



**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

(1) **CWP-26639-2025**
Reserved on: 10.09.2025
Pronounced on: 19.09.2025

ACL Wine Pvt. Ltd.

....Petitioner

versus

Union Territory, Chandigarh and others

...Respondents

(2) **CWP-27109-2025**
Reserved on: 11.09.2025
Pronounced on: 19.09.2025

Iltaza Choujar

....Petitioner

versus

Union Territory, Chandigarh and others

...Respondents

(3) **CWP-27077-2025**
Reserved on: 11.09.2025
Pronounced on: 19.09.2025

Maneet Choujar

....Petitioner

versus

Union Territory, Chandigarh and others

...Respondents

**CORAM: HON'BLE MR. JUSTICE DEEPAK SIBAL
HON'BLE MS. JUSTICE LAPITA BANERJI**



Present: Mr. Ranjit Singh Kalra, Advocate and
Mr. Randeep Singh, Advocate
for the petitioner.

Mr. Sumeet Jain, Additional Standing Counsel
Ms. Mahima Dogra, Junior Panel Counsel
for the respondents- U.T., Chandigarh.

DEEPAK SIBAL, J.

1. This judgment shall dispose of three petitions involving similar facts and questions of law being CWP-26639-2025, CWP-27077-2025 and CWP-27077-2025. However, for the sake of convenience, facts are being taken from CWP-26639-2025.

2. The petitioner – a wine contractor, has petitioned this Court for issuance of directions to the respondents to release its bank guarantees amounting to Rs.1,36,50,000/-, which according to the petitioner, the respondents are refusing to release without any legal justification. The petitioner also seeks award of interest for the period that its bank guarantees have been unlawfully withheld by the respondents.

THE FACTS

3. In March 2025, the UT Administration announced its Excise Policy for the year 2025-2026 (for short – the Policy) governing the grant of licences to run liquor vends within the territory of UT, Chandigarh.

4. As per clause 21 of the Policy, the successful bidder was required to deposit an amount equal to 15% of the total bid amount within 07 bank working days from the date of allotment; the deposit of 15% had 02 components, one of which was 7% of the total bid amount which was required to be deposited in the form of furnishing of a bank guarantee which was non-adjustable, yet refundable, but subject to clearance of dues and the



second component of 8% of the total bid amount was to be deposited by the successful bidder in the government treasury which was adjustable against the total licence fee. Clause 21 further provided that in case the successful bidder failed to comply with the aforesaid conditions, its earnest money was liable to be forfeited and in case any other vend had also been allotted to the said bidder that would be cancelled and the respective deposits, made for that allotment, would be forfeited as also that such allottee would not be allowed to participate, as a stake holder, in any of the future allotments to be made under the Policy.

5. Clause 34 of the Policy was to the effect that in case any situation arose leading to re-allotment of a licence, the reserve price at the time of re-allotment would be fixed by computing it from the original licence fee for the remainder period or the balance licence fee as may be decided by the department of Excise, UT of Chandigarh. In case, at the time of re-allotment, no bid would be received at the given reserve price, then the procedure prescribed for unallotted licences would be followed and that the re-allotment would be done at the risk and cost of the original allottee. In case of any deficiency in revenue at the time of re-allotment the balance / deficient amount would be recoverable from the original allottee.

6. Clause 37 of the Policy provided the payment schedule alongwith the interest payable for late deposit of any installment.

7. Clause 54 of the Policy permitted transfer of licences. Such transfer was subject to deposit of 1% of the licence fee with the respondent-administration and could be sought for by an allottee/ original licensee who was not a defaulter at the time of transfer of the licence and that such transfer



was subject to the final approval by the Collector. Clause 54 of the Policy also permitted subsequent/ multiple transfers.

8. In terms of the afore Policy, the respondent-administration invited e-tenders for allotment of liquor vends in UT, Chandigarh. The last date to apply was 21.03.2025.

9. The petitioner applied for several vends and was allotted 09 retail licensing units/ vends.

10. In terms of clause 21 of the Policy, within the allocated time, the petitioner deposited 15% of the total licence fee for all the 09 liquor vends which included furnishing of bank guarantees for an amount equivalent to 7% of the total licence fee. These bank guarantees, for all the 09 vends were for a cumulative amount of Rs.3,43,77,000/-.

