

**IN THE HIGH COURT OF MADHYA PRADESH  
AT INDORE**

**BEFORE**

**HON'BLE SHRI JUSTICE VIVEK JAIN**

**&**

**HON'BLE SHRI JUSTICE AJAY KUMAR NIRANKARI**

**ON THE 27<sup>th</sup> OF MAY, 2026**

**MISC. PETITION No. 2470 of 2026**

***M/S LITE BITE FOODS PVT LTD THROUGH AUTHORIZED  
REPRESENTATIVE MR. NEERAV BHATNAGAR***

*Versus*

***AIRPORTS AUTHORITY OF INDIA***

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**Appearance:**

*Shri Anirudh Gandhi (through V.C.) and Shri Ayushman Gupta –  
Advocates for the Petitioner.*

*Shri Sunil Jain (ASGI) - Senior Advocate (through V.C.) with Shri  
Kushagra Jain - Advocate for the Respondent.*

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**ORDER**

***Per: Justice Vivek Jain***

The present Petition has been filed by the successful party in arbitration proceedings being aggrieved by the Orders dated 05.12.2025 and 26.02.2026 placed on record as Annexure P-9 and P-12 respectively whereby the District Court hearing the challenge under Section 34 of Arbitration and Conciliation Act, 1996

has granted unconditional stay on the execution of award, which is an award for payment of money.

2. Further challenge is made to the Order Annexure P-12 whereby the District Court has rejected the application for modification/vacation of the Order dated 05.12.2025 which was on the ground that unconditional stay on Arbitrator's award directing payment of money to one party cannot be granted unless there are grounds made out in terms of Section 36(3) of the Act of 1996. The District Court has rejected the said application also and affirmed its earlier Order of grant of stay dated 05.12.2025. This subsequent Order dated 26.02.2026 has also been put to challenge before this Court in this Petition.

3. Learned counsel for the Petitioner/award holder has vehemently argued that the award has been passed by the sole Arbitrator which is dated 26.02.2026 and by the aforesaid award, the claims of the present Petitioner have been allowed to the tune of Rs.2.53/- crores with interest from the date of filing of claim till recovery of amount. It is argued that as per the Scheme of Act of 1996, unconditional stay on execution of award can be granted only where the conditions as per second proviso to Section 36 (3) are made out i.e, the arbitration agreement which is the basis of the award or the making of the award itself is induced or affected by fraud or corruption.

4. It is vehemently argued that there are no findings in the impugned Orders passed by the District Court that the impugned award is affected and actuated by fraud or corruption, and there is not a single whisper to that effect in the initial Order dated 05.12.2025 of the District Court and so also the subsequent Order dated 26.02.2026. It is argued that on 05.12.2025, stay was granted only on the ground that the record of the Arbitrator is yet to be received and when after receipt of record of Arbitrator, the application for vacation of the stay/modification of the stay Order was passed, that application has also been rejected summarily without going into the question that whether under Section 36 (3), the District Court could have stayed the operation of the award unconditionally without giving any prima facie finding as to existence of grounds as per second proviso to Section 36(3).

5. It is argued that the District Court has gravely erred in relying on the judgment of the Hon'ble Supreme Court in **Lifestyle Equities C.V. v. Amazon Technologies Inc., (2026) 3 SCC 641** by which an Order of grant of unconditional stay on money was confirmed by the Hon'ble Supreme Court but in that case was one under Order 41 of CPC, and the matter related to decree of regular Court, not an arbitration award. In that very case itself, the Hon'ble Supreme Court has explained the distinction between regular cases governed by Code of Civil Procedure and the cases of Arbitration governed by Act of 1996 and has underscored the need of making out of grounds under Section 36 (3) before

granting unconditional stay on execution of the award. It is argued that this aspect of the matter has been conveniently overlooked by the District Court and further even when the subsequent judgment of the Hon'ble Supreme Court explaining the earlier judgment in the case of **Lifestyle (supra)** was pointed out to the District Court which is in the case of *Popular Caterers Vs. Ameet Mehta, 2025 INSC 1534:2025 Livelaw SC 1144*, then also the District Court did not appreciate the aforesaid judgment at all and held that unconditional stay on arbitral award can be granted.

6. *Per contra*, learned counsel for the respondents/award debtors has vehemently argued that though the District Court might not have spelt out in the impugned orders that the award is actuated by fraud and corruption but in fact the award is polluted by fraud and corruption and it was a fit case under Section 36(3) to have granted unconditional stay on execution of the award. Only because the District Court has not mentioned so in its impugned orders, this Court should not modify the said Order and this Court may itself see that the award is actuated by fraud or corruption.

