**S.No.1**

**IN THE NATIONAL COMPANY LAW TRIBUNAL**
**HYDERABAD BENCH – II**
**VC AND PHYSICAL (HYBRID) MODE**
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
**20.05.2026 AT 10:30 A.M.**

**IA(IBC)/38/2022, IA (IBC)/39/2022, IA (IBC)/40/2022,**
**IA(IBC)/41/2022, IA (IBC)/42/2022, IA (IBC)/43/2022,**
**IA(IBC)/44/2022 & IA (IBC)/45/2022**
**in CP (IB) No. 12/10/HDB/2017**
**U/s 10 of IBC**

**IN THE MATTER OF:**
**VNR Infrastructure Limited …Petitioner**

**C O R A M:-**
**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)**
**SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

**O R D E R**

**IA(IBC)/38/2022**
Orders pronounced, recorded vide separate sheets. In the result, the IA(IBC)/38/2022 is dismissed.

**IA (IBC)/39/2022**
Orders pronounced, recorded vide separate sheets. In the result, the IA(IBC)/39/2022 is dismissed.

**IA (IBC)/40/2022**
Orders pronounced, recorded vide separate sheets. In the result, the IA(IBC)/40/2022 is dismissed.

**IA(IBC)/41/2022**
Orders pronounced, recorded vide separate sheets. In the result, the IA(IBC)/41/2022 is dismissed.

**IA (IBC)/42/2022**
Orders pronounced, recorded vide separate sheets. In the result, the IA(IBC)/42/2022 is dismissed.

Contd…

**IA (IBC)/43/2022**

Orders pronounced, recorded vide separate sheets. In the result, the IA(IBC)/43/2022 is dismissed.

**IA(IBC)/44/2022**

Orders pronounced, recorded vide separate sheets. In the result, the IA(IBC)/38/2022 is dismissed.

**IA (IBC)/45/2022**

Orders pronounced, recorded vide separate sheets. In the result, the IA(IBC)/38/2022 is dismissed.

**Sd/-**
**MEMBER (T)**

**Sd/-**
**MEMBER (J)**

vamsi

**IN THE NATIONAL COMPANY LAW TRIBUNAL,**

**HYDERABAD BENCH-II**

I.A. No.44 of 2022

in C.P.(IB).No.12/10/HDB/2017

**IN THE MATTER OF M/S.VNR INFRASTRUCTURE LIMITED**

(Under section 60(5) of the Indolvency and Bankruptcy Code, 2016)

**Between**:

**M/s.SS Rail Works Pvt. Ltd..**

Regd. Office: H.No.8-3-318/6/13/5,

Flat No.203, Crystal Residence,

Jayaprakash Nagar, Yellareddyguda,

Hyderabad-500 073,

Represented by its Chief Executive Officer,

Mr.A.Srinivasulu Reddy.

...Applicant

And

**M/s.VNR Infrastructure Limited,**

(under liquidation),

Rep. by its Liquidator Mr.T.S.N.Raja,

2nd Floor, H.No.3-11-494, Plot No.13 & 20,

Rajiv Gandhi Nagar, Inner Ring Road,

L.B. Nagar, Hyderabad-500 074

...Respondent

**Date of Order: 20.05.2026**

**CORAM:**

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Shri Sanjay Puri, Hon'ble Member (Technical)

**Counsel/Parties present:**

For the Applicant : Mr. M. Anil Kumar, Ld. Counsel

For the Respondent : Ms. JVL Bharati, Ld. Counsel along with Mr. TSN Raja, Liquidator.

1. The present Interlocutory Application has been filed by the SS Rail Works Pvt. Ltd ("**Applicant**") under section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("**Code**") against M/s. VNR Infrastructures Ltd ("**Corporate Debtor**"), represented by its Liquidator ("**Respondent**"), seeking a direction against the Respondent to accept the measurements and final bills submitted by the Applicant in respect of the subcontract works executed under the principal contract awarded by the North East Frontier Railway Authorities and thereafter submit the same before the N.F. Railway Authorities for the release of payment of Rs. 7,00,45,915/-, and upon receipt thereof, to release the said amount in favour of the Applicant.

**Applicantion**

2. The Applicant submits that the Corporate Debtor has obtained contracts from North East Frontier Railway ("**N.F.Railways**"), Maligaon, Guwahati, for the construction of the substructure of major bridges in Tripura state. The Corporate Debtor had entered into a Sub-Contract Agreement[1] dated 12.06.2015 with the Applicant on "AS IS WHERE IS" basis for execution of works valued at Rs.12,11,28,805/-. The Applicant asserts that, considering the financial distress of the Corporate Debtor, the Applicant agreed to execute the said works for a consideration of Rs.11,68,89,297/-.

