

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. 654/2015

M/S. AIREN AND ASSOCIATES APPELLANT(S)

VERSUS

M/S. SANMAR ENGINEERING SERVICES LIMITED RESPONDENT(S)

O R D E R

The issue for consideration in this appeal is whether the appellant, M/s. Airen and Associates, would be entitled to the benefit of extended period of limitation under Section 18 of the Limitation Act, 1963¹, for its entire suit claim.

The appellant undertook certain work for the respondent and claimed to have completed it on 07.02.1991. It then addressed notice dated 14.03.1992 to the respondent, raising a claim for ₹3,07,115.85 (Rupees three lakhs seven thousand one hundred fifteen and eighty five paisa only). The respondent issued reply dated 21.05.1992 through an Advocate, stating that the contract value of the work itself was ₹1,55,223/- (Rupees one lakh fifty five thousand two hundred twenty three only) and that a sum of ₹1,00,000/- (Rupees one lakh only) had already been paid to the appellant after certain deductions. The respondent, however, acknowledged that a sum of ₹27,874.10 (Rupees twenty seven thousand eight hundred seventy four and ten paisa only) still remained due and payable to the appellant in full and final settlement of the

1 “Act of 1963”, for short

contract price and stated its willingness to pay the said amount, without prejudice.

The appellant thereafter filed Civil Suit No. 21-B/1995 on 17.04.1995 before the learned District Judge, Durg, Chhattisgarh, for recovery of the sum of ₹3,07,115.85 (Rupees three lakhs seven thousand one hundred fifteen and eighty five paisa only) along with interest thereon at the rate of 18% per annum from 01.04.1991, aggregating to ₹5,28,238.89 (Rupees five lakhs twenty eight thousand two hundred thirty eight and eighty nine paisa only). This suit was dismissed, vide judgment and decree dated 08.12.2003. The learned District Judge held therein that the appellant was entitled to receive the sum of ₹3,07,115.85 (Rupees three lakhs seven thousand one hundred fifteen and eighty five paisa only) along with interest thereon, but non-suited it on the ground that its suit was barred by limitation.

Aggrieved thereby, the appellant filed First Appeal No. 34/2004 before the High Court of Chhattisgarh at Bilaspur. By the impugned judgment dated 12.06.2012, the High Court held in favour of the appellant insofar as the issue of limitation is concerned, by extending to it the benefit of Section 18 of the Act of 1963, but holding to the effect that, in terms of the acknowledgment given by the respondent, the appellant would be entitled to recovery of only the acknowledged sum of ₹27,874.10 (Rupees twenty seven thousand eight hundred seventy four and ten paisa only) along with interest thereon at the rate of 12% per annum from 01.04.1991 till the date of actual payment.

Aggrieved by such reduction of its claimed amount, the appellant is before this Court.

The facts having been set out hereinabove, the short point for consideration is whether the acknowledgment given by the respondent, under its legal notice dated 21.05.1992, would amount to an acknowledgment that would attract the extended period of limitation under Section 18 of the Act of 1963 for the entire suit claim. Section 18 of the Act of 1963 reads as follows: -

"18. Effect of acknowledgment in writing.—(1) Where, before the expiration of the prescribed period for a suit or application in respect of any property or right, an acknowledgment of liability in respect of such property or right has been made in writing signed by the party against whom such property or right is claimed, or by any person through whom he derives his title or liability, a fresh period of limitation shall be computed from the time when the acknowledgment was so signed.

(2) Where the writing containing the acknowledgment is undated, oral evidence may be given of the time when it was signed; but subject to the provisions of the Indian Evidence Act, 1872 (1 of 1872), oral evidence of its contents shall not be received.

Explanation.—For the purposes of this section,—

(a) an acknowledgment may be sufficient though it omits to specify the exact nature of the property or right, or avers that the time for payment, delivery, performance or enjoyment has not yet come or is accompanied by a refusal to pay, deliver, perform or permit to enjoy, or is coupled with a claim to set off, or is addressed to a person other than a person entitled to the property or right,

(b) the word "signed" means signed either personally or by an agent duly authorised in this behalf, and

(c) an application for the execution of a decree or order shall not be deemed to be an application in respect of any property or right."

