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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Date of Decision : 26.05.2026+ **FAO (COMM) 122/2026****M/S QUALITY ENGINEERS AND
CONTRACTORS**

.....Appellant

Through: Mr. Vishwendra Verma, Advocate.

versus

**M/S DISTRIBUTION LOGISTICS
INFRASTRUCTURE PRIVATE LTD**

.....Respondents

Through: None.

CORAM:**HON'BLE MR. JUSTICE V. KAMESWAR RAO****HON'BLE MS. JUSTICE MANMEET PRITAM SINGH ARORA****V. KAMESWAR RAO, J. (ORAL)****CM APPL No. 28130/2026 (condonation of delay in refiling)**

1. For the reasons stated in the application, the delay of 146 days in re-filing the appeal is condoned.
2. The application stands disposed of.

CM APPL No. 28131/2026 (condonation of delay in filing)

3. For the reasons stated in the application, the delay of 5 days in filing the appeal is condoned.
4. The application stands disposed of.

FAO (COMM) 122/2026 and CM APPL. 28128/2026(Stay)

5. This is an appeal filed by the appellant under Section 37 of the Arbitration and Conciliation Act, 1996 (the Act) challenging the order dated 15.09.2025 passed by the learned District Judge (Commercial Court-01), Patiala House Courts, New Delhi (learned District Judge) in OMP (COMM)



No.25/2020 whereby the learned District Judge has dismissed the petition filed by the appellant under Section 34 of the Act challenging the interim award (award) dated 09.01.2020 passed by the learned Arbitrator whereby the learned Arbitrator has allowed the application filed by the respondent under Order VII Rule 11 of the Code of Civil Procedure, 1908 (CPC) by stating in paragraph no.9 onwards as under:-

“9. For the purpose of deciding the application under O.VII R.11 CPC, the Tribunal has to confine itself only to the Statement of Claim and the averments made therein along with the annexed documents. From the respective stands taken by the parties, it would be seen that there is no dispute with the proposition that the limitation period would be 3 years from the date when the work is completed in terms of Article 18 of Limitation Act; the right to get payment begins upon completion of work. Therefore, the crucial date to decide as to when the period of limitation would start to run, would be the date when as per the claimant, the work was completed

10. Ld. counsel for the respondent referred to Para 25 of the Statement of Claim where the claimant averred that after completion of the work on 20.08.2015, various invoices were raised. The details of the invoices have been given in Para No.25 of the Statement of Claim and the last one is 20th August, 2015. These final invoices were sent vide email dated 22.08.2015. There is nothing in the Statement of Claim to show that any work was done subsequently to infer that the period of limitation would start from any such subsequent date. Therefore, even considering 22.08.2015 to be the starting point of limitation period, the claim could have been raised till 21.08.2018 Thus, the present claim would be certainly barred by limitation.

11. The claimant has relied upon various communications between the parties to urge that limitation period got extended as there was no denial of deb payable by the respondent and in fact, there had been admissions/



acknowledgment made by the respondent to the extent of Rs.16,75,128/-. It is contended that such admission of debt would amount to valid acknowledgement within the meaning of section 18 of the Limitation Act to extend the period of limitation and start it afresh.

12. However, this Tribunal does not find itself in agreement with the said contention of the claimant. For the purpose of Section 18 of the Limitation Act, there has to be an unequivocal and express acknowledgement of liability before expiration of limitation period, which should be in writing and signed by the respondent. It is also trite that this acknowledgement may omit to specify the exact nature of property or right or refusal to pay or to perform.

*13. In the present matter, none of the correspondences between the parties, would show any such unequivocal acknowledgement of liability towards any amount over and above Rs.16,75,128/-. There has been no admission or acceptance of any liability over this amount by the respondent in any of letters/emails written by it. There is not even a single correspondence in which the respondent had accepted that it was liable to pay a sum of Rs.84,04,943/- to the claimant. It is also well settled that mere correspondence between the parties whereby continuous demands are made by a claimant, would not extend the period of limitation. A person cannot postpone the accrual of cause of action or extend the period of limitation by repeatedly writing letters or sending reminders. No fresh period of limitation can arise simply because letters and reminders are written time and again attempting to keep the claim alive. Reliance can be placed on the Judgements titled as *Municipal Corporation of Delhi v. M/s. Gurbachan Singh & Sons* [208 (2014) DLT 177] and *Geo Miller & Co. Pvt. Ltd. v. Chairman, Rajasthan Vidyut Utpadan Nigam Ltd.* [2019 SCC Online 1137 (SC)]. Therefore, even if it is considered that the claimant had been repeatedly asking for its payments but the respondent kept on raising objections or demanding more documents or assuring to make the balance payments or disputing the correctness of*



outstanding amount or denying making the payments, verbally or in writing, that would not amount to acknowledgement of liability so as to extend the period of limitation. Most of the correspondences relied upon by the claimant are one-sided written by it to the respondent which would obviously not amount to admission of debt or liability. As far as replies of the respondent are concerned, there has been no admission or acknowledgement of any amount, whatsoever other than Rs.16,75,128/-.

