

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
(Disciplinary Committee)

No. IBBI/DC/287/2025

9th June 2025

ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11012/123/2024-IBBI/918/16 dated 03.01.2025, issued to Mr. Puvvala Siva Rama Prasad, who is an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) having Registration No. IBBI/IPA-003/IP-N00045/2017-2018/10320 and a Professional Member of the Insolvency Professional Agency of Institute of Cost Accountants of India.

Background

- 1.1 The Central Bank of India filed application under Section 95 of the Code for initiating insolvency resolution process of Mr. P. K. Iyer, Personal Guarantor (PG) to Corporate Debtor (CD) i.e. Deccan Chronicle Holdings Limited. Mr. Puvvala Siva Rama Prasad was appointed as the Resolution Professional (RP) in the matter *vide* Order dated 05.01.2022 by NCLT, Hyderabad Bench-I (Adjudicating Authority/AA) and he was directed to file report under Section 99 of the Code within 10 days.
 - 1.2 The Board took note of Order of the AA dated 08.07.2024, wherein certain adverse observations were made against conduct of Mr. Puvvala Siva Rama Prasad in the matter. The reply was sought from Mr. Puvvala Siva Rama Prasad *vide* email dated 05.09.2024 and he responded on the same day. The Board examined the observations made in the AA's Order *vis-à-vis* reply of Mr. Puvvala Siva Rama Prasad to the same and based on such examination, the IBBI formed a *prima facie* view that Mr. Puvvala Siva Rama Prasad had contravened provision of the Code and its underlying Regulations. Hence, the Board issued SCN to Mr. Puvvala Siva Rama Prasad on 03.01.2025. Mr. Puvvala Siva Rama Prasad was requested to provide his reply by 18.01.2025. The reply of Mr. Puvvala Siva Rama Prasad was received on 08.01.2025.
 - 1.3 The SCN and response of Mr. Puvvala Siva Rama Prasad to the SCN were referred by the Board to the Disciplinary Committee (DC) for disposal of the SCN. Mr. Puvvala Siva Rama Prasad availed an opportunity of personal hearing before the DC through virtual mode on 04.06.2025. He further submitted additional written submissions on the same day *vide* email.
- 2. Alleged contravention, submissions of Mr. Puvvala Siva Rama Prasad and findings of the DC.**

Contravention related to failure to conduct proper due diligence.

- 2.1 Section 95(4) of the Insolvency and Bankruptcy Code, 2016 (Code) requires that an application for initiating insolvency resolution process of a PG to CD shall be accompanied

with details and documents relating to failure by the debtor to pay the debt within a period of fourteen days of the service of the notice of demand. Section 99 of the Code provides that the Resolution Professional (RP) shall examine the application referred to in Section 94 or Section 95, as the case may be, within ten days of his appointment, and submit a report to the AA recommending for approval or rejection of the application. The said provision inter-alia requires the RP to ascertain that the application satisfies the requirements set out in Section 94 or 95.

- 2.2 The AA, *vide* Order dated 05.01.2022 directed Mr. Puvvala Siva Rama Prasad to file report under Section 99 of the Code within 10 days. In the report submitted to the AA, Mr. Puvvala Siva Rama Prasad submitted that the financial creditor had served two demand notices dated 15.12.2020 and 16.10.2021 on the personal guarantor and that the personal guarantor had failed to repay the amount within 14 days from the receipt of such notices.
- 2.3 The Board noticed from observations of the AA made *vide* Order dated 08.07.2024 that that there was no service of either first or second demand notice on the personal guarantor. Also, Mr. Puvvala Siva Rama Prasad did not mention about any document confirming service of the said notices. Hence, Mr. Puvvala Siva Rama Prasad, *prima facie*, failed to verify the statutory compliances by the financial creditor before filing the report with the AA. In this regard, the AA observed as follows:

“... the Resolution Professional did not even undertake the simple exercise of finding whether second Demand Notice dated 16.10.2021 has been served or not on the Personal Guarantor, before concluding that the debt as claimed by the creditor remain unpaid. Therefore, it is a classic case of absolute ‘non-application of mind’ by the Resolution Professional in carrying out the important ‘duty’ of verifying the statutory compliances by the Financial Creditor.”

