



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

[3330]

FRIDAY, THE 25th DAY OF SEPTEMBER 2026

PRESENT

THE HONOURABLE SRI JUSTICE TARLADA RAJASEKHAR RAO

CIVIL REVISION PETITION No. 2609/2026

BETWEEN:

1. MARTHALA JAYAVARDHAN REDDY, S/o. MARTHALA VENKATA DASAVA REDDY, AGED ABOUT 36 YEARS, OCC: BUSINESS, R/o.D.No.22/3, NAGULAKATTA STREET, JAMMALAMADUGU TOWN AND MANDAL, YSR KADAPA DISTRICT.

...PETITIONER

AND

1. SHAIK BALE PEERA ALIAS S. MD BALA PEERA, S/o. Shaik Khaja Mohiddin, Aged about 47 years, Occ Business, R/o. H.No.23-182/2, C.P. Nagar, Velugodu Town and Mandal, Nandyal District.

...RESPONDENT

Petition under Article 227 of the Constitution of India, praying that in the circumstances stated in the grounds filed herein, the Petitioner herein pray that this Honble Court may be pleased to allow this Civil Revision Petition by setting aside the Order dated 01-07-2026 passed in SR. No.2246 dt. 15.06.2026 in unnumbered suit on the file of the learned Civil Judges court Junior Division Jammalamadugu and direct the trial court to number the suit and pass such other order or orders.

Counsel for the Petitioner:

1. V NITESH

The Court made the following:

ORDER:

The petitioner / plaintiff filed unnumbered suit S.R.No.2246 for recovery of Rs.4,00,000/- against the defendant, based on Promissory Note dated 10.04.2021, on the file of Civil Judge Court (Junior Division) Court, Jammalamadugu. The learned trial Court has rejected the plaint vide order dated 01.07.2026 as it is barred by limitation and relevant portion of the Order of the trial Court is reads thus: *the cause of action became barred by limitation on 09.04.2024 and 11.04.2024 respectively. The plaintiff contends that the defendant filed a Debtor's Insolvency Petition on 26.07.2023, wherein the plaintiff was shown as a creditor for a sum of Rs.4,00,000/- and therefore the period of limitation stood extended on the ground that it constituted an acknowledgment under Section 18 of the Limitation Act, 1963. This contention cannot be accepted. The mere inclusion of the plaintiff as a creditor and the mention of the alleged amount due in the Debtor's Insolvency Petition amount, at best, to an admission and not to an acknowledgment of liability within the meaning of Section 18 of the Limitation Act, 1963. Consequently, it does not extend the prescribed period of limitation. Moreover, Insolvency proceedings are separate and independent proceedings and do not, themselves, suspend or extend the period of limitation applicable to a civil suit. Once limitation begins to run, it continues unless its operation is save by any provision of the Limitation*

Act. The subsequent dismissal of the Insolvency petition has also no legal effect on the computation of limitation in respect of the present suit. The citation relied upon by the petitioner is not applicable to the facts and circumstances of the present case and is, therefore, of no assistance to the petitioner. Therefore, from the averments contained in the plaint and the documents filed therewith, the suit is clearly barred by limitation. Accordingly, the plaint is rejected under Order VII Rule 11(d) of the Code of Civil Procedure 1908, as the unnumbered suit appears from the statement in the plaint to be barred by law, inter alia observed that the Judgment of the Apex Court is not applicable.

2. The order dated 01.07.2026 S.R. No.2246 is assailed in the present Civil Revision Petition and the petitioner's counsel has relied on the Judgment of the Apex Court in ***Asset Reconstruction Company (India) Ltd. vs. Bishwal Jaiswal and Anr.*** reported in (2021) 6 SCC 366: The learned counsel has relied on Para 6 and 17 of the Judgment which are extracted hereunder:

16 The next question that this Court must address is as to whether an entry made in a balance sheet of a corporate debtor would amount to an acknowledgement of liability under Section 18 of the Limitation Act.

17 Several judgments of this Court have indicated that an entry made in the books of accounts, including the balance sheet, can amount to an acknowledgement of liability within

the meaning of Section 18 of the Limitation Act. Thus, in *Mahabir Cold Storage v. CIT*, 1991 Supp (1) SCC 402, this Court held:

“12. The entries in the books of accounts of the appellant would amount to an acknowledgement of the liability to M/s Prayagchand Hanumanmal within the meaning of Section 18 of the Limitation Act, 1963 and extend the period of limitation for the discharge of the liability as debt. ...”

