IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.303
IA/367(AHM)2023 in
CP(IB) 568 of 2019

Proceedings under Section 66 & 67 r.w 71, 72 & 73 IBC

IN THE MATTER OF:

Mr.Sushil Vishwakant Tewary,Liquidator of the Corporate Debtor i.e.,M/s. Champion Agro Ltd ....**Applicant**

Vs.

Dhiraj Ghusabhai Hirpara & Ors. ....**Respondent**

Order delivered on: 03/07/2026

Coram:
Mrs. Chitra Hankare, Hon'ble Member(J)
Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed for pronouncement of order

The order is pronounced in open court vide separate sheet.

Sd/-
DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

-SD-
CHITRA HANKARE
MEMBER (JUDICIAL)

SJ/AD/AP

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD (COURT - II)

IA No. 367 of 2023
In
CP (IB) No. 568/NCLT/AHM/2019

(An Application filed under Section 66 of the IBC, 2016)

In the matter of:

M/s Champion Agro Limited ...Corporate Debtor

MEMO OF PARTIES

Mr. Sushil Vishwakant Tewary,
Liquidator of M/s. Champion Agro Limited
11, Pahelgaon Bungalows, Premchandnagar
Road, Bodakdev, Ahmedabad,
Gujarat – 380054, India.

...Applicant

Versus

1. Mr. Dhirajlal Ghusabhai Hirpara
   Ex-Director of M/s. Champion Agro Limited
   Having address at: Gauri Villa, 5,
   Anant Society, Kalawad Road, Rajkot,
   Gujarat – 360 001, India.

2. Mr. Jitendrakumar Ghusabhai Hirpara
   Ex-Director of M/s. Champion Agro Limited
   Having address at: 5, Anant Society, Plot 61, Opp.
   'Madharlipi', Rajkot, Gujarat – 360 001, India

3. Deleted in pursuance to order dated
   21.01.2026

...Respondents

Sd/-

Sd/-

Order pronounced on 03.07.2026

Coram:
MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

MR. VELAMUR G. VENKATA CHALAPATHY
HON'BLE MEMBER (TECHNICAL)

Appearance:

For the Applicant	:	Mr. Lalit M Patel, Adv. And Mr. Harshil Patel, Adv.
For the Respondent 1& 2	:	Mr. Hiten Parikh, PCA, Mr. Vivek Zalavadiya, CA, and Mr. Sanjay Majmudar, PCA

JUDGEMENT

1. This application is filed under Section 66 and 67 read with Section 71,72 and 73 of the IBC, 2016 by the RP/Liquidator of the Corporate Debtor (hereinafter refer to as "CD")- Champion Agro Limited *inter alia* seeking following reliefs;

   a. *to pass order in terms of Section 67, of the Code including for recovery/ restoration of legitimate amounts due to the Corporate Debtor;*
   b. *to Issue orders that recovery, if any, made pursuant to this Application, shall form part of the liquidation estate as per section 36 of the Code and shall be exclusive right of the CoC/ stakeholders of the Corporate Debtor;*
   c. *to impose such fine under section 71, 72 and 73 of the Code upon the Respondents.*

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2. The CD entered into CIRP *vide* order dated 23.06.2022 thereafter, vide order dated 25.01.2024 liquidation was initiated and the applicant was appointed as liquidator.

3. The applicant has relied upon the forensic audit report conducted for the period from 01.04.2012 to 23.06.2022 submitted by Joshi Mahajan & Co. and alleged various transactions as fraudulent transactions defrauding the creditors within the meaning of section 66 of the code, which are stated as hereunder:

   a. It is stated that the corporate debtor had write off total debt of Rs. 346.83 crores of four financial years i.e., Rs.7,87,50,540/- in FY 2016-17, Rs.20,32,399 in FY 2015-16, Rs. 3,27,95,23,831/- in FY 2014-15 and Rs. 10,80,73,35/- in FY 2013-14. The applicant submitted that SIDBI filed the main petition for initiation of CIRP against the Corporate Debtor pursuant to classification of CD's account as NPA on 20.01.2014. The Suspended management write off the debts despite NPA classification and financial distress. It is submitted that the receivables were written of as non-recoverable/ non traceable, however, the respondents