- 2.4 Mr. Puvvala Siva Rama Prasad submitted in his response to the Board that he had sent the first notice to PG on 09.02.2022 and second on 04.03.2022. The said notices were returned to him on 07.03.2022, with the remarks *“Addressee Left without Instructions”*. Subsequently, the third notice was served to the PG on 10.03.2022, which was successfully delivered on 12.03.2022 with remarks *“Item Delivery Confirmed”*. In conclusion, Mr. Puvvala Siva Rama Prasad submitted that the demand notice was properly served by him to the PG, and the same was informed to the AA *vide* memo dated 29.03.2022. The Board observed that the issue raised by AA pertains to non-serving of demand notice by the creditor on the PG prior to filing of application for initiation of insolvency resolution process and the lack of verification by RP in this regard. Whereas, in his response, he mentioned three instances wherein he sent the report filed under Section 99 to the PG. The reply of Mr. Puvvala Siva Rama Prasad, therefore, does not address the issue of failure to verify the statutory compliances by the financial creditor before concluding that the debt as claimed by the creditor remained unpaid. The AA *vide* Order dated 08.01.2024 rejected the application for initiation of insolvency resolution process of the PG to the CD as the demand notice was not served on the PG to CD. Hence, the Board formed a *prima facie* view that Mr. Puvvala Siva Rama Prasad failed to conduct proper due diligence in the matter and

submitted the report before the AA without verifying the compliance of statutory provisions by the creditor applicant.

- 2.5 In view of the above, the Board held the *prima facie* view that, Mr. Puvvala Siva Rama Prasad have contravened Sections 95(4), 99 and 208(2)(a) and (e) of the Code, Regulation 7(2)(a) and (h) of the IBBI (Insolvency Professional) Regulations, 2016 (IP Regulations) read with Clauses 2 and 14 of the Code of Conduct provided in the First Schedule of the IP Regulations.

Submissions by Mr. Puvvala Siva Rama Prasad.

- 2.6 Mr. Puvvala Siva Rama Prasad submitted that he had duly inquired about the service of demand notice from the Financial Creditor via email dated 02.02.2022.
- 2.7 The Financial Creditor confirmed this communication through Central Bank of India, SAM Vertical, Hyderabad letter No: SAM: HYD:2021-22-549 dated 03.02.2022. The substance of this confirmation is delineated as follows: -

“We refer to your mail dated: 02.02.2022 and confirm that the debt outstanding (including Interest, Cost, Expenses thereon) in the account of M/s Deccan Chronicle Holding Limited as on 14.12.2020 is Rs.159,91,10,414.00 (Rupees One Hundred Fifty Nine Crore Ninety One Lakh Ten Thousand Four Hundred Fourteen only) which is demanded vide our Notice dated 15.12.2020 issued to Mr. Tikkavarapu Venkataram Reddy and Mr. Tikkavarapu Vinayak Ravi Reddy and as on 16.10.2021 is Rs.177,00,51,261.91 (Rupees One Hundred Seventy Seven Crore Fifty One Thousand Two Hundred Sixty One and Paise Ninety One only) which is demanded vide our Notice dated 16.10.2021 issued to Mr. P.K. Iyer, from the above Personal Guarantors. We also confirm that no recovery / repayment has been received from the above Personal Guarantors from the date of issue of our Demand Notice dated 15.12.2020 and 16.10.2021 except Rs. 4,43,725 (Rupees Four Lakh Forty Three Thousand Seven Hundred Twenty Five only) received on 30.06.2021 towards first tranche of Resolution amount and Rs.13,20,859 received on 17.09.2021 (Rupees Thirteen Lakh Twenty Thousand Eight Hundred Fifty Nine Only) towards our share of amount distributed towards compensation received from BCCI to DCHL.”

- 2.8 Mr. Puvvala Siva Rama Prasad further submitted that he presented the aforementioned letter to the AA along with his report prepared pursuant to Section 99 of the Code dated 04.02.2022. In light of the same, Mr. Puvvala Siva Rama Prasad undertook the necessary measures to ascertain the statutory compliances of the Financial Creditor prior to the submission of the report to the AA under Section 99 of the Code.
- 2.9 Mr. Puvvala Siva Rama Prasad submitted that the Demand Notice dated 16.10.2021 was sent to the Guarantor’s last known address as per the Guarantee Deed. He further relied on the judgment in *Paresh Rastogi v. Omkara Assets Reconstruction Pvt. Ltd. & Anr.*, passed by the NCLAT, New Delhi, to contend that service of notice at the last known address is valid and cannot be invalidated merely on the ground of non-receipt by the Guarantor.