7. It is further argued by learned counsel for the respondents that the main case under Section 34 is at its final stages now and the case is being fixed for final arguments. At present, summer vacations are going on before the District Court and there is high possibility that within one month or so of reopening of the court

after summer vacation, the case may be finally decided by the District Court under Section 34 of the Act of 1996. It is intimated that the arguments of the applicant side before the District Court i.e, of the present respondents are over and only the arguments of the present petitioners, who are respondents before the District Court are to take place. Therefore, at this stage, this Court should not interfere in the impugned Orders.

8. This Court has heard learned counsel for the rival parties at length and perused the record.

9. By the Order Annexure P-9, the District Court has not given any reason for grant of unconditional stay, except writing that in view of judgment in the case of **Lifestyle (Supra)**, unconditional stay can be granted on execution of decree. The District Court recorded that original record of the arbitration proceedings are not yet received by the District Court and therefore, it is granting unconditional stay which is otherwise permissible in view of judgment of the Hon'ble Supreme Court in the case of **Lifestyle (Supra)**.

10. Though learned counsel for the respondents had vehemently tried to convince this Court to examine that whether the award passed by the learned arbitrator is actuated by fraud or corruption, but in absence of any finding of the District Court to that regard, we refrain from venturing into this arena because we

are exercising jurisdiction under Article 227 of the Constitution of India and would not fish out any grounds which have not been considered by the District Court or examine the matter from the purview of the award being actuated by fraud or corruption. Venturing in doing so would amount to exercise of original jurisdiction which cannot be carried out in exercise of limited supervisory powers under Article 227 of the Constitution of India. Once the District Court did not hold that the award is polluted by fraud or corruption, we need not enter into that ground, which would amount to exercising original jurisdiction. The case is being finally argued before the District Court under Section 34 and we venturing into this arena at the first instance in exercise of supervisory jurisdiction would prejudice the case before the District Court. We therefore, think it fit to restrict ourselves to the reasons and justifications offered by the District Court in passing the impugned Orders and not venture into those grounds which may have been available to the respondents before the District Court, but have not been considered by the District Court.

11. As already noted by as above, the sole reason for grant of unconditional stay in the Order dated 05.12.2025 is that unconditional stay can be granted in view of judgment of the Hon'ble Supreme Court in the case of *Lifestyle (supra)*. We note that the Order dated 05.12.2025 is based upon misconstruction of the aforesaid judgment by the District Court and it appears that the District Court has

not gone through the judgment in its entirety. The case in **Lifestyle (supra)** was a case of regular Civil Suit and the Hon'ble Supreme Court interpreted various provisions of Order 41 of Code of Civil Procedure and ultimately held in para 138 that under what circumstances unconditional stay of money decree can be granted in view of provisions of Order 41 of Code of Civil Procedure. The Hon'ble Supreme Court held as under:-

*“138. We summarize our final conclusion on the grant of benefit of stay of execution of a decree by an appellate court in term of Order 41 as under:*

*138.1. Order 41 Rule 5 contains the provision for the grant or refusal of stay of execution of the decree by the appellate court under CPC. It categorically stipulates that mere filing of an appeal against an order of execution, shall not ipso facto operate as stay of proceedings. Any execution proceeding or an order therein, shall be stayed only if a specific, reasoned order granting such stay is passed by the appellate court, after proper application of mind.*

*138.2. For the grant of stay of execution of a decree in terms of Order 41, a prayer to such effect has to be specifically made to the appellate court and the appellate court has the discretion to grant an order of stay or to refuse the same.*

*138.3. Order 41 Rule 5(3)CPC provides for satisfaction regarding sufficient cause as a pre-condition for granting benefit of stay of execution of decree, and it casts an obligation upon the appellate court to record its satisfaction for stay of execution such decree.*

*138.4. The power of the appellate court to order stay of execution of the decree is circumscribed and made subject to the existence of a “sufficient cause” in favour of the appellant being shown. In order to ascertain whether a “sufficient cause” exists for the grant of stay of execution of a decree under Order 41CPC, the appellate court as per sub-rule (3) of Rule 5 is required to examine:*

*(i) Whether there will be substantial loss to the party applying for stay;*

(ii) *Whether the application has been made without unreasonable delay; and*

(iii) *Whether security has been given by the applicant for due performance of the decree.*

