

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

**Item No.4**  
**IA (IBC)/247/2026, IA (IBC)/218/2026 & IA (IBC)/219/2026 in**  
**CP (IB)/2/7/AMR/2025**  
**(Admitted on 06.08.2025)**

**IN THE MATTER OF:**

Axis Bank Limited ... Financial Creditor

Versus

Kallam Brothers Cottons Pvt. Ltd. ... Corporate Debtor

**Under Section: 7, 60(5) of IBC, 2016**

**Rule: Rule 11 of NCLT Rules, 2016**

**Order delivered on 29.06.2026**

**CORAM:**

**SHRI KISHORE VEMULAPALLI, HON'BLE MEMBER (JUDICIAL)**  
**SHRI UMESH KUMAR SHUKLA, HON'BLE MEMBER (TECHNICAL)**

**PRESENT:**

**In CP**

RP : Mr. Rajesh Chillale  
For the RP : Ms. Mummaneni Vazra Laxmi, Adv.

**In IAs**

**IA (IBC)/247/2026**

For the Applicant : Mr. Ravi Sankara Reddy, Adv.

**IA (IBC)/218/2026**

For the Applicant/ RP : Ms. Mummaneni Vazra Laxmi, Adv.  
Respondent No.1 : Mr. P. Sambhi Reddy, Party in-person  
Respondent No.2, 6 : Mr. K. Nagi Reddy, Party in-person  
Respondent No.3, 5 : Mr. K. Srinivas Reddy, Party in-person  
Respondent No.4 : Mr. P. Praveen Kumar, Party in-person

**IA (IBC)/219/2026**

For the Applicant/ RP : Ms. Mummaneni Vazra Laxmi, Adv.  
Respondent No.1 : Mr. P. Sambhi Reddy, Party in-person  
Respondent No.2 : Mr. K. Nagi Reddy, Party in-person  
Respondent No.3 : Mr. K. Srinivas Reddy, Party in-person  
Respondent No.4 : Mr. P. Praveen Kumar, Party in-person  
Respondent No.7, 9 : Mr. Abdul Md. Subhani, Adv.

## **ORDER**

### **IA (IBC)/247/2026:**

This application has been filed by the Applicant/ Promoter of the Corporate Debtor under Sections 60(5), 240A of the IBC, 2016 read with Rule 11 of the NCLT Rules, 2016 seeking the following reliefs:

- (i) Waive and/or suitably relax the Earnest Money Deposit (EMD) condition of Rs.2,50,00,000/- prescribed under Form-G/ RFRP insofar as participation of the Applicant in CIRP of the Corporate Debtor is concerned;
- (ii) Permit the Applicant to submit Expression of Interest and Resolution Plan without insisting upon upfront payment of the impugned EMD amount;
- (iii) In the alternative, direct Respondent No.1 and Respondent No.2 to reconsider waiver/ relaxation of the impugned EMD condition in favour of the Applicant keeping in view Section 240A of the IBC, MSME status of the Corporate Debtor and exceptional circumstances of the case;
- (iv) Pass interim orders permitting participation of the Applicant in CIRP pending disposal of this Application;
- (v) Pass such other order or orders as this Hon'ble Tribunal may deem fit and proper in the interest of justice, equity and for achieving the objectives of revival and resolution under the IBC, 2016;
- (vi) Declare that insistence upon rigid compliance of EMD condition in the peculiar facts of the present MSME, CIRP would defeat the beneficial object underlying Section 240A of

the IBC, 2016 and consequently grant appropriate relaxation in exercise of powers under Section 60(5)(c) of the IBC read with Rule 11 of the NCLT Rules, 2016.

During the course of hearing, the Counsel for the Respondent No.1/ Resolution Professional submitted that the Committee of Creditors in its 7<sup>th</sup> meeting held on 29.05.2026 has already passed a resolution with 100% voting share for liquidation of the Corporate Debtor, and that they have filed a separate Application seeking liquidation of the Corporate Debtor, which is under scrutiny before the Registry.

Considering the aforesaid submissions and the present stage of liquidation Application filed by the RP based on the unanimous resolution passed by the CoC, we are not inclined to pass any orders in the present Application, and the same cannot be entertained at this stage.

**Accordingly, IA (IBC)/247/2026 is hereby dismissed.**

**IA (IBC)/218/2026:**

During the course of hearing, the Respondent No.1, Respondent No.3 (who is also representing Respondent No.5) and Respondent No.4 appeared in person and sought two weeks' time to engage a Counsel and for filing Vakalat and reply. Respondent No.2 appeared in person has stated that he has filed the reply through online, which is under scrutiny before the Registry. Respondent No.2 also agreed to represent Respondent No.6 and sought two weeks' time to engage a Counsel and for filing Vakalat and reply. Time as prayed for is granted. In the event the Respondents fail to file their Vakalat and replies, the right to file the replies will be forfeited and the matter would be decided on merits.

For hearing, list the matter on 15.07.2026.

**IA (IBC)/219/2026:**

During the course of hearing, the Respondent Nos.1 & 4 appeared in person and sought two weeks' time to engage a Counsel and for filing Vakalat and reply. Respondent No.2 appeared in person sought two weeks' time to engage a Counsel and for filing the Vakalat and reply and undertook to file Vakalat and reply in respect of Respondent Nos.5, 6 & 12. Respondent No.3 appeared in person sought two weeks' time to engage a Counsel and for filing the Vakalat and reply and undertook to file Vakalat and reply in respect of Respondent No.8. The Counsel for the Respondent Nos.7 & 9 submitted that he will file the physical copy of Vakalat today and sought two weeks' time to file the reply. Time as prayed for is granted.

The Registry is directed to issue fresh notice to the Respondent Nos. 10, 11, 13 to 22 by Speed Post by informing the next date of hearing and place on record the proof of service thereto within one week from today. Upon receipt of notice, the above Respondents are directed to file their replies within two weeks, after duly serving the copy on the other side. In the event the Respondents fail to file their Vakalat and replies, the right to file the replies will be forfeited and the matter would be decided on merits.

For hearing, list the matter on 15.07.2026.

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

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