Analysis and Findings of the DC.

- 2.10 The DC has gone through the SCN, reply of SCN and oral and written submissions made by Mr. Puvvala Siva Rama Prasad in detail. The chronology of relevant events in the matter is tabulated below:

Date	Remarks
15.12.2020	First demand notice in Form B issued by FC i.e., Central Bank of India to CD.
16.10.2021	Second demand notice issued to the Personal Guarantor.
18.10.2021	The demand notice dated 16.10.2021 was tendered at the post office for dispatch to the address of the Personal Guarantor.
20.10.2021	As per tracking receipt of second demand notice, it is stated that “ <i>Item Returned Addressee Left without Instructions</i> ” and the item delivered back to Central Bank of India on 22.10.2021.
05.01.2022	The AA appointed Mr. Puvvala Siva Rama Prasad as IRP and directed him to file the report under Section 99 of the within 10 days as required under therein. The matter was posted on 07.02.2022.
27.01.2022	Copy of Order received to IP as stated in the report filed under Section 99 of the Code.
02.02.2022	The RP wrote an email to the Financial Creditors seeking details regarding the Personal Guarantor, Mr. P.K. Iyer, copy of application filed by the FC against the CD and the PG, the CIBIL report and KYC details of the PG, copy of the acknowledgement of debt by the Guarantor, reply to the demand notice served by the bank, and a copy of the application filed before the DRT, etc
03.02.2022	The FC i.e., Central Bank of India wrote to the RP that the first demand notice was issued on 15.12.2020 demanding Rs. 159,91,10,414 (Rupees One Hundred Fifty Nine Crore Ninety One Lakh Ten Thousand Four Hundred Fourteen) and second demand notice on 16.10.2021 demanding Rs 177,00,51,261.91 (Rupees One Hundred Seventy Seven Crore Fifty One Thousand Two Hundred Sixty One and Ninety One Paisa) and no recovery has been made except Rs. 4,43,725 (Rupees Four Lakh Forty Three Thousand Seven Hundred Twenty Five).
04.02.2022	The RP filed the report under Section 99 of the Code before the AA wherein on page 10 of the Report, it is stated that “ <i>The Personal Guarantor was given an opportunity to repay the amount in default and claimed by the Financial Creditor as unpaid by serving a Demand Notices on 15.12.2020 and 16.10.2021. However, the personal guarantor failed to repay the amount within 14 days provided therefor</i> ”.
09.02.2022	First notice was issued to the PG and returned undelivered.
04.03.2022	Second notice issued to the PG by ‘Speed Post’ and was returned undelivered.
10.03.2022	Third notice issued to the PG as stated in the “ <i>Memo filed before the AA to</i>

	<i>consider the corrigendum to the report”, the report under Section 99 was sent to another address of the Personal Guarantor as available with the financial creditor through speed post and the said post was successfully delivered to the Personal Guarantor.</i>
08.07.2024	The AA issued Order dismissing the application of the bank and making adverse remarks against the RP.

2.11 The DC notes that Section 95(4) of the Code mandates that an application for initiation of insolvency resolution process against a personal guarantor must be accompanied by documents establishing that the demand notice was served and that the debtor failed to repay the debt within 14 days from such service. Further, under Section 99, the RP is required to examine whether the requirements of Section 94 or 95 are met, and report accordingly to the AA. In the instant case, the AA had categorically observed in its Order dated 08.07.2024 that there was no service of the demand notice dated 16.10.2021 on the personal guarantor prior to filing of the application, and that the RP failed to even verify whether such service had occurred. Despite this, the RP, in his report under Section 99, proceeded on the assumption that the debt remained unpaid without substantiating or verifying whether the statutory precondition of service of demand notice was fulfilled. The relevant extract of the aforesaid Order is reproduced as under: -

“34. The Postal Slip issued by the Postal Authorities for the cover purportedly containing the demand notice, discloses that the same was tendered at the post office on 18.10.2021 for despatch to the addressee. The Postal Consignment Track Report at page 66 of the Company Petition, discloses that the above postal consignment has been returned to the addressee with an endorsement dated 20.10.2021 “left without instructions” and the returned cover has been delivered to the addressee on 22.10.2021 itself. Thus, the Postal Consignment Track Report clearly falsifies the contention of the Financial Creditor that second Demand Notice dated 16.10.2021 has been served on the Personal Guarantor.