**138.5.** *For the grant of stay of execution of the decree, the appellate court is required, after perusing the materials on record, to assign reasons for its satisfaction regarding the existence of a “sufficient cause”. Such reasons should be cogent and adequate. The reasons assigned must indicate the necessity for the status quo prevailing on the date of the decree and/or the date of making of the application for stay, to continue by granting stay, and not merely the reasons why stay should be granted.*

**138.6.** *Although, Order 41 Rule 5CPC, uses the word “shall”, yet a combined reading of the sum and substance of Rules 1(3) and 5(5) would reveal, that for the grant of stay of execution, it is not mandatory for the appellate court to impose a condition for deposit of the amount in dispute. The aforesaid provisions make it abundantly clear that the appellate court, for the grant of stay of execution, has a discretion to impose a condition of deposit of the amount depending on the facts and circumstances of each case.*

**138.7.** *A deposit is not a condition precedent for an order of stay of execution of the decree by the appellate court. The only guiding factor and statutory mandate, for the grant of such stay of execution as indicated in Rule 5, is the existence of “sufficient cause” in favour of the appellant, on the availability of which the appellate court would be inclined to pass an order of stay.*

**138.8.** *For the grant of benefit of an unconditional stay of execution of a decree, an exceptional case has to be made out before the appellate court. This discretion of the appellate court to grant an unconditional stay of execution of decree must not be exercised arbitrarily. It must be exercised sparingly and only if an exceptional case is made out for such stay in view of the peculiar facts and attending circumstances of the case before it.*

**138.9.** *A lodestar for bringing a case within the purview of “exceptional case” for the purpose of granting benefit of unconditional stay of the execution of money decree by the appellate court would be, if the money decree in question:*

- (i) is egregiously perverse;*
- (ii) is riddled with patent illegalities;*
- (iii) is facially untenable; and/or*
- (iv) such other exceptional causes similar in nature.*

*138.10. For the purpose of the grant or refusal of stay of execution of the decree under Rule 5 of Order 41, it is immaterial whether the decree is a money decree or any other decree. The language couched in the said provision is very clear. Order 41 Rule 5CPC makes no distinction between a money decree and other decrees, and the said provision applies with full rigour in both instances. Yet as a rule of prudence and established practice evolved over a period of time, no stay of execution of a money decree should be granted, except on the condition that the decretal amount be deposited in the court. However, such condition for deposit cannot be said to be mandatory and non-prescription thereof does not operate as a bar to staying the execution of a money decree.*

*138.11. There is no provision under Order 41 Rule 5CPC imposing a mandate to deposit cash security as the only mode of security for execution of the decree. Security, for the purpose of the said provision, can be in the shape of property, bond and or in the form of an appropriate undertaking from the appellant to abide by the decree, seeking stay of execution.”*

12. The aforesaid judgment would have somewhat limited application in the present case because the present case arises from arbitration award and the Hon’ble Supreme Court was conscious enough to point out that the scheme of Arbitration Act is different. In para 99 onwards of the said judgment, the Hon’ble Supreme Court has clearly laid down the distinction between arbitral awards and the cases governed by Order 41 of the Code of Civil procedure by holding that Arbitration Act provides a separate provision in section 36 (3) in arbitration matters. The

Hon'ble Supreme Court underscored the distinction between regular Civil matters and the arbitration matters in the following terms:-

*“104. Section 36(3) of the Arbitration Act provides that upon such an application being filed, the court may grant a stay “subject to such conditions as it may deem fit” for reasons to be recorded in writing. In terms of Section 36(3) of the Arbitration Act, the Court is conferred with the discretionary power to grant a stay of an arbitral award. Such discretionary power flows from the usage of the words “may” for grant of stay and the employment of the phrase “such conditions as it may deem fit” for the conditions that may be imposed if a stay was granted. Therefore, in terms of Section 36(3), the court retains its discretionary power to grant a stay of an arbitral award.*

*107. As is clear from a plain reading of the second proviso referred to above, it was provided that if, inter alia, the making of the award was induced or effected by fraud or corruption then the court was mandated to stay the award and such a stay was to be unconditional.*

*111. While this Court acknowledged that an unconditional stay could be granted in appropriate cases, it quickly followed up saying that the power to grant an unconditional stay is governed by the second proviso to Section 36(3). This may indicate that the Court acknowledged the grant of an unconditional stay to the existence of the grounds mentioned in the second proviso. This would indicate that the benefit of unconditional stay could be granted only in cases of fraud or corruption.*