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failed to give proper justification as to any document, evidence of any recovery proceedings or any enforcement steps before write off. The applicant further submitted the response of the respondents regarding the untraceable recipients/debtors written off that these receivables were from a large number of farmers to whom agricultural inputs were sold on credit without collateral and the respondents claimed its non-recovery due to droughts in Gujarat (2012-2013) and they do not possess specific details of the farmers like addresses, contact numbers for these recipients, rendering them "untraceable".

b. Trade receivables amounting to Rs. 70.47 crores were outstanding as on 31.03.2017. It is submitted that the Respondents failed to maintain proper records of such receivables, did not furnish details of the farmers from whom amounts were recoverable, and failed to provide supporting documents or details of recovery efforts. The Applicant has further submitted that the Respondents have not substantiated their claim that the receivables had become untraceable.

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c. The audited balance sheet as on 31.03.2017 reflected fixed assets with a net block of Rs. 7.86 crores. It is submitted that net fixed assets worth approx. Rs.5.02 Crores are untraceable. It is submitted that the Respondents failed to maintain the fixed asset register, capital asset records, and to provide details of fixed deposits, citing non-availability of records.

d. The applicant submitted the summations of the transactions under Section 66 of the Code are as under:

Particulars	Amount in Rs.
Written off sundry debtors/ trade receivables during period of 01/03/2013 to 31/03/2017	Rs.3,46,83,80,121
Trade receivables as on 31/03/2017	Rs.70,47,40,206
Fixed assets net block as on 31/03/2017	Rs.5,02,39,791
Total	**Rs.4,22,33,60,118**

4. The Applicant has submitted that the Corporate Debtor had made investments in shares amounting to Rs. 2.38 crores. The Respondents have failed to maintain and provide an investment register, stating that the

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investments were made in subsidiary companies, and further failed to keep the shares in demat format.

5. It is submitted that in the applicant's opinion, these are the fraudulent transactions done by the corporate debtor through respondents during the review period which are required to be contributed by the respondents in the liquidation estate of the corporate debtor.

6. The Respondent Nos. 1 and 2, in their reply, denied the allegations levelled in the application and contended that the applicant failed to form an opinion with respect to transactions covered under Section 66 of the Code and merely relied upon the report of the Transaction Auditor Report submitted 01.02.2023 (223 no. of days of commencement of CIRP) and filed the present application belatedly in terms of Regulation 35A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. It is submitted that the review period selected by the applicant from 01.04.2012 to 23.06.2022, covered nearly ten years which is beyond the period of two years preceding the classification of the Corporate Debtor's account as NPA. The Respondents further submitted that under the

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provisions of the Companies Act, 2013, the Corporate Debtor is required to preserve books of account only for the preceding seven years. It is submitted that the transaction audit covered 10 years of period instead of "look back period of 2 years" provided under Sections 43 and 45 of the code. Further, the period selected for the audit was not discussed with or approved by the members of the Committee of Creditors. According to the Respondent, certain records and documents pertaining to the extended period were not available either with the Corporate Debtor or its suspended management, and therefore could not be furnished to the Transaction Auditor. In respect of the alleged transactions, the respondent submitted as follows:

a. Pertaining to the written off debt during 2013-14 to 2016-17, the respondent submitted that, the Transaction Auditor relied on the information provided by the Resolution Professional and data available in the public domain, without independently verifying the books of account or supporting records of the Corporate Debtor. The Respondent submitted that complete details of the debtors whose balances were

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written off, including a list of farmers had been provided to the Applicant. It is further submitted that heavy rainfall and floods in the Saurashtra region during 2013 severely affected farmers, resulting in recovery difficulties and consequent write-offs of receivables. It is submitted that despite efforts through its marketing network to recover outstanding amounts, factors such as farmer distress, employees leaving the organization, loss of contact with debtors, government relief measures, and the eventual expiry of limitation periods made recovery impracticable. These circumstances were ignored by the Transaction Auditor and Resolution Professional while alleging fraudulent write-off of trade receivables.