3. It is submitted that pursuant to the said agreement, the Applicant completed more than 80% of the subcontract work and the Respondent released amounts under on-account bills aggregating to Rs.7,00,45,915/- on different dates and further the final bill of rs 60 lakhs measurements were recorded by the Railway department.

4. It is submitted that under Clauses 3 of the Sub-Contract Agreement, the Applicant was required to submit monthly RA bills and the Respondent, upon receiving payment from the NFR Authorities for the

[1] ANNEXURE A-1

work executed by the Applicant, was required to release the corresponding amount to the Applicant.

5. The Applicant submits that the expenditure incurred for execution of the subcontract work was met entirely from the Applicant's own funds and borrowed funds obtained from financial institutions and not from the funds of the Respondent Company.

6. It is submitted that the Applicant executed the subcontract work and raised RA bills before the Respondent. It is further submitted that the NFR Authorities released amounts aggregating to Rs. 7 Crores to the Respondent towards the work executed by the Applicant. The Respondent thereafter released an amount of Rs. 6.90 Crores to the Applicant on 03.12.2015, 27.01.2016, 18.02.2016, 09.01.2017, 19.12.2017 and 09.05.2018, leaving a balance amount of Rs. 10 lakhs unpaid.

7. It is further submitted that during the CIRP period, certain amounts were released by the Resolution Professional to the Applicant. However, after commencement of liquidation proceedings, the Liquidator failed to release further amounts despite receipt of payments from the Railway Authorities corresponding to the work executed by the Applicant. It is contended that despite receiving payments from the NFR Authorities, the Respondent failed to release the amounts payable to the Applicant in violation of the terms of the Sub-Contract Agreement.

8. The Applicant submits that despite the release of payment by the NFR Authorities towards the work executed by the Applicant, the Liquidator failed to release the corresponding amounts to the Applicant and thereby violated Clause 3 of the Sub-Contract Agreement. It is further submitted that due to the non-release of payments, the Applicant could not complete the subcontract work within the stipulated schedule, and therefore, the Applicant cannot be held responsible for non-completion of the work.

9. It is only the Liquidator who violated the Agreement. Therefore, the Liquidator himself is responsible for the violation of the above-said Agreement, and in view of not completing the work as per the main contract, the NFR Authorities have terminated the contract. The NFR Authorities are willing to release the payments for the work done by the Applicant herein if the final bill and measurements are submitted by the Respondent.

10. It is contended that the Respondent released amounts to Prakash Enterprises and Datta Supply Agency amounting to Rs. 57,78,040/- on 22.03.2019 and Rs.1,60,00,000/- on 04.05.2019, respectively, through RTGS/Cheque without objection, whereas objections are being raised only in respect of payments due to the Applicant. Furthermore, the Respondent is not cooperating to complete the work nor assisting the Applicant in completing the work as per the schedule under the Sub-Contract Agreement.

11. The Applicant submits that I.A. Nos. 615, 616 and 617 of 2019 were filed before this Tribunal seeking permission to initiate arbitration proceedings against the principal employer on behalf of the Respondent Company in liquidation in relation to the termination of the contract dated 22.12.2016 and also seeking permission to incur expenditure towards such proceedings. It is submitted that the said applications are pending adjudication before this Tribunal.

12. In the above circumstances, the Applicant prays for a direction to the Respondent, namely M/s. VNR Infrastructures Ltd., represented by its Liquidator, to accept the measurements and final bills submitted by the Applicant and thereafter submit the same before the NFR Authorities for release of the amount of Rs. 25,91,710/- and upon receipt thereof, release the said amount to the Applicant.

**Counter**

13. The Respondent has questioned the maintainability of the present application on the ground that the Applicant has no locus standi to prosecute the claim. It is submitted that the Sub-Contract Agreement dated 12.06.2015, annexed by the Applicant as Annexure-1 at pages 14 to 17 of the petition, was executed between VNR Infrastructures Limited and S&S Enterprises, a proprietary concern of which Sri A. Srinivasulu Reddy is stated to be the proprietor.

14. The Sub Contract Agreement was entered into by VNR Infrastructures Limited and the Sub Contractor S&S Enterprises on 12.06.2015 for the contract of "Supplying, fabrication, assembling, transportation and erection over river Champamati at Gauripur, a new line project of N.F.Railway where the Contract was valued at Rs. 12,11,28,805/-.

15. It is further submitted that the Bills attached were also prepared by SS Rail, a gross negligence on the part of the sub-contractor. It is alleged that the Petitioner failed to produce any documentary evidence, through which he is authorised to represent, even though the presentation itself is as if the agreement was made by the respondent with the Petitioner.