*115. In light of the abovementioned observations, it is possible to legitimately argue that if the second proviso to Section 36(3) was the sole source for granting an unconditional stay, there would have been no occasion for the Court to examine whether any prima facie cogent ground that went to the root of the award is forthcoming or not. Therefore, by relying upon this Court's observations, it could be plausibly argued that in exceptional cases an unconditional stay can be granted even*

*in cases not arising under the second proviso to Section 36(3). Such unconditional stay would instead be relatable to the main part of Section 36(3).*

*127. We once again clarify that the analogy of Section 36 of the Arbitration Act sought to be applied is inappropriate. The decision of this Court in Pam Developments [Pam Developments (P) Ltd. v. State of W.B., (2019) 8 SCC 112 : (2019) 4 SCC (Civ) 125] should also be understood and confined only to matters relating to arbitration, more particularly, Section 36 of the Arbitration Act.”*

13. Subsequently, in case of **Popular caterers (supra)**, the same bench of the Hon’ble Supreme Court had the occasion to further consider the aforesaid judgment in the case of **Lifestyle (Supra)** and in para 25 thereof, the Honorable Supreme Court clearly held that though in the case of **Lifestyle (supra)**, Section 36(3) of the Act of 1996 was considered though in the said case, the Hon’ble Supreme Court was not concerned with Section 36(3) of the Act of 1996. Further, the Hon’ble Supreme Court held as under:-

*“26. In the present case, it is not even the case of the judgment-debtor, i.e., respondents before us that the making of the award was induced or effected by fraud or corruption. Even if we have to apply the general principles of CPC in the present case, the High Court should have considered the matter asking a question whether the respondents herein (award-debtors) could be said to have made out an “exceptional case” for the purpose of granting benefit of unconditional stay of the execution of the award which is in the form of a money decree. In Lifestyle Equities (supra), we said in so many words that for the purpose of granting of benefit of unconditional stay of the execution of money-decree, it has to be established more than prima facie that:*

*(i) The decree is egregiously perverse,*

*(ii) is riddled with patent illegalities,*

*(iii) is facially untenable; and/or*

*(iv) such other exceptional causes similar in nature.*

*27. We are of the considered view that the case in hand does not fall in any of the aforesaid categories so as to seek the benefit of unconditional stay of the arbitral award which is in the form of a money-decree.*

*28. Except the aforesaid, we do not propose to observe anything further on merits, as the same may cause prejudice to either side.*

*29. We have reached the conclusion that the impugned order of the High Court deserves to be set aside.*

*30. In view of the aforesaid, these appeals succeed and the common impugned order is, accordingly, set aside.*

*31. We direct the respondents to deposit the principal amount of Rs.4,00,00,000/- (Rs.Four crore only) with the Prothonotary and Senior Master; Original side, Bombay High Court within a period of eight weeks from today.*

*32. We clarify that the Section 34 applications preferred by the respondents shall be heard on its own merits without being influenced in any manner by the fact that we have thought fit to disturb the impugned judgment and order passed by the High Court.”*

14. In the present case, the District Court has applied **Lifestyle (supra)** in the case of Arbitration, but for that, it ought to have held the case to fall within the parameters of the test laid therein. However, it did not return any prima facie finding even as per **Lifestyle (supra)**. Not a single point of the test as laid down in **Lifestyle (supra)**, has been held to be made out by the District Court. There is no finding in terms of para of 138 of **Lifestyle (supra)** that whether the decree is

perverse, whether it is riddled with patent illegalities, is facially untenable, or any other exceptional cause similar in nature.

15. The impugned Order of the District Court in granting unconditional stay cannot be sustained even if it was a case arising from a civil suit because apart from holding that in view of **Lifestyle (supra)** unconditional stay can be granted, the District Court has not given any other reasoning for grant of unconditional stay.

16. Therefore, we have to hesitation in setting aside that part of the impugned orders whereby unconditional stay has been granted. We modify the impugned stay orders passed by the District Court dated 05.12.2025 and 26.02.2026, in directing the present respondent to furnish security equal to 60% of the awarded amount within a period of 15 days from the date of submission of copy of this order before the District Court. Only upon furnishing the surety as aforesaid, the stay would be operative. If that surety is not furnished, the award would become executable.

17. In the above terms, the petition stands **allowed** and **disposed off**.

(VIVEK JAIN)  
V.JUDGE

(AJAY KUMAR NIRANKARI)  
V.JUDGE