b. The Respondents submitted that complete details of the trade receivables as on 31.03.2017 had been maintained and were available at the time of audit of the accounts. It is submitted that the records subsequently became unavailable due to closure of the business, prolonged inoperation of the registered office, and loss of physical and digital records caused by

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water leakage due to heavy rain. The Respondent further submitted that there was no mala fide intention in not providing the details and that recovery of the receivables was not feasible as several debtors had become bankrupt and the claims had become time-barred.

c. The Respondents submitted that out of the fixed assets of Rs. 7.86 crores reflected in the balance sheet as on 31.03.2017, land and building valued at Rs. 2.81 crores continued to exist and remained in the name of the Corporate Debtor. As regards the remaining movable assets, including machinery and furniture, it is stated that the company had ceased operations due to liquidity constraints and that, owing to prolonged non-use, huge depreciation and impairment had occurred. The Respondent further submitted that, in terms of AS-28 (Impairment of Assets), such assets were liable to be written off. It is also stated that although the fixed asset register had been maintained, it could not be traced after the accounts and secretarial staff left the job.

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d. The Respondent submitted that the investment in shares amounting to Rs. 2.38 crores represented investments made in subsidiary companies and that detailed explanations in this regard had been furnished to the Transaction Auditor. It is contended that such investments were made in furtherance of the Corporate Debtor's business and had been undertaken prior to the availing of bank loans, with the expectation of generating value for the company.

e. Therefore, it is submitted that none of the transactions identified by the Applicant could be characterized as fraudulent transactions under Section 66 of the Code. It is further submitted that the allegations were unsupported by specific evidence and were based on a Transaction Audit Report prepared without adherence to the prescribed auditing procedures and standards.

7. The applicant has filed an affidavit placing on record the status of cases before CBI/PMLA and details regarding untraceable recipients of produce written off by the CD. It is stated that the Order dated 23.07.2024 in OC No.2199/2024 passed by the Adjudicating Authority under

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the Prevention of Money Laundering Act, 2002, confirmed the ED's provisional attachment order and prima facie findings were recorded regarding diversion and laundering of loan funds by the suspended management, including misappropriation of working capital facilities for personal investments, property purchases and routing of funds through various entities. It is further stated that the said findings, coupled with the pending PMLA proceedings, allegations of diversion and concealment of funds and non-cooperation of the suspended management demonstrate their intention to defraud creditors. The applicant further submitted regarding the untraceable recipients/debtors written off of debt of Rs.346.83 crores that the respondents clamed its non-recovery due to droughts in Gujarat (2012-2013) and they do not possess specific details of the farmers like addresses, contact numbers for these recipients, rendering them "untraceable".

8. The Applicant submitted that a restitution application (CRMA No. 2126 of 2025) seeking restoration of the Corporate Debtor's attached properties to the liquidation estate was rejected by the Special PMLA Court, Ahmedabad

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(Rural), vide order dated 10.11.2025, on account of the pendency of statutory appeals under the PMLA. The Applicant preferred Criminal Revision Application (CR.RA) No. 314 of 2026 before the Hon'ble High Court of Gujarat, wherein notice has been issued on 02.03.2026 and the matter is sub-judice.

9. The Applicant, in compliance with the directions of this Tribunal dated 10.04.2026 to state whether the Forensic Auditor has identified fraudulent debtors/ transactions and how these correlate with the documents sought in the Section 19(2) Application (IA 814 of 2022), submitted that the transaction auditor scrutinized the books of accounts (provided) and identified written off debts of Rs.346.83 crores and the auditor faced constraints in conducting the investigation due to non-availability of key records, including party-wise sales and purchase summaries, debtors' and creditors' ledgers with ageing details, stock registers, and debtor and vendor master databases.

