

**IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**

*[Through Physical hearing/ VC Mode (Hybrid)]*

**ITEM No.04**  
**CP(IB) No. 09/BB/2026**

**IN THE MATTER OF:**

Valufocus Eco- Revive Packaging

... Applicant

Vs.

Devkiran Paper Mills Private Limited

... Respondent

**Petition under Sec 9 of I & B code, 2016**

**Order delivered on: 26.05.2026**

**CORAM:**

**SHRI SUNIL KUMAR AGGARWAL**  
**HON'BLE MEMBER (JUDICIAL)**

**SHRI RADHAKRISHNA SREEPADA**  
**HON'BLE MEMBER (TECHNICAL)**

**COUNSELS PRESENT:**

For the Petitioner

: Ms. Annapoorna

**ORDER**

1. Heard Ld. Counsel for the Petitioner.
2. **The Company Petition is admitted enjoining the Respondent to undergo CIRP vide separate order.**
3. List the matter on **27.07.2026** for RP report.

**-Sd-**  
**RADHAKRISHNA SREEPADA**  
**MEMBER (TECHNICAL)**

**-Sd-**  
**SUNIL KUMAR AGGARWAL**  
**MEMBER (JUDICIAL)**

Jones

**IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**

*(Through Physical Hearing/ VC Mode (Hybrid))*

**CP (IB) No. 09/BB/2026**

U/s. 9 of the IBC, 2016 read with Rule 6 of the IBC (AAA) Rules, 2016

**IN THE MATTER OF:**

**VALUFOCUS ECO-REVIVE PACKAGING**

No. 15, IV Floor, 1<sup>st</sup> Main Road Tata Silk Farm,  
Basavanagudi, Bengaluru,  
Karnataka- 560004.

- Operational Creditor/Petitioner

**VERSUS**

**DEVKIRAN PAPER MILLS PRIVATE LIMITED**

Sri Maruthi Nilaya, Hunsur Road,  
K.R. Nagar, Mysuru,  
Karnataka- 571602.

- Corporate Debtor/Respondent

**Order delivered on: 26.05.2026**

**CORAM:**

**Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)**

**Shri Radhakrishna Sreepada, Hon'ble Member (Technical)**

**ORDER**

1. The present petition was e-filed on 09.01.2026 under Section 9 of the Insolvency and Bankruptcy Code, 2016 (for brevity "IBC"/Code) read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by **Valufocus Eco-Revive Packaging**, seeking initiation of Corporate Insolvency Resolution Process ("CIRP") against **Devkiran Paper Mills Private Limited** on account of default in payment of operational debt of **INR 1,96,42,797.44** (Rupees One Crore Ninety-Six Lakhs Forty-Two Thousand Seven Hundred Ninety-Seven and Forty Four Paise Only). The first date of default is stated to be 05.01.2025.

2. It is submitted that the affidavit under Section 9(3)(b) has been filed along with the petition. The demand notices dated 15.07.2025 and 15.10.2025 were issued under Section 8 of the Code and duly served upon the Corporate Debtor as well as upon its Director.
3. The brief facts of the case, as submitted by the OC, are as follows:
  - a. The Operational Creditor is a partnership firm set-up under the provisions of the Indian Partnership Act, 1932 having GST No. 9AAXFV7039H1Z9. The Operational Creditor is *inter alia* engaged in the business of trading of wastepaper.
  - b. The Corporate Debtor is a Private Limited Company incorporated on 30.04.1985 under the provisions of the Companies Act, 1956 having CIN No. U02520KA1985PTC006879. The Corporate Debtor is *inter alia* engaged in the business of manufacturing finished kraft paper.
  - c. The Operational Creditor had supplied wastepaper to the Corporate Debtor during the period from 05.12.2024 to 31.12.2024 and raised 14 invoices aggregating to INR 1,71,13,217/-. As per the terms agreed between the parties, the invoices were payable within 30 days from the date of their issuance.
  - d. The Corporate Debtor has only made a part payment of INR 4,14,416/- on 11.12.2024 against Invoice No. VEP2425204 dated 05.12.2024, thereby acknowledging its liability. After adjustment of the said payment, a principal sum of INR 1,66,98,801/- remained outstanding and payable by the Corporate Debtor. The Operational Creditor has also claimed interest at the rate of 18% per annum on the delayed payments.
  - e. On account of persistent default in payment of the operational debt, the Operational Creditor issued a demand notice dated 15.07.2025 under Section 8 of the Insolvency and Bankruptcy Code, 2016, claiming the outstanding principal amount along with accrued interest. The said notice