16. Hence, the Adjudicating Authority may dismiss the petition as there is no connection between the parties and levy a heavy penalty on the applicant.

**Rejoinder**

17. It is submitted that the Respondent's Counter is misleading and irrelevant pleadings filed to divert attention from the limited issue raised in this Application. The limited issue raised in the Application is the Respondent's negligence and violation of contract terms in releasing the amounts received from the NFR Authorities by the Corporate Debtor to the Applicant.

18. The Applicant further submits that M/s. S&S Enterprises was lawfully converted into M/s. SS Rail Works Private Limited with approval of the Registrar of Companies, and all rights, liabilities, contracts, and obligations stood vested in the Applicant Company. The Respondent/Liquidator, having full knowledge of such conversion, had himself released payments to the Applicant on 19.12.2017 and 09.05.2018. Therefore, the present objection regarding the Applicant's status is contradictory, misleading, and an afterthought.

19. The allegations regarding the preparation of bills are false and baseless. The bills were prepared only on the basis of measurements and certifications carried out by NFR authorities, in accordance with the established practice under the subcontract. The Liquidator was fully aware of the same. The Applicant had also filed a Certified True Copy of the Board Resolution authorising the institution of the present proceedings. Hence, the contention that no authorisation was produced is factually incorrect.

20. The Respondent/Liquidator has failed to rebut the substantive allegations raised in the IA and has instead taken inconsistent stands while releasing payments to other similarly placed subcontractors, namely Prakash Enterprises and Datta Supply Agency, without objection. The Respondent has illegally withheld the Applicant's dues and failed to discharge his statutory duties fairly and diligently.

**Findings and Decision**

21. We have heard the learned counsel for the Applicant and the learned counsel appearing for the Respondent / Liquidator, and have perused the material placed on record.

22. The present Application has been filed by the Applicant seeking a direction to the Respondent / Liquidator to accept the measurements and final bills submitted by the Applicant in respect of the subcontract works claimed to be executed under the principal

contract awarded by the North-East Frontier Railway Authorities, and submit the same before the N.F. Railway Authorities for the release of payment of Rs. 7,00,45,915/-, and upon receipt thereof, release the said amount in favour of the Applicant.

23. The Applicant's case is that it executed substantial work under the Sub-Contract Agreement and that the amounts relatable to such work are required to be processed through the Corporate Debtor / Respondent and released to the Applicant. According to the Applicant, the work was measured, finalised and recorded by the Railway Department, and the Liquidator ought to have forwarded the final bills / PVC bills to the N.F. Railway Authorities and released the corresponding amounts received / receivable from the said Authorities.

24. The Respondent / Liquidator has disputed the claim. It is contended that the bill is not supported by proper Measurement Book extracts or countersignature of the Railway Authorities. The Respondent has also raised issues relating to PVC bills, stock reconciliation, materials, equipment, royalty, termination of contracts, invocation of bank guarantees and alleged losses caused to the Corporate Debtor. It is further submitted that certain connected disputes, including disputes arising from earlier directions for release of amounts and termination /bank guarantee-related issues, are pending before the Hon'ble NCLAT.

25. At this stage, it is necessary to notice the subsequent position emerging from the order dated 25.02.2026 passed by this Authority in IA No.742 of 2021. In the said order, this Authority recorded that the Corporate Debtor was sold as a going concern pursuant to an e-auction conducted on 09.03.2020, for a consideration of Rs.12,48,70,000/-, and that the sale was approved by this Authority on 07.07.2021. It was also noticed that the assets proposed to be

transferred included project credentials, arbitration receivables and 89 ongoing works in progress.

26. This Authority, however, further held in IA No.742 of 2021 that the sale of the Corporate Debtor as a going concern does not *ipso facto* result in the completion of liquidation. The mere transfer of assets to a successful bidder was held not to substitute compliance with the mandatory statutory obligations of the Liquidator, including taking custody and control of the liquidation estate, maintaining complete and transparent accounts, realising and distributing assets in accordance with Section 53, ensuring closure or lawful transfer of pending litigations, and completing statutory compliances.

27. The prayer of the Liquidator in IA No.742 of 2021 seeking a declaration that the liquidation process stood completed and for his discharge from the assignment was rejected at that stage. The Liquidator was directed to place before the SCC a comprehensive project-wise and litigation-wise status report, complete audited / unaudited financial statements, transaction-wise computation of liquidation costs and remuneration, reconciliation of realisations and distribution, and status of statutory filings. The question of discharge of the Liquidator was kept open to be considered only upon demonstrable compliance with the said directions and filing of a corrected, complete and fully reconciled Final Report and Form H.

