

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

Important Takeaway

Mere submission of data on debt and default by a Creditor to IU, does not automatically extend limitation period under Limitation Act

NCLAT, Principal Bench, New Delhi, in the Appeal filed by Air Wave Technocrafts Pvt Ltd under Section 9 of IBC, 2016 Company Appeal (AT) no. 1220 of 2025, has rejected the appeal and upheld NCLT Mumbai bench order rejecting application for initiation of Corporate Insolvency Resolution against the Corporate Debtor Voltas Ltd., vide Order dated 27.11.2025.

In the above-mentioned Order, the Hon'ble members of NCLAT have placed reliance on the contents of the Records of Default issued by NeSL-IU in determining Debt & Default and came to a conclusion that it is time barred debt and rejected the application filed under Section 9 of IBC, 2016, for CIRP.

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

Page 5-Para 7

"7.We also notice that the Operational Creditor had registered financial information pertaining to the debt of the Corporate Debtor on the IU on 13.02.2023 an 19.06.2023 as placed at page 336-339 of the APB. The NeSL had thereafter sought the confirmation of the Corporate Debtor on the financial debt registered with the IU but did not receive any confirmation from the Corporate Debtor following which it issued the Record of Default to the Operational Creditor holding the debt of the Corporate Debtor as "Deemed to be Authenticated" on 04.03.2024 as placed at page 346 of APB."

Page 11- Para 17

"17. This brings us to the other submission made by the Operational Creditor that the financial information of debt registered with the IU would give rise to fresh period of limitation. Emphatic assertion was made that the financial information was communicated to the Corporate Debtor by NeSL. Yet the Corporate Debtor had never disputed the financial information which amounted to be an acknowledgement on their part. Per contra it was contended by the Corporate Debtor that the extension of the limitation period depends on the debtor's action of acknowledging the liability and not the creditor's action of filing the information with the IU. The acknowledgment must demonstrate a conscious acceptance of the subsisting liability by the debtor which is clearly distinct from the mere administrative filing of information by the Operational Creditor with an IU."

Page 14- Para 20

" 20. When we look at the material placed on record before us, it becomes clear that the Corporate Debtor had not acknowledged or admitted the financial record contained in the IU to the NeSL and that is why the debt has been treated as "deemed to have been authenticated". IUs like the NeSL ensure neutrality and integrity of data, making information readily available for stakeholders in the insolvency process, but the act of storing or retrieving such information does not automatically extend the limitation period under the Limitation Act, 1963. The mere recording or submission of financial information on the IU does not automatically extend the limitation period under the Limitation Act, 1963. When the Corporate Debtor did not formally admit or acknowledge the debt shown on the IU, it cannot be said that the date of registering debt on the IU can trigger the counting the fresh period of limitation. It is therefore misplaced on the part of the Operational Creditor to contend that as they had registered the financial record of the Corporate Debtor on the IU, that would give rise to fresh period of limitation."