3. The Hon'ble Apex Court is also referred the judgment of the High Court for the State of Telangana in the case of ***Agni Aviation Consultants and another v. State of Telangana represented by Secretary AH & RSAD Secretariat, Hyderabad and others***¹. The Judgment outlines that:

“107. In several cases, various High Courts have held that an acknowledgment of liability in the balance sheet by a company registered under the Companies Act, 1956 extends the period of limitation though it is not addressed to the creditor specifically. [*Zest Systems (P) Ltd. V. Center for Vocational & Entrepreneurship Studies* (2018 SCC OnLine Del 12116), *Bhajan Singh Samra v. Wimpy International Ltd.* (2011 SCC OnLine Del 4888, *Vijaya Kumar Machinery & Electrical Stores v. Alaparthi Lakshmikanthamma* (1968 SCC OnLine AP 219), *Bengal Silk Mills Co. and Rajah of Vizianagaram v. Official Liquidator* (1951 SCC OnLine Mad 56)

¹ 2020 SCC OnLine TS 1462 = (2020) 5 ALD 561

108. Therefore it is not necessary that the acknowledgment of liability must be contained in a document addressed to the creditor i.e. the petitioners in the instant case.

4. Section 18 of the Limitation Act reads as follows :--

" 18. Effect of acknowledgement in writing:

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

(2) Where the writing containing the acknowledgement 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".

5. According to Section 18 of the Limitation Act 1963, a writing signed by the party against whom the liability to pay debt in an acknowledgment.

6. Section 19 of the Limitation Act reads thus:

19. Effect of payment on account of debt or of interest on legacy.

Where payment on account of a debt or of interest on a legacy is made before the expiration of the prescribed period by the person liable to pay the debt or legacy or by his agent duly authorised in

this behalf, a fresh period of limitation shall be computed from the time when the payment was made.

Two conditions are stipulated, one the payment and the said payment must be made before the expiration of the prescribed period limitation as provided under Section 19 of the Limitation Act 1963.

7. On conspectus reading of Section 18 and 19 of the Limitation Act 1963 and the Judgment of the Apex Court (referred supra) there shall be an acknowledgement of liability. In the judgment of the Apex court held that the books of account, including the balance sheet amount to an acknowledgement of the liability to whom the liability to pay debt within the meaning of Section 18 of the limitation act. In the insolvency proceedings the defendant has stated that he was liable to pay Rs.4,00,000/- to the petitioner/plaintiff.

8. The said assertion in the insolvency proceedings is an admission and acknowledgement under section 18 of the Limitation act and whether the said assertion that was made in the insolvency proceedings is subsequent to the the expiration of the prescribed period limitation as provided under Section 19 of the Limitation Act 1963 is a disputed question of fact.

9. In ***Budhia Swalners v. Gopinath Deb and others***, (1999) 4 SCC 396 = AIR 1999 SC 2089, the Apex Court examined the issue whether decree passed by the civil court in a suit which was barred by

limitation can be treated to be a nullity or not. It was observed that since the civil court had the jurisdiction to decide the suit although filed beyond limitation, the same was not a nullity and observed thus:

14. A suit or proceeding entertained and decided in spite of being barred by limitation is not without jurisdiction; at worst it can be a case of illegality....." Thus, it is apparent that in a case barred by limitation, Court has jurisdiction to decide the issue. In case it has no jurisdiction, it cannot decide such an issue on merits at all.

10. Hon'ble Supreme Court held in number of Judgments that question of limitation is always a mixed question of fact and law, the rejection of plaint on the ground of limitation without a trial would be impermissible.

11. In view of the foregoing discussion the impugned order dated 01.07.2026 passed in S.R.No.2246, dated 15.06.2026, is hereby set aside and remanded back to the trial Court to decide the issue afresh after considering the observation of this Court.

12. Accordingly the Civil Revision is disposed of. There shall be no order as to costs.

As a sequel thereto, miscellaneous petitions pending, if any shall stand closed.

JUSTICE TARLADA RAJASEKHAR RAO

Date: 25.09.2026

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THE HON'BLE SRI JUSTICE TARLADA RAJASEKHAR RAO

C.R.P.No. 2609 OF 2026

Date: 25-09-2026

Harin