



**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**NEW DELHI BENCH (COURT – II)**

**Item No. 201**  
**IB-812/ND/2022**  
**IA-5038/ND/2025**

**IN THE MATTER OF:**

**Akzo Nobel India Limited** ... **Applicant/Petitioner**

**Versus**

**Stan Cars Private Limited** ... **Respondent**

**Under Section: 7 of IBC, 2016**

**Order delivered on 26.11.2025**

**CORAM:**

**SH. ASHOK KUMAR BHARDWAJ**  
**HON'BLE MEMBER (J)**

**MS. REENA SINHA PURI**  
**HON'BLE MEMBER (T)**

**PRESENT:**

**For the Applicant** :

**For the Respondent** : Adv Gurmeet Kaur, Ms. Riya Palnitkar, Advocate  
and Ms. Gargi Patel, Advocate

**Hearing Through: VC and Physical (Hybrid) Mode**

**ORAL ORDER**

On 06.10.2025 we passed the following order:-

*“A perusal of the order of Hon’ble NCLAT in Company Appeal (AT) (Ins.) No. 1294 of 2023 dated 03.07.2025, indicates that the present application deserves to be admitted. Para 32 to 48 of the judgment of Hon’ble NCLAT reads thus:-*

*“32. We have heard the Ld. Counsels in detail, gone through the records including the written submissions made by both the parties.*

*33. There are two issues in this case which needed to be decided by the Adjudicating Authority. The first issue related to status of the Appellant i.e. whether he is a Financial Creditor as claimed by the Appellant or Operational Creditor as claimed by the Respondent. This issue has been adjudicated by the Adjudicating Authority holding that the Appellant is a Financial Creditor. The impugned order is a well-reasoned order taking into the consideration submission of both the parties and their respective legal citations and based on the same it has held that the appellant is a Financial Creditor.*

*34. The second issue relates to the limitation period and Ld. Tribunal decided that the Section 7 petition filed by the*



*Appellant under the Code was filed beyond the limitation period prescribed from the date of default and hence the said petition was not maintainable.*

*35. It is the submission of the Appellant that the limitation period has not been correctly computed by the Adjudicating Authority and it is their submission that their petition under Section 7 was filed well within time and the same should have been admitted.*

*36. We first take the issue of status of the Appellant i.e. whether the Appellant is Financial or Operational Creditor. The Adjudicating Authority has held that Appellant is a Financial Creditor as claimed by the Appellant. The Respondent on the other hand has again argued that the amount extended by the Appellant was in the nature of trade advance and as such it cannot be treated as Financial Debt.*

*37. In this regard, we have a look at the Agreement dated 21.11.2017 between the parties which decides the underlying nature of arrangement between the parties. The relevant paras 2,4 & 7 are extracted below:*

*“2. STAN CARS shall use the amount of trade advance for purchasing and installing Paint Booth, Baking Oven and other equipment’s at its workshop/place of business to enable it to carry on business with new and improved means.*

*4. STAN CARS shall place average monthly purchase order worth Rs. 10,83,333/- (Rupees Ten Lakhs Eighty Three Thousand Three Hundred and Thirty Three only) (excluding Sales Tax/VAT/GST) and after discount with AKZO for the "Sikkens" brand of Product manufactured and/or traded by AKZO during the tenure of this Agreement, provided however, that the yearly purchase of the Products by STAN CARS from AKZO shall be of such description and value as mentioned under Schedule 1, annexed hereto, forming integral part of this Agreement, provided further that the price at which the Products are sold by AKZO shall always conform to the AKZO's price list in force at the time of delivery of the said Products to STAN CARS.*

*7. "The Parties agree that STAN CARS continuing to fulfil its obligations under this Agreement, would be entitled to*



the adjustment of the trade advance as "trade discount", per the following:

<i>Purchase targets as mentioned in Schedule I hereof</i>	<i>% Adjustment of trade as discount advance trade</i>
<i>Upon accomplishing purchase targets for the first year and having released the payment in respect thereof as per clause 5 of this Agreement.</i>	<i>11%</i>
<i>Upon accomplishing purchase targets for the second year and having released the payment in respect thereof as per clause 5 of this Agreement.</i>	<i>27%</i>
<i>Upon accomplishing purchase targets for the third year and having released the payment in respect thereof as per clause 5 of this Agreement.</i>	<i>47%</i>
<i>Upon accomplishing purchase targets for the fourth year and having released the payment in respect thereof as per clause 5 of this Agreement.</i>	<i>71%</i>
<i>Upon accomplishing purchase targets for the fifth year and having released the payment in respect thereof as per clause 5 of this Agreement.</i>	<i>100%</i>

*Provided however, that STAN CARS would be entitled to carry forward the value of the excess Products purchase orders placed with AKZO (in respect of which payment has been received by AKZO in terms of clause 5 hereof) during a particular year, over and above the Product purchase order requirements as stipulated for that year under Schedule 1, to meet up with the deficit in the Product purchase order for any subsequent year(s)*

*Provided further that the amount of trade advance remaining unadjusted shall be deemed to be a loan extended by AKZO to STAN CARS, in respect of which, an interest @ 1% per month (12% per annum) shall be paid by STAN CARS to AKZO calculated from the date of release of the trade advance in terms of clause 1 hereof till the date of actual repayment thereof."*

*(Emphasis supplied)*

38. The Clause 2 states the objective of the trade advance which is basically for installation of capital equipment at Respondent site so as to enable it to carry on its business with new and improved means.