11. Before any of the allotted vends could be made operational, a bunch of writ petitions were filed before this Court challenging the allotments made. The primary ground of challenge made through these petitions was that for the Excise year 2025-2026 the respondent-administration had allotted liquor vends in the Union Territory of Chandigarh by permitting cartelization as 87 out of the total 97 liquor vends had been allotted to only 12 entities which, according to the petitioners therein, was violative of Articles 14 and 19(1)(g) of the Indian Constitution as also against the objectives behind the applicable Excise Policy of the UT Administration. On 26.03.2025, in the lead case in these petitions being CWP-8637-2025, a coordinate bench directed the parties to maintain status quo. Such order was challenged by both the respondent-administration and some of the allottees before the Supreme Court. Through its order dated 01.04.2025, the Supreme Court set aside the interim stay granted by this Court on 26.03.2025 with a



further direction to the parties to complete their pleadings forthwith before this Court and in turn requiring this Court to take up and finally dispose of the aforesaid writ petitions. The Supreme Court still further observed that in case this Court was unable to finally dispose of the afore referred writ petitions by the end of April, 2025, it was free to consider the question for the grant of interim relief but only after recording cogent reasons. These writ petitions are still pending before this Court and are now listed for hearing on 30.09.2025 with no interim order passed in favour of either party.

12. In the meanwhile, the petitioner started to run the 09 liquor vends allotted to it. The petitioner deposited all payable dues. In June 2025, on account of business exigencies, the petitioner, in terms of clause 54 of the Policy, applied to the respondent-administration for the transfer of 04 of the 09 liquor vends. These vends bore unit nos. 18, 40, 52 and 63. The required 1% of the licence fee, which cumulatively, for all the 04 liquor vends amounted to Rs.19 lakhs, was duly deposited by the petitioner and accepted by the respondents. Presumably, the petitioner fulfilled all conditions prescribed under clause 54 of the Policy, including the one that he was not a defaulter because through separate orders dated 23.06.2025, 27.06.2025, 05.06.2025 and 23.06.2025 the respondent-administration permitted the transfer of the aforesaid 04 licences. In the respective transfer orders, it was clearly mentioned that no payment was due towards the respondent-administration from either the petitioner or the respective transferee and that the transfer had also been approved by the Secretary, Excise and Taxation, UT, Chandigarh.

13. After the successful transfer of the aforesaid 04 vends the respective transferees furnished to the respondent-administration 04 separate



bank guarantees amounting to 7% of the original licence fee which was for the entire year and not for the balance licence fee payable by them. The bank guarantees furnished by the 04 transferees were cumulatively for Rs.1,36,50,000/-, which was the same amount, for which the petitioner had also furnished its bank guarantees. The bank guarantees submitted by the 04 transferees were duly accepted by the respondent-administration. On the asking of the respondent-administration, the 04 transferees also submitted solvency certificates as per which their properties, which found mention in their respective solvency certificates were free from all encumbrances. In addition, on the asking of the respondent-administration, the 04 transferees also submitted surety bonds through which they promised to indemnify the respondent-administration qua any loss in the future.

14. On 02.07.2025, the petitioner made an application to the UT, Chandigarh for release of the bank guarantees furnished by it qua the 04 liquor vends which stood transferred and qua which fresh bank guarantees and solvency certificates as also surety bonds had already been furnished by the respective transferees. When its application was not responded to, on 03.08.2025, the petitioner was forced to send a legal notice to the respondents requiring them to grant to the petitioner what had been claimed by it through its aforesaid application dated 02.07.2025. However, when such legal notice also fell on deaf ears, the petitioner was left with no option but to knock the doors of this Court through the instant petition claiming therein the afore referred reliefs.

THE SUBMISSIONS

15. Learned counsel for the petitioner contended that the bank guarantees furnished by the petitioner qua the 04 transferred liquor vends are



required to be released forthwith because after the transfer of these 04 vends, the transferees have, for all intents and purposes, stepped into the petitioner's shoes; before the transfer of these vends the petitioner had cleared all its dues and since as on date, nothing was due from the petitioner towards the respondent-administration, there existed no reason for the respondent-administration not to release the bank guarantees furnished by the petitioner, especially when, after the transfer, to secure itself, the respondent-administration had already sought and got bank guarantees from the transferees which were for an equivalent amount as had been furnished by the petitioner and they were in addition to the solvency certificates and the surety bonds furnished to the respondent-administration by the transferees and therefore, the inaction on the part of the respondent-administration not to release the petitioner's bank guarantees was arbitrary and in violation of Articles 14 and 19(1)(g) of the Indian Constitution.

