

Case No. 115 of 2025

24.11.2025

Present : Shri Suhail Dutt, Sr. Counsel for Appellant.
: Shri Mukesh Kumar, Counsel along with Shri Anand Vardhan Mishra, Asstt. Commissioner, for Respondent, Excise Department.

1. Final arguments were heard at length.
2. In response to the directions dated 03.11.2025 of this Court regarding filing of affidavit by the Appellant, the Appellant filed an affidavit dated 20.11.2025 stating therein that he has been significantly contributing to the ex-chequer of Union and States for the year 2023-24 and 2024-25 which comes to Rs. 19,693.3 Crores and Rs.20,384.9 Crores respectively. The Appellant had contributed to the ex-chequer of GNCT of Delhi for financial years 2010-11 to 2021-22 which in total amounts to Rs.4855.2 Crores. The Appellant also submitted that during the last 30 years of operations, there is not even a single instance of violation in excise matters where the Appellant had been penalised either in Delhi or in 26 states and 7 UTs where the Appellant is involved in liquor business. The sister concerns of Appellant are distributing in 160 countries worldwide.
3. On a specific query by this Court to Respondent, Excise Department, the counsel admitted that the rejection of L-1 license to the Appellant was purely based on 'Moral Character' 'Criminal background' due to pendency of Enforcement Directorate case against the Appellant company. However, the Department could not find any instance where there is conviction of either the Appellant or its employee. Excise Department on specific query confirmed that if entire case of denying L-1 license to Appellant is premised on ED's case Therefore, there is no conviction as such except

pendency of the case against the appellant company. The Excise Department has no other distinct ground to support its case against the denial of license.

4. The Excise Department filed a compilation of citations on assessment of moral character in Excise matters and shared the copy of the same with the Appellant. The counsel for Excise Department submitted that as per the judgements passed by the Hon'ble High Court of Delhi and Hon'ble Supreme Court of India in "**Shoghi Communications Ltd. Vs. Union of India & Anr.**" (WP(C) No.5547/2007), "**M/s Sabharwal Medicos Pvt. Ltd. Vs. Union of India & Ors.**" (WP(C) No.7369/2011), "**PNC Infratech Limited Vs. Union of India through Ministry of Road Transport and Highways & Anr.**" (WP(C) No.14903/2024, and in case titled "**A. Raja Vs. D. Kumar**" (Civil Appeal No.2758/2023), "**Kulja Industries Limited Vs. Chief General Manager W.T. Proj. BSNL & Ors.**" (Civil appeal no.8944/2013 and "**Synthetics and Chemicals Ltd. & Ors. Vs. State of UP and Ors.**" (1990 AIR SC 1927), have held that pendency of a criminal case against any one can be treated as the person having the criminal background and absence of good moral character. Moreover, the Excise Act itself provide for a 'good moral character' as a pre-requisite while granting license in terms of Section 13(1)(c) read with proviso as well as Section 44 of the Act. Hence, the Department was very much within its domain to reject the L-1 licence application of the appellant.
5. The Appellant stressed that the FC had covered all the related aspects **'in the light of all the above, this Court is of the considered view that it will be in the fitness of things if the Commissioner of Excise revisits the impugned orders dated 23.07.2024 taking into consideration the clear law laid by the**

Hon'ble Supreme Court of India on the issue that in order to take adverse inference against any accused person who had been named in the FIR/Chargesheet, there has to be a clear finding that the person is guilty of committing such offence by a competent court. Accordingly, the impugned order dated 23.07.2024 passed by the Commissioner of Excise is set aside and the matter is remanded to the Commissioner of Excise to revisit the same afresh after taking into consideration all the above observations and pass a speaking order within three months after duly affording an opportunity of being heard to the Appellant or any other concerned party as deemed fit' and he was clear that rights cannot be denied pending conviction. The Counsel for Appellant further offered to file rebuttal as to why these judgements can't be applied in this case.

6. The Assistant Commissioner, Excise agreed that the due Excise duty is collected from L-1 licensee at the time of import. He agreed that he will place on record the instances of possible violations which can be attributed after grant of L-1 license and the quantum of penalties which can be imposed by the Excise Department on such licensees, by 26.11.2025.
7. Both the parties may file their written submissions latest by 26.11.2025, if they so wishes, in a concise manner.
8. Case is reserved for pronouncement of orders on 01.12.2025.


**Financial Commissioner
Delhi**

24.11.2025

Present : Shri Karan, Counsel for Appellant.
: Shri Mukesh Kumar, Counsel alongwith Ms.P. Pandeshwari, ASO for Respondents, Excise Department.

1. The Counsel for Appellant filed an application to waive off the cost of Rs.10,000/- imposed on the last date of hearing i.e. on 14.10.2025 and also sought time to file rejoinder to the reply filed by the Respondent, Excise Department as he had received the same late.
2. At the request of the Counsel for Appellant, the cost imposed is halved to be deposited by next date of hearing but he is cautioned to be regular in future.
3. The Counsel for Appellant contended that none of the contention of the Appellant was considered in the impugned order dated 10.10.2024 passed by the Deputy Commissioner (Excise/Licensing Authority) and order dated 05.08.2025 passed by the Excise Commissioner/Appellate Authority.
4. On query of this court regarding since how much time the Appellant company is operating in Delhi, the Counsel for Appellant submitted that the said Company was incorporated in the year 2014 and the company is holding the L-1 License from 2018 to 2021 and is also functional in various other states.
5. The Counsel for Appellant further contended that the Appellant company has submitted specific documents stating that the said Company has not been listed by CBI or ED in their chargesheet. There is adverse findings against Shri Sameer Mahandru and he has ceased to be Director of the Company or share holders since 2019. The Appellant Company applied for L-1 License on 30.07.2024 i.e. after five years and the same denied.
6. In rebuttal, the Counsel for Respondents submitted that the Respondent, Excise Department has filed their reply on 12.11.2025 and their main submissions are that

keeping in view the scrutiny by the Directorate of Enforcement In its Provisional Attachment Order No. 02/2023 dated 24.01.2023 and reported in Page No. 36 & 147 of its 150 Page Order dated 24.01.2023 and Para No. 4 – "That the Okhla unit of the appellant company is the same premises where Shri Sameer Mahandru has been found running other businesses in the name of M/s Indospirits Distribution Ltd., M/s Indospirits Marketing Pvt. Ltd., whose assets have been attached by the Directorate of Enforcement". Moreover, the properties of Sameer Mahandru have also been attached by the E.D. Accordingly, the impugned order dated 05.08.2025 has been rightly passed by the R-1/Excise Commissioner.

7. The Appellant is directed to file the list of Directors of the M/s.Indospirit Beverages Pvt. Ltd. filed before MCA (Ministry of Corporate Affairs) and to file rejoinder before the next date of hearing.
8. The Respondents are directed to come prepared on the next date of hearing and to explain as to what specific kind of violations have been done by the Appellant Company, on the basis of which licence was denied to it.
9. Adj. to 15.12.2025 for further arguments.



**Financial Commissioner,
Delhi**