IN THE HIGH COURT OF MADHYA PRADESH AT JABALPUR

BEFORE

HON'BLE SHRI JUSTICE VIVEK RUSIA

&

HON'BLE SHRI JUSTICE PRADEEP MITTAL

ON THE 15th OF APRIL, 2026

WRIT APPEAL No. 942 of 2026

SOM DISTILLERIES PVT. LTD. AND OTHERS

Versus

THE STATE OF MADHYA PRADESH AND OTHERS

Appearance:

Shri Naman Nagrath, learned senior counsel with Shri Rahul Diwaker, learned Advocate for the petitioner [P-1].

Shri Sanjay K. Agrawal, Senior Advocate with Shri Nitesh Kumar Barman, Advocate for the intervener.

Nitesh Kumar Barman, learned counsel for the respondent [INT].

Shri Harpreet Singh Ruprah, learned Additional Advocate General with Shri Adwitiya Parashar, Advocate for the respondent.

ORDER

Per. Justice Vivek Rusia

The appellant No.1/company has been granted licence D-1, CS-1, CS1-B under the M.P.Distillery Rules, 1995 for the manufacturing of spirits and other products . The appellant No.2 is also a company registered under the Companies Act, having a licence FL-9 & B-3 category under the Foreign Liquor Rules framed under the M.P. Excise Act. The appellants were served with a joint show-cause notice dated 26.2.2024 by the Excise Commissioner under section 31 of the M.P. Excise Act, 1915 on account of the conviction of 5 employees, Umashanker, Dinkar, Mohan Singh, Dinanath Singh and Shailender Singh for offences under sections 420, 467, 468, 470 and 120-B of IPC. According to the appellant these 5 persons have not been convicted under sections 34, 35, 36, 36A, 38, 38A or section 39 of the Excise Act in order to attract section 44 of the Excise Act and at the most they were employees of appellant No.1. The appellant submitted the reply to the show-cause notice stating that against the judgment of conviction, criminal appeal has been filed, in which, the sentence has been suspended. During pendency of the proceeding before the Excise Commissioner, the period of all the licences issued for the financial year 2024-25 had expired and the fresh licences 2025-26 were issued. Vide order dated 04.2.2026 the Excise Commissioner has suspended all eight licences issued to both the appellants for alleged conviction of five employees in excise of power under section 31 (1) of the M.P. Excise Act.

2. The appellant filed a writ petition before this Court challenging the impugned order dated 4..2.2026 *inter alia* on the ground that provisions of section 31(1-C) shall apply only when the conviction is under the M.P.Excise Act or any other law for the time being in force relating to revenue or any offence under the Dangerous Drugs Act 1930 or Indian Merchandise Marks Act or any under section which has been introduced in the I.P.C., section 3 of the Act.

3. The State filed a reply to the writ petition defending the impugned order passed by the competent authority .

4. The appellant/petitioners placed heavy reliance on a judgment passed by the Apex Court in case of ***NS Shethna and others Vs. Venubhai Harilal Panchal, 1966 SCC Online SC 239*** on the ground that under section 28 the licence during the currency of which SCN was issued was only up to 31.3.2024 and no fresh show-cause notice was issued for the licence issued for the financial year 2025-26.

5. The writ court distinguished the judgment passed in the case of ***N.S.Shethna (supra)*** and dismissed the writ petition. Hence, this writ appeal.

6. Admittedly, the period of all eight licences issued for the year 2025-26 has also expired on 31.3.2026. Shri Naman Nagrath, learned senior counsel, submits that the appellants have already applied for renewal of the licence but the Commissioner has not taken any decision due to the pendency of this writ appeal before this Court. The appellants/petitioners have not been permitted to clear the stock of liquor by way of sale manufactured during the currency of the licence issued for the 2024-25 & 2025-26, which is causing irreparable loss to the tune of Rs.122 crores and loss of revenue to the State amounting to Rs.79 crores.

7. Shri Harpreet Ruprah, learned Additional Advocate General, submits that this writ appeal has rendered infructuous and at the most direction can be given to the competent authority to consider the application for renewal on its own merits.

8. Shri Nagrath, leaned senior counsel submits that the appellants are apprehending that the respondents shall not grant the licences or renew the licences as the case may be because of the findings recorded by the writ

court, therefore, the writ appeal be kept pending and the interim direction be passed to consider the applications, and if the respondents grants the licences, the appellant shall withdraw this writ appeal and if the respondents reject the application due to judgment passed by the writ court, therefore certainly this writ appeal would be maintainable for adjudication on merit.

9. Shri Sanjay K. Agrawal, learned senior counsel for the intervener, opposes the aforesaid prayer by submitting that the application for issuance of a fresh licence can be considered in accordance with the provisions of the M.P. Excise Act and the Rules framed thereunder, and nothing remains in this writ appeal for adjudication, because the period of licence has expired.

Appreciation & Conclusions

10. Admittedly, the show-cause notice was issued during the financial year of 2023-24 and during the pendency of the show-cause notice and enquiry, the licences were renewed. The writ court has observed that there is no rule governing the issuance of a licence or the renewal of a licence in the state of Madhya Pradesh. The conditions enumerated in section 31 of the M.P. Excise Act apply only in the case of suspension and cancellation of a licence. The renewal application is liable to be considered in accordance with the Act, subject to the fulfilment of conditions for the grant of a licence. Therefore, the apprehension of Shri Naman Nagrath, learned senior counsel, is unfounded for the grant of renewal and issuance of licence/renewal is liable to be considered in accordance with law without being prejudice from the judgment passed by the writ court. So far as the clearance of stock already manufactured by the appellant and stored is

concerned, there is a specific provision that after expiry of cancellation of licence in Form D-1 the licencee shall place the entire stock of spirit under the sole control of Distirillery Officer which may be transferred or sold to another licencee within such 30 days of such cancellation or expiry of licence with the previous permission of Excise Commissioner. The State may also acquire or may exercise of purchase all or part of such balance at the rate fixed by the Government. Therefore, the balance stock of the appellant may be dealt with as per the law.

11. Therefore, in view of the above, the writ appeal is finally disposed of.

(VIVEK RUSIA)
JUDGE

(PRADEEP MITTAL)
JUDGE

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