In terms of the aforestated provision, there must be an 'acknowledgment of liability in respect of the property or right in question' and even if such an acknowledgment is accompanied by refusal to pay, it would mean that the period of limitation would have to be computed from the time when such acknowledgment is signed.

In the case on hand, the respondent never acknowledged the sum claimed by the appellant in its notice dated 14.03.1992. On the other hand, the respondent clearly asserted that the contract value was much lesser, being just ₹1,55,223/- (Rupees one lakh fifty five thousand two hundred twenty three only), and went on to state that only a sum of ₹27,874.10 (Rupees twenty seven thousand eight hundred seventy four and ten paise only) was due and payable by it. In effect, there was never an acknowledgment of the total suit claim of ₹3,07,115.85 (Rupees three lakhs seven thousand one hundred fifteen and eighty five paise only), whereby the appellant could avail the benefit of extended period of limitation for the entire amount claimed.

Learned counsel for the appellant placed reliance on the judgment of this Court in *Food Corporation of India vs. Assam State Cooperative Marketing & Consumer Federation Ltd. & Ors.*². However, this decision is distinguishable on facts, as there was a clear admission therein of the receipt of ₹2 crores, which formed the very basis for the suit claim in that case. Once such an acknowledgment was there, this Court held that the benefit of extended period of limitation would be available under Section 18

of the Act of 1963.

Reference may also be made to the judgment of this Court in *J.C. Budhraja vs. Chairman, Orissa Mining Corporation Ltd. & Anr.*³ and, more particularly, paragraph 21 thereof. The relevant part of paragraph 21 reads as follows: -

"21. Again we may illustrate. If a house is constructed under the item rate contract and the amount due in regard to work executed is Rs. two lakhs and certain part-payments say aggregating to Rs.1,25,000/- have been made and the contractor demands payment of the balance of Rs.75,000/- due towards the bill and the employer acknowledges liability, that acknowledgement will be only in regard to the sum of Rs.75,000/- which is due. If the contractor files a suit for recovery of the said Rs.75,000/- due in regard to work done and also for recovery of Rs.50,000/- as damages for breach by the employer and the said suit is filed beyond three years from completion of work and submission of the bill but within three years from the date of acknowledgement, the suit will be saved from bar of limitation only in regard to the liability that was acknowledged, namely, Rs.75,000/- and not in regard to the fresh or additional claim of Rs.50,000/- which was not the subject-matter of acknowledgement. What can be acknowledged is a present subsisting liability. An acknowledgment made with reference to a liability, cannot extend limitation for a time-barred liability or a claim that was not made at the time of acknowledgment or some other liability relating to other transactions. Any admission of jural relationship in regard to the ascertained sum due or a pending claim, cannot be an acknowledgement for a new additional claim for damages."

In the light of the aforestated settled legal position and

given the fact that there was no acknowledgment of the full amount claimed by the appellant, in terms of the requirement prescribed in Section 18 of the Act of 1963, the question of extending the period of limitation for the entire suit claim of the appellant did not arise.

We, therefore, find no reason to interfere with the impugned judgment and order passed by the High Court. The civil appeal is devoid of merit and is, accordingly, dismissed.

Pending application(s), if any, shall stand disposed of.

.....J.
(SANJAY KUMAR)

.....J.
(SATISH CHANDRA SHARMA)

NEW DELHI;
JULY 24, 2025.

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Civil Appeal No. 654/2015

M/S. AIREN AND ASSOCIATES

Appellant(s)

VERSUS

M/S. SANMAR ENGINEERING SERVICES LTD.

Respondent(s)

Date : 24-07-2025 This matter was called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE SANJAY KUMAR
HON'BLE MR. JUSTICE SATISH CHANDRA SHARMA

For Appellant(s) :

Mr. Atul Shanker Mathur, Adv.
Mr. Sarvapriya Makkar, Adv.
Ms. Ghanistha Mishra, Adv.
M/s. Khaitan & Co., AOR

For Respondent(s) :

Mr. K.V. Mohan, AOR
Mr. K.V. Balakrishnan, Adv.
Mr. Devesh Khanduri, Adv.

UPON hearing the counsel, the Court made the following
O R D E R

The civil appeal is dismissed, in terms of the signed order.

Pending application(s), if any, shall stand disposed of.

(DEEPAK GUGLANI)
AR-cum-PS

(PREETI SAXENA)
COURT MASTER (NSH)

(signed order is placed on the file)