39. Para 4 basically provides the monthly quantum of purchase order to be placed with the appellant or its dealer.

40. Clause 7 of the agreement is most crucial which lays out the adjustment of trade advance through a trade discount



*mechanism and lays down year wise target for purchase from the appellant. The most important clause here is the second proviso to Clause 7 which provides that the amount of trade advance remaining shall be deemed to be a loan extended by appellant to respondent in respect of which an interest @ 1% per month (12% per annum) shall be paid by STAN CARS (Respondent) to AKZO (Appellant) calculated from the date of release of the trade advance in terms of clause 1 hereof till the date of actual re-payment thereof.*

*41. The above proviso clearly shows that the trade advance gets converted into a debt with time value of money in case of default by the respondent, so the underlying contract shows the time value of money ingrained in the debt in case of default by the Respondent. We also note the Adjudicating Authority has discussed all the relevant provisions of the Code and related Judgments cited by either side and held that the aforesaid trade advance is a financial debt with time value of money. We find no reason to disagree with the findings of Adjudicating Authority.*

*42. We now have a look at the second issue relating to limitation. The Adjudicating Authority has held that the application under Section 7 of the Code was not filed within the prescribed period of limitation i.e. the same was not filed within three years from 01.12.2018 i.e. expiry of 1 year from the date on which the agreement dated 21.11.2017 came into effect.*

*43. It is the submission of the appellant that the Ld. Tribunal had erred in not taking into consideration the time excluded by the Hon'ble Supreme Court due to covid-19 epidemic. Accordingly, as per his calculations the application under Section 7 was filed well within the period of 3 years from the date of default after taking into account the period exempted by Hon'ble Supreme Court. The computation of the same as per Appellant is given below:*

<b>Event</b>	<b>Limitation</b>
Date of default calculated as 21.11.2018 as per agreement dated 21.11.2017	Three years from date of default is 21.11.2021
Supreme court <i>suo moto</i> in WP/3/2020 excluded from 15.03.2020 to 28.02.2022	After exclusion of the mentioned time, the date of end of limitation is 05.11.2023
Date of Filing Application U/s 7 IBC	28.10.2022 (within Limitation)



44. *We have gone through the email dated 27.12.2019, a plain reading of the document does not show clear cut acknowledgement of debt by the Respondent, it only mentions about poor business conditions and other difficulties. We are not inclined to accept this email as acknowledgement of debt.*

45. *The second contention of the Appellant relates to the exemption of Covid-19 period by Hon'ble Supreme Court. We have noted that the limitation period from 15.03.2020 to 31.05.2022 has been excluded by the Hon'ble Supreme Court for all purposes vide their suo motu Writ Petition (C) No.-3 of 2020 vide their Order dated 10.01,2022. The directions of Hon'ble SC in the Suo-Motu case (supra) are extracted below:*

*"I. The order dated 23.03.2020 is restored and in continuation of the subsequent orders dated 08.03.2021, 27.04.2021 and 23.09.2021, it is directed that the period from 15.03.2020 till 28.02.2022 shall stand excluded for the purposes of limitation as may be prescribed under any general or special laws in respect of all judicial or quasi-judicial proceedings.*

*II. Consequently, the balance period of limitation remaining as on 03.10.2021, if any, shall become available with effect from 01.03.2022.*

*III. In cases where the limitation would have expired during the period between 15.03.2020 till 28.02.2022, notwithstanding the actual balance period of limitation remaining, all persons shall have a limitation period of 90 days from 01.03.2022. In the event the actual balance period of limitation remaining, with effect from 01.03.2022 is greater than 90 days, that longer period shall apply.*

*IV. It is further clarified that the period from 15.03.2020 till 28.02.2022 shall also stand excluded in computing the periods prescribed under Sections 23 (4) and 29A of the Arbitration and Conciliation Act, 1996, Section 12A of the Commercial Courts Act, 2015 and provisos (b) and (c) of Section 138 of the Negotiable Instruments Act, 1881 and any other laws, which prescribe period(s) of limitation for instituting proceedings, outer limits (within which the court or tribunal can condone delay) and termination of proceedings."*

46. *Based on the directions in the Suo-Motu Judgement (supra) the balance period of limitation from 15.03.2020 has to be*



*added to 01.03.2022 to get the revised date of limitation. In the instant case the period is one year 8 months and 6 days. The revised end date of limitation would then be 06.11.2023. The section 7 application in this case was filed on 28.10.2022 which was well within limitation period.*

