

NON-REPORTABLE

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

**CIVIL APPEAL NO. _____ of 2026
(Arising out of SLP (C) No.25495 of 2025)**

RANCHI MUNICIPAL CORPORATION **.... APPELLANT (S)**

Versus

**A 2 Z WASTE MANAGEMENT (RANCHI)
LIMITED** **.... RESPONDENT(S)**

**With
CIVIL APPEAL NO. _____ of 2026
(Arising out of SLP(C) No. 26045 of 2025)**

O R D E R

Leave granted.

2. The appellant-Ranchi Municipal Corporation, is the respondent and the respondent herein, a Special Purpose Vehicle (SPV) constituted to carry out the subject contract, is the claimant before the Arbitration Tribunal. The Tribunal found both the parties to be guilty of breach of different aspects of the contract; the appellant for not having handed over possession of the land for construction of structures and levy of penalty, which was deducted from the bills, while the respondent had failed to perform some parts of the contractual obligations which were vital for the maintenance of hygiene, affecting the health of citizens of the town of Ranchi.

3. The claim for Capital Grant raised under two heads were rejected by the Tribunal. The claimant was found entitled to

Rs.1,71,95,156/- (Rupees One crore seventy one lakh ninety five thousand one hundred and fifty six only) as tipping charges and while the claim for damages for loss of profit was declined, nominal damages were awarded amounting to Rs.2,00,00,000/- (Rupees Two crores only). The claimant was also found entitled to 15% interest per annum on the tipping charges and the damages. The total cost for arbitration was fixed at Rs.55,00,000/- (Rupees Fifty five lakh) which is not under challenge. The counterclaim was confined to Rs.17,65,166/- (Rupees Seventeen lakh sixty five thousand one hundred and sixty six only), found entitled to the appellant. The breach found on the part of the claimant was compensated by the encashment of bank guarantee furnished by the claimant, which was deemed to be the damages for breach as entitled to the respondent.

4. The Arbitral Award was challenged by the appellant under Section 34 of the Arbitration and Conciliation Act, 1996¹ in which the entire award was set aside as per Annexure P-3. The Commercial Court, Ranchi, in Annexure P-3 found that under Capital Grants, the claimant raised invoices with respect to purchase of vehicles, many of which were found to be bogus. The Tribunal also found fraud having been employed insofar as the said purchase invoices produced. Finding that fraud vitiates everything, the entire award was set aside on the reasoning that the tipping fee related to the

1 *Hereinafter referred to as 'the Act'*

collection and transportation of waste in vehicles, which were never purchased and hence the billing itself was fraudulent. The claimant approached the High Court under Section 37 of the Act in which the finding of the Commercial Court that the entire claims were vitiated by fraud was set aside and the award restored. The fraud found on the part of acquisition of capital goods need not be mixed up with the payments towards bills raised for the regular operation of solid waste disposal carried out, was the reasoning.

5. The appellant-Corporation is before us challenging the order under Section 37 of the Act. As has been found in the order of the Commercial Court itself, the jurisdiction is very circumscribed. We agree with the High Court that the fraud found by the Tribunal is on purchase of vehicles as a capital acquisition for the project itself which was to be continued for 30 years, if it had not been terminated. The contract was not only for collection and transportation of waste but also to develop, construct, operate and maintain municipal solid waste processing facilities with compost plant and any other suitable processing plants with a sanitary landfill facility at the city of Ranchi through Public Private Partnership under JnNURM Scheme. Hence, the finding that the bogus purchase would vitiate the entire claim cannot be sustained.

6. In this context we also have to notice that the Tribunal while allowing the claim of tipping fee, specifically observed in Paragraph

428 of the Award that '*the calculations made by the claimant on the aforementioned dues, is not in dispute*'. Hence the award of Rs.1,71,95,156/- stands sustained. The Award of 15% interest is as per the contract and there is no reason to interfere with that too.

7. Insofar as damages are concerned, the Tribunal found breach of some aspects on the claimant and some other aspects on the respondent. The respondent was found entitled to encashment made of the bank guarantee provided. The claim of damages for loss of profit was declined and only a nominal damage of Two crores was awarded. It was found in Paragraph 400 of the award that the contract was on a long-term basis and even the first phase of the contract was not completed. It was found that there is no reason to apply restitutionary principles for the purpose of computation of loss of profit and hence, the nominal award of Two crores. We find absolutely no reason to interfere with it, but the aspect of breach having been found on both and the award having declined damages on loss of profit, as claimed by the claimant, we are of the opinion that there is no reason to mulct that liability with interest. The interest of 15 % as awarded for the amount of damages stands deleted.

8. The impugned judgment is modified to the above extent.

9. The Appeals stand disposed of leaving the parties to bear their respective costs.

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

..... J.
(J. B. PARDIWALA)

..... J.
(K. VINOD CHANDRAN)

**NEW DELHI;
JULY 28, 2026.**

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G S

Petition for Special Leave to Appeal (C) No.25495/2025

[Arising out of impugned final judgment and order dated 06-05-2025 in CA No.16/2024 passed by the High Court of Jharkhand at Ranchi]

RANCHI MUNICIPAL CORPORATION

Petitioner(s)

VERSUS

A 2 Z WASTE MANAGEMENT (RANCHI) LIMITED

Respondent(s)

IA No. 263881/2025 - EXEMPTION FROM FILING O.T.
IA No. 221537/2025 - EXEMPTION FROM FILING O.T.
IA No. 263880/2025 - PERMISSION TO FILE ADDITIONAL
DOCUMENTS/FACTS/ANNEXURES

WITH

SLP(C) No. 26045/2025 (XVII-B)

FOR EXEMPTION FROM FILING O.T. ON IA 226845/2025

FOR PERMISSION TO FILE ADDITIONAL DOCUMENTS/FACTS/ANNEXURES ON IA
260870/2025

FOR EXEMPTION FROM FILING O.T. ON IA 260872/2025

IA No. 260872/2025 - EXEMPTION FROM FILING O.T.

IA No. 226845/2025 - EXEMPTION FROM FILING O.T.

IA No. 260870/2025 - PERMISSION TO FILE ADDITIONAL
DOCUMENTS/FACTS/ANNEXURES

Date : 28-07-2026 These matters were called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE J.B. PARDIWALA

HON'BLE MR. JUSTICE K. VINOD CHANDRAN

For Petitioner(s) :Mr. V Giri, Sr. Adv.

Mr. Vishnu Sharma, AOR

Mr. Ravi Kant, Adv.

Mr. Vibhor Mayank (vc), Adv.

Mr. Vibhore Mayank (Vc), Adv.

Mrs. Anupama Sharma, Adv.

Mr. Amar Jyoti Sharma, Adv.

Mr. Rahul Narang, Adv.

Ms. Aishwarya Mishra, Adv.

Mr. Nihar Dharmadhikari, Adv.

Mr. Neeraj Kumar Vats, Adv.

Mr. Shantanoo Saxena (vc), Adv.

Mr. Harshit Mander, Adv.

For Respondent(s) :Mr. Jayanat Mehta, Sr. Adv.

Mr. Naman Singh Bagga, Adv.

Mr. Arbaaz Hussain, AOR

Ms. Kashish Mathur, Adv.
Ms. Manasvini Jain, Adv.
Mr. Jayestha Kamboj, Adv.

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

Leave granted.

The appeals are disposed of in terms of the signed
order.

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

(KRITIKA TIWARI)
COURT MASTER (SH)

(POOJA SHARMA)
COURT MASTER (NSH)

{signed order is placed on file}