Admission of CIRP Applications on the basis of Form D (Record of Default) issued by NeSL- Information Utility

NCLT, Bengaluru Bench, in the CIRP Application filed by M/s Ghalla & Bhansali Securities Pvt Ltd Section 7 of IBC, 2016 (C.P.(IB) No. 115/BB/2025), has admitted the application for initiation of Corporate Insolvency Resolution against the Corporate Debtor M/s Log 9 Materials Scientific Pvt Ltd vide Order dated 15.09.2025.

In the above-mentioned Order, the Hon'ble members of NCLT have placed reliance on the contents of the Records of Default issued by NeSL-IU in determining **default** for admitting the application filed under Section 7 of IBC, 2016, read with Rule 4 of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016, for initiating CIRP.

The relevant extracts of the Orders of NCLT are as under:

Page 3 - Para 3(iii):
"The Petitioner's claim is supported by the facility agreement, ledger statements, NESL authenticated Record of Default, and corresponding communications. Despite several opportunities and repeated reminders, the Corporate Debtor No.1 has failed to repay the outstanding financial debt, and the default continues, necessitating initiation of CIRP under Section 7 of the IBC, 2016."

Page 11 - Para 13:
"Under Section 7 of the IBC, to initiate the CIRP, the Financial Creditor is only required to establish the existence of a financial debt and the occurrence of default. The material placed on record ***including the corroborative NeSL Record of Default, loan documentation, and subsequent correspondence demonstrate compliance with these statutory thresholds.*** *Hon'ble Supreme Court of India in the case of* ***Innoventive Industries Ltd. vs. ICICI Bank and Ors., (2018) 1 SCC 407*** *has held as under:*

> *….30. ….in the case of a corporate debtor who commits a default of a financial debt, the adjudicating authority has merely to see the records of the information utility or other evidence produced by the financial creditor to satisfy itself that a default has occurred. It is of no matter that the debt is disputed so long as the debt is "due" i.e. payable unless interdicted by some law or has not yet become due in the sense that it is payable at some future date. It is only when this is proved to the satisfaction of the Adjudicating Authority that the Adjudicating Authority may reject an application and not otherwise."*

Page 11 – Para 15:
"In the light of the above analysis,… the Company Petition bearing CP (IB) No. 115/BB/2025 .. allowed and the corporate debtors Log 9 Materials Scientific Pvt. Ltd .. admitted to undergo corporate Insolvency Resolution Process."