was received by the Corporate Debtor on 18.07.2025. However, no reply raising any dispute was issued, nor any payment was made.

- f. Thereafter, the Operational Creditor issued another notice dated 15.10.2025 calling upon the Corporate Debtor to clear the outstanding dues together with interest. The said notice was also served upon the registered office and site office of the Corporate Debtor as well as upon its Director, Mr. Murali R.R. on 22.10.2025 without demur. Despite service of the notices, the Corporate Debtor failed to pay the outstanding dues nor raised any pre-existing dispute regarding the transactions or invoices in question. The Operational Creditor has further relied upon the balance confirmation ledger to demonstrate acknowledgment of liability by the Corporate Debtor.
  - g. As on 05.01.2026, a principal amount of INR 1,66,98,801/- together with interest amounting to INR 29,43,996.44 remained due and payable, aggregating to a total sum of INR 1,96,42,797.44. Accordingly, the present Application has been filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 seeking initiation of Corporate Insolvency Resolution Process against the Corporate Debtor.
4. The Respondent has e-filed its reply/objections on 07.04.2026 in the present matter, making the following contentions:
- a. The petition is premature and not maintainable as prior to its filing, the parties were engaged in bona fide and ongoing settlement discussions with respect to the alleged outstanding dues and that the Application has been filed in undue haste without affording sufficient opportunity for such discussions to conclude.
  - b. The Respondent contended that the alleged delays in payment occurred due to financial and operational stress faced by the Corporate Debtor and

that such delays do not amount to deliberate defaults warranting initiation of insolvency proceedings.

- c. The invoices relied upon by the Operational Creditor do not specify any due date for payment and, in view of the ongoing settlement discussions, the amounts claimed cannot be treated as having become due and payable.
  - d. One of the secured creditors of the Corporate Debtor has already initiated proceedings under the SARFAESI Act, 2002 and measures have been taken in respect of the secured assets of the Corporate Debtor. The Corporate Debtor submits that it is actively engaged in resolving its liabilities with the secured creditor and that multiplicity of proceedings, including the present insolvency proceedings, would adversely affect the ongoing resolution efforts.
  - e. The financial stress presently faced by it is attributable to external and operational factors affecting liquidity. The Insolvency and Bankruptcy Code is not intended to be used as a recovery mechanism and reliance has been placed on the judgment of the Hon'ble Supreme Court in *Swiss Ribbons Pvt. Ltd. v. Union of India* to contend that the primary object of the Code is resolution and value maximization.
  - f. The Corporate Debtor has also disputed the quantum and validity of the claim made by the Operational Creditor and contended that the Operational Creditor is required to establish actual supply of materials and correctness of the value claimed under the invoices. It is submitted that the amounts claimed under the invoices are excessive and such disputes require adjudication before a competent court and cannot be decided in proceedings under Section 9 of the Code.
5. We have heard the learned counsels for the Parties and carefully perused the pleadings and material available on record.

6. On the issue of limitation, the present Petition was e-filed on 09.01.2026. Form-5 reflects 05.01.2025 as the 1<sup>st</sup> date of default in respect of Invoice No. VEP2425204 dated 05.12.2024. Accordingly, the present Petition has been filed well within the prescribed period of limitation.
7. From the documents placed on record, it is evident that the Operational Creditor supplied wastepaper till December 2024 and in relation thereto, raised 14 invoices aggregating to INR 1,71,13,217/-. The invoices became due and payable within 30 days from the date of their issuance. It is further borne out from the record that the Corporate Debtor made part payment of INR 4,14,416/- on 11.12.2024 towards Invoice No. VEP2425204 dated 05.12.2024.
8. The material placed on record further demonstrates acknowledgment of liability by balance confirmation by the Corporate Debtor. In this regard, it is pertinent to note that the Director of the Corporate Debtor, during the course of proceedings before this Tribunal, acknowledged the outstanding liability vide daily order dated 23.02.2026 for an amount exceeding INR 1 crore. The relevant extract of the said order is reproduced below:

*“...4. Shri R.H. Sreenivasa Setty, Promoter/Director of the Respondent, has appeared and fairly admitted that there is an amount due against the Petitioner beyond the threshold of Rs. One Crore. He seeks time to engage an Advocate to file his reply/objections. Let the Respondent filed the same within three weeks, with a copy to Ld. Counsel for the Petitioner. The Petitioner may file rejoinder within three weeks thereafter, with a copy to the Respondent/Counsel....”*
9. Thus, the invoices placed on record, ledger confirmation, part payment made by the Corporate Debtor and the acknowledgment recorded before this Tribunal clearly establish the existence of operational debt and occurrence of default on the part of the Corporate Debtor. The subsequent part payment made by the Corporate Debtor further reinforces the jural relationship and admission of liability between the parties. The faint attempt of respondent to question actual supply of material and correctness of amounts claimed under the invoices, in its

reply/objections, to say the least is absurd and unsupported by any exchange of communication in this behalf. The respondent did not even avail the chance to file replies to either of the two demand notices served on behalf of the petitioner. The fact that there is no stipulation of interest between the parties nor contained in the invoices, doesn't dent the case materially as the outstanding principal amount is sufficiently above the prescribed threshold of Rs. One Crore.

10. Despite issuance of demand notices dated 15.07.2025 and 15.10.2025 under Section 8 of the Code, the Corporate Debtor neither cleared the outstanding dues nor raised any dispute in response to the statutory demand notices. Even in the reply filed before this Tribunal, the Corporate Debtor has not disputed the transactions or the liability as such, but has primarily contended that the parties were engaged in settlement discussions when the present Petition came to be filed. Even if no specific time for payment is contained in the invoices, as a business practice, the time for payment cannot be stretched to/construed to be in perpetuity but has to be a reasonable time. By all means non-payment of bills for more than a year cannot be said to fall within 'reasonable time' parameter.
11. The contention of the Corporate Debtor that the present Petition is premature on account of ongoing settlement discussions cannot be accepted. Mere pendency of settlement negotiations does not constitute a pre-existing dispute within the meaning of Sections 8 and 9 of the Code. No contemporaneous material has been placed on record to show existence of any dispute with regard to quality of goods supplied, quantity supplied or invoices raised, by the Corporate Debtor prior to issuance of the demand notice. By initiating these proceedings, the petitioner has amply indicated that such negotiations were not making any headway.
12. The objection regarding pendency of proceedings initiated by another Creditor of respondent, under the SARFAESI Act, 2002 is equally untenable. It is well settled that proceedings initiated under the SARFAESI Act or before the DRT do not operate as a bar to initiation or admission of proceedings under the Insolvency and Bankruptcy Code, 2016, the remedies being distinct and independent in nature.

13. It is pertinent to note that the Hon'ble Supreme Court in *Innoventive Industries Ltd. v. ICICI Bank, (2017) ibclaw.in 02 SC* has categorically held that, at the stage of admission of an application under the Code, the Adjudicating Authority is only required to ascertain the existence of a debt and default and, once the same is established, the application ought to be admitted unless it is incomplete or barred by law. The scope of enquiry at the admission stage is summary in nature.
14. In the present case, no genuine dispute supported by any material has been brought to the fore prior to issuance of the demand notice under Section 8 of the Code. The Corporate Debtor has also failed to place any material on record disputing the operational debt claimed by the Operational Creditor. Consequently, this Tribunal is satisfied about the existence of operational debt, occurrence of default and absence of any pre-existing dispute between the parties.
15. For the above reasons **CP (IB) No. 09/BB/2026 is allowed** and the respondent **Devkiran Paper Mills Private Limited** is admitted to undergo CIRP. Simultaneously moratorium is declared in terms of Section 14 of the Code imposing following prohibitions to be followed by all and sundry: -
  - i. The institution of suits or continuation of pending suits or proceedings against the CD including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
  - ii. Transferring, encumbering, alienating or disposing of by the CD any of its assets or any legal right or beneficial interest therein;
  - iii. Any action to foreclose, recover or enforce any security interest created by the CD in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
  - iv. The recovery of any property by an owner or lessor, where such property is occupied by or in the possession of the CD;