28. In view of the above, it cannot be held that the Liquidator has become functus officio or that he has no continuing role at all. The Liquidator continues to remain accountable for residual liquidation functions, including proper segregation of transferred and retained assets, reconciliation of estate accounts, lawful distribution under Section 53 and accurate reporting under Regulation 45. This position has been expressly noticed in IA No.742 of 2021.

29. We are also conscious that the subject matter of the present Application, in a broad sense, bears upon the residual liquidation exercise. The dispute concerns an alleged contractual claim / receivable / liability arising out of subcontract works executed in relation to projects of the Corporate Debtor. In IA No.742 of 2021, this Authority has already noticed that pending proceedings relating to contractual payments, retention monies, security deposits, claims for work executed, release of withheld amounts, termination of contracts and Bank Guarantee related disputes directly concern either realisation of receivables or determination of liabilities, and materially affect the quantum of assets available for distribution, crystallisation of liabilities and final closure of accounts.

30. However, the above position does not mean that the substantive reliefs sought in the present Application can be granted as prayed. The present Application does not merely seek inclusion of the claim in the reconciliation exercise, disclosure of records, or transmission of available documents. It seeks a mandatory direction to the Liquidator to accept the Applicant's measurements and final bills, submit the same to N.F. Railway Authorities, secure the release of payment and thereafter release the amount to the Applicant.

31. Such relief would require this Authority to adjudicate disputed questions relating to measurement, certification, entitlement, PVC bills, stock reconciliation, materials, equipment, royalty, alleged set-off, losses caused to the Corporate Debtor, termination of contracts and the effect of pending proceedings before the Hon'ble NCLAT. These are not matters which can be determined merely by issuing a direction to the Liquidator to accept and process the Applicant's bills.

32. Further, in view of the going concern sale, the precise identification of assets, contracts and actionable claims forming part of the sale assumes significance. IA No.742 of 2021 itself records that there is

ambiguity regarding the exact scope of assets and projects transferred under the going concern sale, receivables retained within the liquidation estate, and the status of Bank Guarantees and related exposures. It was also observed that the absence of structured disclosure rendered it impossible to determine whether recoverable claims exist, whether invoked amounts have been accounted for, and whether distribution under Section 53 has been premised upon the correct asset base.

33. Under the aforesaid circumstances, while the issue raised in the present IA may form part of the broader residual liquidation accounting and reconciliation exercise, the Applicant is not entitled to a mandatory direction in the present proceedings compelling the Liquidator to accept the measurements, certify or process the bills, pursue release of payment from the Railway Authorities or release any amount to the Applicant. The Applicant's substantive claim, if any, would require adjudication before the appropriate forum and in the presence of necessary parties, including the CD under the present management/successful going-concern purchaser and, if necessary, the concerned Railway Authorities.

34. Accordingly, the substantive reliefs sought against the Liquidator in the present Application cannot be granted in the present form. However, the Liquidator shall take note of the subject matter of the present application while preparing the project-wise and litigation-wise status report, reconciliation of receivables, contractual claims, retained amounts and liabilities, as directed in IA No.742 of 2021. This shall be done only for the purpose of proper accounting, reporting and reconciliation of the liquidation estate, and shall not be treated as admission of the Applicant's claim.

35. We further clarify that if any records, measurements, bills, correspondence or other documents relating to the Applicant's subcontract works are available with the Liquidator and have not

already been handed over to the present management of the Corporate Debtor, which was sold on as-is-where-is basis, the Liquidator shall make available/hand over such records to the present management of the Corporate Debtor, in accordance with law. This limited direction is only for the transmission of available records, if any, and shall not be treated as a direction to the Liquidator to admit the Applicant's claim, certify the bills, accept the measurements, pursue the claim before the Railway Authorities, or release any amount to the Applicant.

36. Dismissal of the present Application shall not be construed as an adjudication on the merits of the Applicant's claim. The Applicant shall be at liberty to pursue its remedies against the Corporate Debtor under its present management/successful going-concern purchaser and/or before the appropriate contractual, statutory or other competent forum, including the concerned Railway Authorities, in accordance with law. All rights and contentions of the parties are left open.

37. Accordingly, this application, insofar as it seeks substantive directions against the Liquidator in the present form, is dismissed, subject to the observations and limited directions contained hereinabove.

Sd/-

**SANJAY PURI**
**MEMBER (TECHNICAL)**

Sd/-

**RAJEEV BHARDWAJ**
**MEMBER (JUDICIAL)**