*47. The Respondent has raised the issue of validity of agreement and argued that questions about the same are under adjudication in Civil Court. He has also raised the issue of specific performance under the contract and also use of CIRP process by the Appellant for recovery of debt. We do not find merit in these contentions, as the very fact that the Respondent company cannot meet its debt obligations makes it fit case for initiation of CIRP proceedings. The debt recovery through civil proceedings can go on independent of CIRP proceedings.*

*48. In view of the findings above, we hold that the Adjudicating Authority has rightly classified the Appellant as Financial Creditor. However, the issue of limitation has been decided by the Adjudicating Authority without taking into account the directions of Hon'ble SC in suo motu proceeding (supra) due to which the Section 7 application was not found maintainable. Whereas the same is well within the limitation period after applying a grace period as per Hon'ble SC's order.*

*49. In view of the above findings, the appeal is allowed and CP (IB) No. 812/ND/2022 is restored. Parties to appear before the NCLT, New Delhi, Bench-II on 17.07.2025. Pending I.As, if any, are closed. No order as to costs."*

*Nevertheless, Ld. Counsel for the Corporate Debtor submitted that she needs to engage a Senior Advocate, as in terms of para 48 of judgment of Hon'ble NCLAT, this Tribunal need to appreciate the judgment of Hon'ble Supreme Court referred to therein. In the interest of justice, we direct the petition to be listed on 15.10.2025."*

2. Today the Ld. Counsel for the parties prayed for an adjournment. As can be seen from the order dated 06.10.2025, in view of the order passed by Hon'ble NCLAT the **petition deserves to be admitted. Ordered accordingly.** Accordingly, moratorium is declared in terms of Section 14 of the Code. As a necessary consequence of the moratorium in terms of Section 14(1) (a), (b), (c) & (d), the following prohibitions are imposed, which must be followed by all and sundry:



- (a) The institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, 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.

3. As proposed by the Financial Creditor, this Bench appoints Mr. Vikas Aggarwal (Email ID: [ipvikas.aggarwal@gmail.com](mailto:ipvikas.aggarwal@gmail.com)) as IRP having Registration No. IBBI/IPA-001/IP-P- 02126/2020-2021/13313, subject to the condition that no disciplinary proceedings are pending against the IRP so named and disclosures as required under IBBI Regulations, 2016 are made by him within a period of one week from this Order. This Adjudicating Authority orders that Mr. Vikas Aggarwal is directed to take charge of the CIRP of the Corporate Debtor with immediate effect. The Court Officer will inform the IRP so appointed by all modes. The IRP is directed to take the steps as mandated under the IBC specifically under Section 15, 17, 18, 20 and 21 of IBC, 2016.

4. The Financial Creditor is directed to deposit Rs. 2,00,000/- (Two Lakh) only with the IRP to meet the immediate expenses. The amount, however, will be subject to adjustment by the Committee of Creditors as accounted for by Interim Resolution Professional and shall be paid back to the Financial Creditor.

5. A copy of this Order shall be communicated to the Financial Creditor, the Corporate Debtor and the IRP mentioned above by the Court Officer/Registry of this Tribunal. In addition, a copy of the Order shall also be forwarded by the Court Officer/Registry to the IBBI for their records.



**IA-5038/ND/2025**: As prayed by Ld. Counsel for the parties, the hearing is deferred to **19.12.2025**.

**Sd/-**  
**(REENA SINHA PURI)**  
**MEMBER (T)**

**Sd/-**  
**(ASHOK KUMAR BHARDWAJ)**  
**MEMBER (J)**



**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**NEW DELHI BENCH (COURT – II)**

**Item No. 307**  
**IB-812/ND/2022**  
**New IA-6140/ND/2025**

**IN THE MATTER OF:**

**Akzo Nobel India Limited**

...

**Applicant**

**Versus**

**Stan Cars Private Limited**

...

**Respondent**

**Under Section: 7 of IBC, 2016**

**Order delivered on 18.12.2025**

**CORAM:**

**SH. ASHOK KUMAR BHARDWAJ**  
**HON'BLE MEMBER (J)**

**MS. REENA SINHA PURI**  
**HON'BLE MEMBER (T)**

**PRESENT:**

**For the Applicant** : Adv. A.S Likhari, Adv. Rajat Kumar

**For the Respondent** :

**Hearing Through: VC and Physical (Hybrid) Mode**

**ORDER**

**IA-6140/ND/2025:** For the reasons stated therein, the **IA is allowed** and the clerical error occurred/crept into Para-3 of the order dated 26.11.2025 is rectified to the effect that in place of Mr. Vikas Aggarwal (Email ID: ipvikas.aggarwal@gmail.com) as IRP having Registration No. IBBI/IPA-001/IP-P-02126/2020-2021/13313, the name of Mr. Parminder Singh Bhullar as Registered Insolvency Professional having Registration No. IBBI/IPA-002/IP-N01127/2021-2022/13700 would be replaced. The **application stands disposed of.**

**Sd/-**  
**(REENA SINHA PURI)**  
**MEMBER (T)**

**Sd/-**  
**(ASHOK KUMAR BHARDWAJ)**  
**MEMBER (J)**