14. At the same time, the Tribunal cannot ignore the e-mail dated 19.07.2018 in which there has been a clear, categorical, unconditional, unequivocal and unambiguous admission of liability to the tune of Rs.16,75,128/- by the respondent. This admission of liability in writing has been made by the respondent before expiry of limitation period and has been reiterated even in its reply dated 08.10.2018 to the claimant's legal notice dated 10.09.2018. There is no reason for this Tribunal to exclude these admissions from the purview of Section 18 of Limitation Act. Such acceptance of liability would not only amount to acknowledgement of liability so as to extend the period of limitation but also would amount to admission of debt of this amount.

15. This Tribunal is of the view that the legal proposition would remain that acknowledgement of this portion of claim i.e Rs.16,75,128/- would not amount to acknowledgement of entire claim of Rs.84,04,943/- raised by the claimant, so as to extend the period of limitation. The law laid down in various judicial pronouncements as relied upon by the respondent, K. M. Muhammed Sultan Rowther v. K. S. M. Muhamed Nurdin [(1963) 1 MLJ 300], Mohammad Dalil Khan v. State of Hyderabad [AIR 1963 AP 216], Bindeshwari Prasad v. District Board of Saran (AIR 1964 Pat 134), S. P. Moldu v. Kerala State Electricity Board [ILR 1980(2) Kerala 499] is that the limitation would be saved only with respect to the definite sum that had been acknowledged and not of the amount, of which there has been no clear acknowledgement. Similar view has been



taken in the judgment titled Vijayalakshmi Art Productions v. Vijaya Productions Pvt Ltd. (1996 (2) CTC 396, 1995 SCC Online Mad 498). No contrary view has been pointed out to have been taken by any court by the claimant. Hence, admission of its liability towards the claimant by the respondent to the tune of Rs.16,75,128/- would extend the period of limitation qua this amount and nothing beyond. Therefore, the entire claim of the claimant over and above this amount would certainly be barred by limitation and the claim would therefore be liable to be rejected on this ground.

16. At the same time, in the correspondence between the parties prior to filing of the Statement of Claim, admission of liability of Rs.16,75,128/- has been certainly unequivocal and unconditional. The stand taken by the respondent in its reply before this forum, asserting that the said amount is the 5% retention amount that was payable to the claimant only if and when certain conditions were satisfied which remained unsatisfied and thus amount was not payable, was never taken by the respondent in any of its previous communications including the email dated 19.07.2018 and the reply dated 08.10.2018 to the claimant's legal notice. The said communications point towards unconditional acknowledgement of liability to this extent, without any further qualification or compliance. It had been categorically admitted by the respondent that this amount was reflected in their account books to be payable to the claimant. Therefore, such correspondence would certainly amount to admission of liability to this extent, for which the claimant would be entitled to get an Award forthwith in its favour without further evidence.

17. In view of above discussion, the second application moved by the claimant under O.XII R.6 CPC is allowed and the claimant shall be entitled to recover Rs.16,75,128/- from the respondent.

18. The first application moved by the respondent under O. VII R. 11 CPC is allowed and the claim of the claimant over and above the sum of Rs. 16,75,128/- is held to be barred by



limitation and liable to be dismissed.

19. Both the applications stand disposed of accordingly.

INTERIM AWARD

1. Claimant's claim for recovery of Rs.67,29,815/- (84,04,943-16,75,128) is rejected being barred by limitation.

2 The claimant is entitled to recover Rs. 16,75,328/- from the respondent.

3. The respondent is directed to pay Rs.16,75,128/- within one month from the date of the order falling which it would attract interest @ 9% per annum from the date of Interim Award till its realization.

4. DIAC Signed copy of the Interim Award be given to both the parties and DIAC.”

6. The learned Arbitrator *vide* the impugned order has allowed the claim of the appellant only to the extent of Rs.16,75,128/- against the respondent, on an application filed under Order XII Rule 6 CPC, and by accepting the plea of limitation of the respondent, for the claim over and above Rs. 16,75,128/-.