35. There is yet another version of the Company Petitioner in para 10 of the Company Petition as well as in para 3 of Written Submissions filed by the Company Petitioner/ Financial Creditor; wherein it has been contended that the first Demand Notice sent through Speed Post has been avoided by the Personal Guarantor. However, no record to that effect has been placed. Be it as it may, it is clearer than crystal, that there was no service of either first or the second Demand Notice dated 16.10.2021 on the Personal Guarantor/ 2nd respondent even as per the record relied on by the Petitioner.

36. We have also examined the Report filed by the Resolution Professional more particularly on the aspect of service of Demand Notices dated 15.12.2020 and 16.10.2021 purportedly issued by the Company Petitioner/ Financial Creditor to the Personal Guarantor. Admittedly, no proof of service in respect of purported Demand Notice dated 15.12.2020 has been filed by the Financial Creditor and the resolution professional also did not mention about any document confirming service of the said notice. Insofar as the Demand Notice dated 16.10.2021 is concerned, the Resolution Professional in his report

filed under section 99(1) of the I&B Code, 2016 had stated as below: “99. Submission of report by Resolution Professional:

“(1)	The resolution professional shall examine the application referred to in section 94 or section 95, as the case may be, within ten days of his appointment, and submit a report to the Adjudicating Authority recommending for approval or rejection of the application	Application filed under section 95 has been examined and the report referred to herein is being submitted within the time stipulated therefor.
(2)	Where the application has been filed under section 95, the resolution professional may require the debtor to prove repayment of the debt claimed as unpaid by the creditor by furnishing – (a) evidence of electronic transfer of the unpaid amount from the bank account of the debtor; (b) evidence of encashment of a cheque issued by the debtor; or (c) a signed acknowledgment by the creditor accepting receipt of dues.	The debtor/ Personal Guarantor has not submitted any evidence having paid the debt claimed as unpaid by the creditor. The debtor/ Personal Guarantor has not responded to the Notice dated 15.12.2020 and also to the Notice dated 16.10.2021. Hence it is concluded that the debt claimed by the creditor remains unpaid.”

37. It is thus, clear from the above observations of the Resolution Professional that the Resolution Professional did not even undertake the simple exercise of finding whether second Demand Notice dated 16.10.2021 has been served or not on the Personal Guarantor, before concluding that the debt as claimed by the creditor remain unpaid. Therefore, it is a classic case of absolute ‘non-application of mind’ by the Resolution Professional in carrying out the important ‘duty’ of verifying the statutory compliances by the Financial Creditor.

38. Here it is also pertinent to note that even while it is the case of the Financial Creditor that the property bearing the “address” to which the purported Demand Notice has been sent was taken delivery by the Creditor, through the proceedings initiated under section 14 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) much prior to sending the demand notice dated 16.10.2021, strangely, the Financial Creditor chose to send the Demand Notice dated 16.10.2021 in the name of the personal guarantor to the very same address, which has been returned with an endorsement that ‘no such addressee’. Thus, the creditor herein reduced the compliance of an important statutory requirement in to a mockery. Yet another, undeniable fact is that even in the in the recovery proceedings initiated before the Ld. Debt Recovery Tribunal (DRT) by the creditor against the principal borrower and the guarantor herein, the service of notice on the personal guarantor was by way of publication and there was no service of notice as is evident from the copy of the order in

OA No.505 of 2017 dated 27th August 2020. Moreover, the contention of the Personal Guarantor that the Personal Guarantor was not served with any notice of institution of recovery proceedings before the Ld. DRT, Hyderabad, by the Financial Creditor and the Personal Guarantor came to know about the said proceedings only when copies of the same were enclosed to this Company Petition and immediately thereupon the Personal Guarantor approached the Ld. DRT for appropriate reliefs, has not been denied by the Financial Creditor.