16. Learned counsel for the petitioner further submitted that non-release of the petitioner's bank guarantees by the respondent-administration was and is still preventing the petitioner from using the amount covered under the bank guarantees which was harming the petitioner's financial interests and therefore, the respondents be directed not only to release the petitioner's bank guarantees furnished by it with regard to the 04 transferred liquor vends but also compensate the petitioner for the loss suffered by it on account of the respondents' afore inaction.

17. Per contra, learned counsel appearing for the respondent-administration sought outright dismissal of the instant petition by submitting that the writ petitions filed before this Court, challenging the allotment of liquor vends on the grounds of cartelization, are still pending before this



Court and in case those petitions are allowed, all the vends, including the 04 vends in question, would have to be re-auctioned which could result in loss to the administration which, in terms of clause 34 of the Policy, would be recoverable from the petitioner being the original allottee.

18. Learned counsel for the parties have been heard and with their able assistance the record of the case has also been examined.

DISCUSSION AND CONCLUSION

19. At the outset, it would be apposite to refer to the following relevant clauses of the Policy:-

*“21. **Financial Terms:** The successful bidder will be required to deposit an amount equal to 15% of total bid amount within seven bank working days, from the date of allotment. This amount has two components: one component, 7% of total bid amount, shall be deposited as Bank Guarantee and is non-adjustable, yet, refundable subject to clearance of dues, after the end of policy year. Second component of 8% of total bid amount, shall be payable in government treasury in form of RTGS/DD/online, and shall be adjustable against license fee, and the earnest money paid along-with application/tender document for bidding will be adjustable in this component.*

If the successful bidder fails to comply with the aforesaid condition of payment of security equivalent to 8% of bid money within 7 (seven) bank working days, the earnest money shall stand forfeited. In such a case, the liability of the highest tenderer will be limited only to the extent of earnest money tendered by him with the tender document, however, any other allotment in which he is a stake holder shall also be cancelled and the respective deposits made in the form of earnest money or security shall be forfeited and he will not be allowed to participate as a stake holder in any of future allotments during the Excise Policy Year 2025-26 (01.04.2025 to 31.03.2026).

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34. In case any situation arises, where re-allotment of a licence is required, the reserve price will be fixed by computing it from the original



license fee for the remainder period or the balance license fee as may be decided by the Department. In case no bid is received at this reserve price, the procedure prescribed for un-allotted licenses will be followed for allotment of that license. The re-allotment will be done at the risk and cost of original allottee. In case of any deficiency in the revenue, the balance/ deficient amount will be recoverable from the original allottee as arrears of land revenue but in case a higher bid is received, no benefit will be given to the original allottee.

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37. Payment of Licence Fee in Installments: *After adjusting the amount of security money equal to 8% of bid money deposited in the form of security against license fee, the licensee will be required to pay the remaining license fee in nine monthly installments (as shown below) or by December, whichever is earlier,*

<i>Month</i>	<i>Payment Schedule when allotment done on/before 31st March, 2025</i>
<i>April 2025</i>	<i>8%</i>
<i>May 2025</i>	<i>8%</i>
<i>June 2025</i>	<i>12%</i>
<i>July 2025</i>	<i>10%</i>
<i>August 2025</i>	<i>10%</i>
<i>September 2025</i>	<i>10%</i>
<i>October 2025</i>	<i>12%</i>
<i>November 2025</i>	<i>12%</i>
<i>December 2025</i>	<i>10%</i>
<i>January 2026</i>	<i>-</i>
<i>February 2026</i>	<i>-</i>
<i>March 2026</i>	<i>-</i>

In case any licensing unit gets successfully auctioned after 31st March, 2025, the licensee shall pay the remaining license fee in equal monthly instalments upto December 2025. Each instalment must be paid by 30th /31st of the month.