7. The facts to be noted from the record are that the appellant filed the claim against the respondent for recovery of Rs.84,04,943/- with interest @ 24% per annum. It was the case of the appellant that the respondent had, assigned the work to the appellant for a sum of Rs.2,28,13,193/- which was completed by the appellant, but the respondent did not make the due payments.

8. It was the case of the appellant that it had completed the original work and also the additional work assigned to it from time to time by the respondent and raised the final bill for payment to the tune of Rs.2,98,41,535/- against which, it received an amount of Rs.2,14,36,592/-,



but an amount of Rs.84,04,943/- was outstanding, for which the appellant raised a dispute, which was referred to the arbitration. In the claim petition, the appellant relied upon the invoices dated 20.08.2015, 19.02.2015 and 12.07.2014. It was the case of the appellant that the respondent had admitted that a sum of Rs.5,99,927/- was unpaid. It was also stated that, on 31.07.2018, the respondent categorically admitted that, as per the books of account, the balance amount of Rs.16,75,128/- is payable to the appellant. A legal notice dated 10.09.2018 was sent by the appellant, which was duly replied to by the respondent on 08.10.2018.

9. The case of the appellant before the learned Arbitrator was that, whenever it demanded the payment from the respondent, it raised various objections and asked to furnish various documents. It was also stated that the appellant had completed all the work. He also relied upon the email dated 09.11.2016 wherein the respondent has admitted that some amount has to be paid. The appellant had also relied upon various communications including the documents, viz bank details/cancelled cheque, request for no claim certificate, legal notice etc., to contend, the same constitute acknowledgment.

10. During the Arbitral Proceedings, the appellant relied upon the reply dated 08.10.2018 to the legal notice of the appellant wherein the respondent had admitted its liability to pay Rs.16,75,128/-. It was in this context, an application under Order XII Rule 6 of the CPC was filed seeking the judgment/award to the tune of Rs.16,75,128/-.

11. The case of the respondent before the learned Arbitrator was that the appellant is not entitled to the sum of Rs.16,75,128/- which happens to be 5% of the retention amount, which was payable to the appellant only when



the conditions as mentioned in the letter of intent to provide the bank guarantee for defect liability period is satisfied. Since, the said condition was never satisfied by the appellant, as such there is no unequivocal admission on the part of the respondent acknowledging the payment as sought in the claim.

12. The learned Arbitrator in the order dated 09.01.2020 also considered the application under Order VII Rule 11 of the CPC filed by the respondent seeking dismissal of the claim petition on the ground of limitation. The learned Arbitrator while considering the application of the respondent under Order VII Rule 11 of the CPC also considered the application under Order XII Rule 6 of the CPC. The Arbitrator held that the limitation period would be three years from the date of completion of work in view of Article 18 of the Schedule of the Limitation Act, 1963. The learned Arbitrator held that the right to get the payment upon completion of the work exist, as the respondent has unequivocally acknowledged its liability towards the amount of Rs.16,75,128/-.

13. The learned Arbitrator rejected the claim of the appellant, over and above the amount of Rs.16,75,128/- on the ground that the same shall be barred by limitation, primarily by not accepting the stand of the appellant that the respondent has acknowledged the liability as is contemplated in Section 18 of the Limitation Act, 1963. This can be seen from paragraph no.13 onwards of the Award dated 09.01.2020 wherein the learned Arbitrator held that there is no correspondence wherein the respondent had accepted that it is liable to pay Rs.84,04,943/- to the appellant.

14. The submission of Mr. Vishwendra Verma is that the learned District Judge has not considered the factual matrix involved in the matter in right



perspective.

15. According to him, the cause of action to claim the amount of Rs.84,04,943/- has arisen only when the respondent denied the payment to the appellant. He stated that, if the liability is admitted, the limitation gets extended for initiating the action for recovery. The limitation period for total outstanding shall start on the date when the cause of action has arisen, which according to him, was on 01.09.2016. His submission is also that while considering the application under Order VII Rule 11 CPC, the learned Arbitrator is only required to see the claim and the documents filed by the appellant/claimant and not the stand/case set up by the respondent that the claim is barred by limitation, which is a mixed question of law and facts.

16. In support of his submissions, Mr Verma has relied upon the following decisions:-

- a) *Popat and Kotecha Property v. State Bank of India Staff Association, (2005) 7 SCC 510;*
- b) *Balasaria Construction (P) Limited v. Hanuman Seva Trust & Another, (2006) 5 SCC 658;*
- c) *Madanuri Sri Ram Chandra Murthy v. Syed Jalal, (2017) 13 SCC 174;* and
- d) *Daliben Bailjibhai & Others v. Prajapati Kodarbhahi Kachrabhai & Another, 2024 SCC OnLine SC 4105.*

17. The submissions made by Mr Verma are not persuasive. This we say so, for the reasons given by the learned District Judge both on the scope of the judicial review in a petition under Section 34 of the Act and also on the merits of the claim made by the appellant before the learned Arbitrator,



more specifically in the context of Section 18 and Article 18 of the Schedule of the Limitation Act, 1963.