16. It is further directed that the supply of essential goods or services to the CD as may be specified, shall not be terminated or suspended or interrupted during the moratorium period.
17. The provisions of Section 14(3) shall however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a CD.
18. The order of moratorium shall have effect from the date of this order till completion of the CIRP or until approval of the Resolution Plan under sub-section (1) of Section 31 or passing of an order for liquidation of CD under Section 33 by this Authority as the case may be.
19. In Part-III of Form No.5, **Mr. Rishabh Sethi** bearing Registration No. IBBI/IPA-001/IP-P02842/2023-2024/14377 has been proposed as Interim Resolution Professional (IRP) and Form No.2 has been filed. Accordingly, **Mr. Rishabh Sethi**, having address C-203, Runwal Heights, L.B.S. Marg, Mulund West, Mumbai- 400080, Phone no. **9769703089**, e-mail: **ip.rishabhsethi@gmail.com**, is appointed as Interim Resolution Professional of the Corporate Debtor to carry the functions as mentioned under the IBC. The IRP shall be entitled to fee as per the provisions of IBBI Regulations/Circulars/Directions issued on this behalf. The IRP is directed to take steps as mandated under the IBC, especially under Sections 15, 17, 18, 20 and 21 of IBC, 2016.
20. The OC shall deposit a sum of **₹ 2,50,000/-** (Rupees Two Lakhs Fifty Thousand Only) with the IRP to meet the expenses arising out of issuance of public announcement and inviting claims. The said expenses shall be subject to approval by the CoC. The fee and other expenses of the IRP/Resolution Professional (RP) shall be fixed by the CoC in accordance with the relevant Regulations and Circulars issued by the IBBI which can be calibrated and kept commensurate to the work performance.
21. The IRP shall issue individual notices to the **Jurisdictional Income Tax Authority, Principal Commissioner of Income Tax (Judicial), Bengaluru,**

**Regional Provident Fund Commissioner, GST Commissioner, Commercial Tax Authority, Employees' State Insurance Corporation (ESIC)**, recognised labour unions, and other statutory authorities, if any found on collecting the records of Corporate Debtor and shall submit proof of service along with the first progress report.

22. The IRP shall after collation of all the claims received against the Corporate Debtor and the determination of the financial position of the CD constitute a CoC and file a report, certifying constitution of the Committee to this 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 for filing the report of Constitution of the Committee. The IRP is further directed to send regular **monthly progress reports** of CIRP to this Authority.
23. Upon taking control of the assets and management of the CD, the IRP shall ensure that a notice board of appropriate size is affixed at a conspicuous place at the registered office and principal place of business of the CD, indicating that the CD is undergoing CIRP, along with the case number, title, and complete details and contact information of the IRP/RP, to enable stakeholders to submit their claims within the prescribed timelines.
24. On recovery of any amount of debt in these proceedings or any other proceedings, pending or that may be filed, the claim of the creditors shall immediately stand adjusted therewith and their vote share in CoC shall be accordingly modified.
25. A copy of the order shall be communicated to both the parties. Learned Counsel for the Petitioner shall deliver a copy of this order to the Interim Resolution Professional forthwith. **The Registry is also directed to forward a softcopy hereof to the IRP as well as RoC at their e-mail addresses.**

**-Sd-**  
**(RADHAKRISHNA SREEPADA)**  
**MEMBER (TECHNICAL)**

**-Sd-**  
**(SUNIL KUMAR AGGARWAL)**  
**MEMBER (JUDICIAL)**