HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE JUSTICE MOUSHUMI BHATTACHARYA
AND
THE HON'BLE JUSTICE GADI PRAVEEN KUMAR

COMCA No. 32 OF 2026

DATE: 17.06.2026

Between:

Mishra Dhatu Nigam Limited

... Appellant

And

Sanghvi Exim LLP and another

... Respondents

Mr. M. Surender Rao, learned Senior Counsel representing Mr. D. Raghavendar Rao, learned counsel appearing for the appellant.

JUDGMENT: (Per Hon'ble Justice Moushumi Bhattacharya)

1. The Commercial Court Appeal has been filed against an order dated 07.04.2026 passed by the learned Commercial Court at Hyderabad, in I.A.No.500 of 2025 in COP No.90 of 2025 filed by the appellant seeking stay of an arbitral Award dated 23.02.2025 passed by the learned Arbitral Tribunal.

2. By the impugned order dated 07.04.2026, the learned Commercial Court allowed the I.A and granted stay of the enforcement of the arbitral Award dated 23.02.2025, subject to the appellant/Award Debtor depositing 50% of the awarded

amount together with interest accrued thereon up to the date of the impugned order, within 15 days from the date of the impugned order. The Commercial Court also gave liberty to the respondent No.1/Award Holder to withdraw the amount so deposited subject to furnishing security for the said amount and filing an undertaking.

3. Learned Senior Counsel appearing for the appellant/Award Debtor submits that the Trial Court erred in granting stay of the enforcement of the Award dated 23.02.2025 subject to the deposit of 50% of the awarded amount since there was no basis for imposing such a condition. Senior Counsel further submits that the Trial Court failed to consider that the respondent No.1/Award Holder would not suffer any prejudice by reason of the stay of the arbitral Award.

4. We do not find any merit in the present Appeal. Our reasons are two-fold.

5. First, a combined reading of sub-sections (2) and (3) of section 36 of The Arbitration and Conciliation Act, 1996 ('1996 Act') makes it clear that mere filing of an application under section 34 to set aside an arbitral award does not, by itself, render the award unenforceable. Under section 36(2), the

operation of the arbitral award can only be stayed if the Court grants a specific order to that effect pursuant to a separate application filed by the Award Debtor. Section 36(3) stipulates that, upon the filing of an application under sub-section (2), the Court may, subject to such conditions as it may deem fit, grant a stay of the operation of the award, for reasons to be recorded in writing. Thus, section 36(3) of the 1996 Act confers upon the Court a discretionary power to stay the operation of an arbitral award. Further, the first proviso to section 36(3) mandates that where the arbitral award is for the payment of money, the Court, while considering the grant of a stay, must have due regard to the provisions governing the stay of a money decree under the provisions of the Code of Civil Procedure, 1908.

6. Second, the Supreme Court has repeatedly held that the Award Debtor should be directed to deposit 100% of the awarded amount as a condition for the grant of stay of an award. There are numerous precedents on this aspect. In the present case, the Commercial Court has directed the appellant to only deposit 50% of the awarded amount, which cannot be said to be arbitrary or unreasonable.

7. COMCA No.32 of 2026, along with all connected applications, is accordingly dismissed. The appellant/Award

Debtor shall deposit the amount as directed by the Commercial Court by 29.06.2026. There shall be no order as to costs.

MOUSHUMI BHATTACHARYA, J

GADI PRAVEEN KUMAR, J

Date: 17.06.2026
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