39. Needless to say, that in terms of subsection 4 (c) of section 95 of the I&B Code, 2016, the cause of action to proceed against the Personal Guarantor arises, only upon the failure by the debtor to pay the debt within a period of fourteen days of the service of the notice of demand. As already stated in the instant case, even as per the material placed by the Financial Creditor second Demand Notice dated 16.10.2021 to the Personal Guarantor returned unserved. So much so, the present application being without cause of action is not maintainable. As already stated the Report submitted by the Resolution Professional is unreliable.

The DC notes the submission of Mr. Puvvala Siva Rama Prasad that the demand notice dated 16.10.2021 was sent to the Personal Guarantor's last known address as per the Guarantee Deed. He also relied on the judgment of the Hon'ble NCLAT in *Paresh Rastogi v. Omkara Assets Reconstruction Pvt. Ltd. & Anr.* Company Appeal (AT) (Insolvency) No. 2053 of 2024 to contend that service of notice at the last known address is valid and cannot be invalidated merely on the ground of non-receipt by the Guarantor. However, from perusal of the order dated 08.07.2024 passed by the AA, it is evident that the address to which the said demand notice was sent had already been taken possession of by the Financial Creditor under proceedings initiated under Section 14 of the SARFAESI Act, well before the issuance of the demand notice. Despite this, the Financial Creditor issued the notice to the same address, and Mr. Puvvala Siva Rama Prasad, as the RP, failed to verify this critical fact. The DC further notes that the judgment relied upon by Mr. Puvvala is applicable only where the notice is issued to the correct and last known address of the Personal Guarantor. The relevant extract of said judgement is reproduced as under: -

“50. Basis Section 27 of General Clauses Act, 1897, the service of the notice gets affected when it is sent to the correct address by registered post. Unless and until the contrary is proved by the addressee, service of notice is deemed to have been effected at the time at which the letter would have been delivered in the ordinary course of business. Under these conditions the arguments of the Appellant-PG cannot be accepted that service of demand notice was not affected.”

- 2.12 In the present case, the address used for service of the demand notice cannot be considered the last known address since it was already taken over by the Central Bank of India as stated in the Order of the AA dated 08.07.2024. Moreover, the DC notes that in the memo filed before the AA for consideration of the corrigendum to the report under Section 99, it was stated that the report had been sent to another address of the Personal Guarantor which was available with the Financial Creditor through speed post, which was successfully delivered.

This clearly establishes that an alternative and valid address of the Personal Guarantor was available with the Financial Creditor, and yet the demand notice was not sent to that address. Accordingly, the RP failed in his due diligence to determine whether or not the address to which the demand notice dated 16.10.2021 was sent, was last known and correct address of the Personal Guarantor.

- 2.13 This reflects a lack of due diligence on the part of the RP in verifying whether proper service of the statutory demand notice had been made. He, therefore submitted an incorrect report before the AA without verifying the compliance of statutory provisions by the creditor applicant set out in Section 95 of the Code. In view of the above, the DC holds the contravention.

3. Order.

- 3.1 The DC notes that Mr. Puvvala Siva Rama Prasad is in 69th year of his life, and in terms of the clause 12A(2)(e) of the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016, he is not entitled to get his Authorisation for Assignment renewed after 04.08.2025. Currently he has no assignment which he needs to pursue anyway. In view of the foregoing, the DC in the exercise of the powers conferred under Section 220 of the Code read with regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 hereby suspends the AFA of Mr. Puvvala Siva Rama Prasad (Registration No. IBBI/IPA-003/IP-N00045/2017-2018/10320) for the remaining period, i.e., up to 04.08.2025.
- 3.2 This Order shall come into force immediately in view of paragraph 3.1 of the Order.
- 3.3 A copy of this Order shall be forwarded to Insolvency Professional Agency of Institute of Cost Accountants of India where Mr. Puvvala Siva Rama Prasad is enrolled as a member.
- 3.4 A copy of this Order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal, New Delhi, for information.
- 3.5 Accordingly, the show cause notice is disposed of.

-sd/-

(Sandip Garg)

Whole Time Member

Insolvency and Bankruptcy Board of India

Dated: 9th June 2025

Place: New Delhi