18. Before we refer to the scope of the judicial review in a petition under Section 34 of the Act, the issue that needs to be decided is whether the learned Arbitrator and the learned District Judge were right in dismissing the claim over and above Rs. 16,75,128/- as being barred by limitation.

19. Mr Verma has not contested that the issue of limitation has to be looked from the prospective of the Article 18 of the schedule of the Limitation Act, 1963. The limitation period fixed for making a claim for the work done when no time has been fixed for payment in the contract, is three years from the date when the work was completed. If that be so, there is no dispute that the work was completed on 20.08.2015 and various invoices dated 20.08.2015 and 22.08.2015 were raised. So, it follows that limitation expired on 19.08.2018. The notice invoking arbitration was issued by the appellant on 10.09.2018, to which a reply was sent by the respondent on 08.10.2018. Hence, in that sense, the claim petition was required to be filed within three years, w.e.f. 20.08.2015.

20. But we note the appellant had invoked the arbitration clause beyond the period of limitation of three years effective from 20.08.2015. The learned Arbitrator was justified in dismissing the claim petition of the appellant for a sum over and above Rs.16,75,128/-, being barred by limitation. The learned Arbitrator has awarded the amount of Rs. 16,75,128/- to the appellant as the amount has been acknowledged by the respondent vide email dated 19.07.2018, wherein, the respondent has in the draft copy of No Claim Certificate stated that they have no financial or any claim what so ever other than Rs.16,75,128/- as on 18.07.2018. If the



Section 18 of the Limitation Act is seen, there is no acknowledgment by the respondent accepting the liability over and above Rs. 16,75,128/-.

21. We are of the view that, in the facts of this case, the conclusions drawn by the learned Arbitrator and the learned District Judge needs no interference.

22. In so far as the decision relied upon by Mr Verma in the case of ***Madanuri Sri Ram Chandra Murthy (supra)*** is concerned, the ratio of the judgment is primarily that the plea of limitation is a mixed question of law and facts and as such the issue of limitation could not have been decided on an application filed under Order VII Rule 11 CPC.

We are not in agreement with such a plea, when facts are admitted, which conclusively prove the claim is beyond limitation. Suffice to state, the learned District Judge has held that the decision given by learned Arbitrator is based on the plea taken by appellant itself including the date of final bill raised by the appellant. It is not necessary that in all the cases, question of limitation involves question of law and facts. In the present case, the facts as disclosed by appellant were taken on their face value for deciding the question of limitation. Those facts were assessed on the parameters of declared law of limitation, which were applicable to the facts of this case. Hence, the reliance on the above judgment is misplaced.

23. Further the averments in the claim and the documents attached thereto read as a whole discloses that the claim is beyond limitation. Even on this ground, the Arbitrator has rightly held that the claim over and above Rs.16,75,128/- is barred by time.

24. Similarly, in the case of ***Popat and Kotecha Property (supra)***, which has been relied upon by Mr Verma for identical proposition is concerned,



the same shall not help his case, in view of the order passed by the learned Arbitrator, more specifically, paragraphs 9 and 10 of the Award, which we have already reproduced above.

25. Insofar as the decision in the case of *Daliben Bailjibhai & Others (supra)* is concerned, the Supreme Court in the facts has held that, there is no justification for the High Court to allow the application under Order VII Rule 11 of the CPC as it is not evident from the averments made in the plaint that the limitation commenced from the date of the registration itself. So, the facts having been disputed, the application under Order VII Rule 11 CPC could not have been allowed. The said judgment is distinguishable on facts.

26. Lastly, *Balasaria Construction (P) Limited (supra)* is relied upon for a similar proposition, wherein the Supreme Court held that the suit cannot be dismissed as barred by limitation without proper pleadings, framing of issue of limitation and taking of evidence. The ratio of the said judgment shall not be applicable in the facts of this case, more particularly, in view of the findings of the learned Arbitrator / learned District Judge and our findings above.

27. The present appeal filed by the appellant is devoid of merits. Accordingly, the appeal along with pending application is dismissed at the admission stage. No costs.

V. KAMESWAR RAO, J

MANMEET PRITAM SINGH ARORA, J

MAY 26, 2026

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