRP shall also serve a copy of this order to all relevant statutory departments such as Income Tax, GST (Centre and State), Provident Fund authorities, trade unions, and employee associations to inform them about the commencement of CIRP.

(xiv) The IRP is directed to send a regular progress report to this Adjudicating Authority every month.

17. The Financial Creditor is directed to deposit Rs.4,00,000/- (Rupees Four Lakhs only) with the IRP to meet out the expense to perform the functions assigned to him in accordance with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The amount, however, will be subject to adjustment by the Committee of Creditors as to be duly accounted for by IRP and shall be paid back to the Financial Creditor.

18. A copy of this Order shall immediately be communicated to the Financial Creditor, the Corporate Debtor, IBBI, and the IRP named above by the Registry of this Adjudicating Authority.

Accordingly, CP (IB)/2/7/AMR/2025 stands admitted.

Sd/-
(UMESH KUMAR SHUKLA)
MEMBER (TECHNICAL)

Sd/-
(KISHORE VEMULAPALLI)
MEMBER (JUDICIAL)