10. The Applicant submitted that the absence of debtor master data, KYC of the debtors which are claimed to be farmers, stock records, and evidence of recovery efforts rendered the

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recipients of the written-off amounts untraceable and prevented the auditor to verify whether any actual produce or goods existed to justify the credit sales to these farmers. The Applicant further submitted that the documents sought in the pending application under Section 19(2) of the Code, including debtors' ledgers, sales invoices and communication records with the recipients of written off amounts, are necessary for completion of the investigation under Section 66 of the Code.

11. Both the parties have filed their written submissions.

12. Heard the counsel for the applicant as well as the respondents. Perused the material available and written submissions placed on record.

13. Observations:

a) This Tribunal has passed certain orders in IA No. 814 of 2022 filed under Section 19 of IBC, 2016. The observations are drawn from the submissions made by the applicant who had totally no co-operation and support in recovering the fraudulent proceeds of the CD perpetrated by the respondents due to which this application is filed.

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b) Prima facie, evidence is that the respondents have syphoned off funds of the creditors fraudulently, written off debtors debts without record and there are no records of data of disbursal to various entities.

c) The primary objection of the respondents regarding the "look-back period" is not sustained, as it is inapplicable to proceedings under Section 66 of the Code. The explanations offered by the respondents, including drought conditions, financial distress of farmers, migration of employees and loss of records, remain bald defences unsupported by any other material evidencing bona fide recovery efforts. These explanations cannot justify the write-off of debtors amounting to Rs.3,46,83,80,121/-. It is noted that the account of the Corporate Debtor was classified as NPA on 20.01.2014. Despite the Corporate Debtor being under financial distress, the Respondents continued to write off substantial receivables during the financial years 2013-14 to 2016-17 without maintaining records or furnishing any satisfactory explanation. The conduct of the Respondents demonstrates that the affairs of the

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Corporate Debtor were carried on in a manner prejudicial to the interests of its creditors.

d) However, insofar as the outstanding trade receivables of Rs.70,47,40,206/- as on 31.03.2017 are concerned, the Applicant has failed established that the receivables themselves were fictitious or fraudulently created. Accordingly, the allegation in respect of the said outstanding trade receivables cannot be accepted under Section 66.

e) Further, it is observed that the fixed assets reflected in the audited financial statements, to the extent of Rs.5,02,39,791/-, remain untraceable and suspended management failed to produce the fixed asset register or any documentary evidence regarding the existence, disposal or impairment of such assets. The unexplained disappearance of these assets in the absence of supporting records, establishes fraudulent conduct on the part of the Respondents.

f) It is observed that these are undoubtedly financial fraud/s perpetrated on a set of financial creditors through active involvement of the chartered

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accountant/s who have also not been able to give any document in support of write off when they were asked to file a reply after appearing before this Tribunal. Accordingly, the amount of Rs.3,46,83,80,121/- towards unjustified write-off of debtors and Rs.5,02,39,791/- towards untraceable fixed assets is liable to be restored to the assets of the Corporate Debtor for the benefit of its creditors.

g) In view of the above, we allow this application under Section 66 and pass orders under Sections 67, 70, 71 and 73 directing further proceedings in the matter as follows:

ORDER

I. IA 367 of 2023 in CB (IB) 568 of 2019 is partly allowed.

II. Respondent Nos. 1 and 2 are jointly and severally directed to return the amount of Rs.3,46,83,80,121/- and Rs.5,02,39,791/- to the liquidation estate of the Corporate Debtor.

III. The matter is hereby recommended for reference under Section 236 of the IBC to the IBBI, for initiation

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of proceedings before the Special Court constituted under Chapter XXVIII of the Companies Act, 2013.

IV. The IBBI may, upon examination of the present order and the underlying facts, take such decision as it deems appropriate in accordance with law.

V. The Applicant is at a liberty to present the matter before the IBBI.

VI. The Registry is directed to send a copy of this order to the IBBI.

VII. IA 367 of 2023 in CB (IB) 568 of 2019 is disposed of, accordingly.

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DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

Sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

PH-LRA