In case of late payment of any instalment an interest @1.5% per month to be calculated on daily basis shall be charged, if deposited by 15th of next month.

In case, the licensee does not deposit the complete license fee along with interest by 15th day of next month, however deposits minimum 50% of the license fee and applicable interest on total due amount @1.5% by 15th day of the next month, the licensee will be



allowed to deposit remaining license fee and applicable interest on remaining due amount @2% per month to be calculated on daily basis w.e.f. 16th day till the time, fee is deposited or till 25th day of the next month, whichever is earlier.

Further, in case licensee fails to deposit minimum of 50% of license fee along-with the total interest at 1.5% per month calculated on daily basis by 15th day of next month, the license will be suspended and the licensing unit will be closed by the way of sealing, by the department.

Further, in case the licensee fails to deposit pending/remaining 50% of license fee along-with the interest @2% per month calculated on daily basis by 25th day of the next month, the license will be suspended and the licensing unit will be closed by the way of sealing by the department.

After sealing (as the case may be whether on 16th or 26th due to non-payment of dues as mentioned above), the licensee shall have to pay the balance dues along with applicable interest@1.5% per month calculated on daily basis, to get his license operational.

The balance security money equal to 7% of bid money furnished in the form of Bank Guarantee shall be released, after clearance of all the dues, if any, pending towards the licensee, after the end of the policy year 2025-26.

If some liquor licensing unit are not allowed to open during the Excise Policy Year 2025-26(01.04.2025 to 31.03.2026), because of licensing unit falling in containment zone or lockdowns will be announced by the Govt. of India/ Chandigarh Administration, in such cases, proportionate reduction in licence fee and quota will be given.

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54. Transfer of allotment: - *The successful allottee would have the option to get his/her allotment of licensing unit transferred before or after the grant of license. However, such transfer shall be on the basis of following terms & conditions:-*

(i) The successful allottee/original licensee shall be required to deposit 1% of the license fee of the licensing unit as transfer fee.

(ii) The successful allottee/original licensee should not be a defaulter of revenue at the time of transfer of license.

(iii) Subsequent transfers are also allowed after depositing the 1% of the licence fee during the Excise Policy Year 2025-26 (01.04.2025 to 31.03.2026).



(iv) Before transfer of the licence of licensing unit, the prospective licensee shall submit all the required documents prescribed under the Excise Policy/Act/ Rules as applicable to U.T, Chandigarh.

(v) The request made by the successful allottee/ original licensee subject to for the transfer of licence shall be confirmation/approval by the Collector."

20. As per clause 21 of the Policy a successful bidder was required to deposit an amount equivalent to 15% of the total bid amount within seven bank working days from the date of allotment. Out of the said deposit, 7% of the total bid amount was required to be deposited in the form of a bank guarantee which was refundable but subject to clearance of dues, if any.

21. Clause 54 of the Policy permitted transfer of licences. Such transfer was subject to an initial deposit of 1% of the licence fee and could be sought by an allottee/ original allottee who was not a defaulter. Clause 54 of the Policy permitted subsequent/ multiple transfers.

22. Initially, the petitioner was allotted 09 liquor vends. In terms of clause 21 of the Policy, within the allocated period, the petitioner deposited 15% of the total licence fee which included furnishing of bank guarantees for an amount equivalent to 7% of the total licence fee. These bank guarantees for the 09 vends were for cumulative amount of Rs.3,43,77,000/-. On account of business exigencies, 04 of the 09 allotted liquor vends, in terms of clause 54 of the Policy, were sought to be transferred by the petitioner. Before applying for transfer of these 04 vends, the petitioner deposited with the respondent-administration the required 1% of the licence fee which cumulatively, for these 04 vends amounted to Rs.19 lakhs. Since, the petitioner was not a defaulter, the respondent-administration, through 04 separate orders, transferred the petitioner's licences. In the respective transfer orders, it was clearly mentioned by the respondent-administration that at the



time of transfer of the said 04 vends, nothing was due towards the respondent-administration from either the petitioner or any of the transferees.

23. It further remains undisputed that after the transfer of the 04 vends in question, on the asking of the respondent-administration, the respective transferees furnished bank guarantees to the respondent-administration cumulatively for an amount of Rs.1,36,50,000/- which was equivalent to the amount for which bank guarantees had been furnished by the petitioner for these 04 vends. Incidentally, the bank guarantees furnished by the 04 transferees are not equivalent to the 7% of the bid amount which they were required to pay from the date of transfer of the vends to them but 7% of the bid amount for the entire year. In addition to the furnishing of bank guarantees, the respondent-administration required the respective transferees to also deposit solvency certificates and surety bonds covering the entire bid amount, which they did. Through the aforesaid surety bonds, the respective transferees promised to indemnify the respondent-administration qua any loss that it may incur in the future qua the respective vend permitted to be transferred to them by the respondent-administration.

24. In the light of the above, the undisputed facts which have emerged are that 04 liquor vends, which were initially allotted to the petitioner, on deposit of 1% of the total licence fee by the petitioner, in terms of the Policy, stand transferred to the respective transferees. At the time of such transfer, qua these 04 vends, no amount was due from the petitioner to the respondent-administration. After their transfer, to secure the respondent-administration from any loss that the respondent-administration may incur in the future qua these 04 vends, the respective transferees have not only furnishing, with the respondent-administration, bank guarantees for an



amount equivalent to the entire licence fee but have also deposited solvency certificates detailing therein unencumbered properties owned and possessed by them as also furnished surety bonds covering the entire bid amount. Thus, the respective transferees having 03 times over fully secured the respondent-administration against any future loss that the respondent-administration may incur qua the vends in question, there is no justification whatsoever on the part of the respondent-administration to continue to cling on to the bank guarantees furnished by the petitioner before the transfer of the vends in question.

25. Once the 04 vends in question, as per clause 54 of the Policy, stand transferred, it would be the respective transferees who would step into the petitioner's shoes and it is them who would now be responsible for loss if any, to be suffered by the administration especially when, as above, the respective transferees have, on the asking of the respondent-administration also furnished more than adequate security/ surety to cover such loss, if any. After the respondent-administration has permitted transfer of the vends in question and that time given the petitioner a no due certificate and also thereafter accepted bank guarantees, solvency certificates and surety bonds from the respective transferees which cover the entire bid amount, the petitioner's umbilical cord with these 04 vends would be permanently severed.

26. Clause 54 of the Policy permits multiple transfers and if the stand of the respondent-administration is accepted then that would mean that qua one vend which would be the subject of multiple transfers the respondent-administration would accumulate multiple bank guarantees,



solvency certificates and surety bonds from the original allottee and each of the subsequent transferees which would be absurd.

27. In the light of the afore facts pendency of the writ petitions before this Court wherein allotment of vends by the respondent-administration has been challenged on the ground of cartelization by the respondent-administration by allotting 87 of the available 97 vends to only 12 entities cannot be made the basis for not releasing the petitioner's bank guarantees furnished by the petitioner qua the 04 transferred liquor vends. Further, the transfer of the vends in question by the respondent-administration was not subject to the decision in the said writ petitions. Even if those writ petitions are allowed and as the result thereof, the respondent-administration has to re-allot the vends and during such process it does suffer some financial prejudice, then qua the 04 transferred vends the burden of such financial prejudice could and would only fall on the respective transferees as they have been allowed by the respondent-administration to step into the petitioner's shoes especially when qua these 04 vends the petitioner does not owe anything to the respondent-administration and that the respondent-administration has also financially secured itself for these exigencies by accepting bank guarantees, solvency certificates and even surety bonds covering the entire licence fee from the respective transferees.

28. In the light of the afore discussion, we find the act on the part of the respondent-administration not to release the petitioner's bank guarantees for the aforesaid 04 transferred liquor vends to be totally unjustified. Resultantly, we allow all the three petitions with a direction to the respondent-administration to forthwith release the petitioners' bank guarantees furnished by them respectively qua the transferred liquor vends.



29. Costs @ Rs.25,000/-, in each case, shall be deposited by the respondent-administration with the Poor Patients Welfare Fund, PGIMER, Chandigarh.

(DEEPAK SIBAL)
JUDGE

(LAPITA BANERJI)
JUDGE

19.09.2025

gk

Whether speaking/reasoned:
Whether reportable:

Yes/No
Yes/No