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OFFICE OF THE COMMISSIONER OF EXCISE, ENTT. & L.TAX
GOVT. OF NATIONAL CAPITAL TERRITORY OF DELHI
L & N BLOCK, VIKAS BHAWAN, I.P. ESTATE, NEW DELHI - 110 002.

TERMS AND CONDITIONS FOR GRANT OF L-1 LICENSE (WHOLESALE VEND OF INDIAN LIQUOR AND FOREIGN LIQUOR) FOR 2021-2022.
(Rule 34 of the Delhi Excise Rules, 2010)

Licenses in Form L-1 for the wholesale supply of Indian Liquor and Foreign Liquor to the holders of L-7Z/L-7V & L-7SP1 licenses as granted by the statutory authority in the National Capital Territory of Delhi, will be granted for the year 2021-22 (hereinafter called the "the licensing year") in accordance with the terms and conditions described below: -

1. ELIGIBILITY TO HOLD LICENSE

- 1.1. The L-1 license to be issued only to high-end professional business entities with years of distribution experience comparable to that of global industry standards. High benchmark and strict parameters to be set for any entity that wish to be a L1 distributor in Delhi. These entities should have the expertise, experience, ambition and financial wherewithal to set up large scale distribution operations that can match global quality and industry standards.
- 1.2. The wholesale license in the Form L-1 shall be granted to a business entity having wholesale Distribution experience in the liquor trade in any State in India for at least 5 years.
- 1.3. No manufacturer shall be given the L-1 wholesale license. Any manufacturer that wishes to sell its products in Delhi will have to choose one of the licensed L1 distributors holding wholesale license for supply of Indian and Foreign liquor and also holding bonded warehouse licenses in the form of L-31 as an exclusive distributor, for all its brands.
- 1.4. Manufacturers will no longer need to have a mandatory bonded warehouse. L-1 license holders will be the only ones who will need to have bonded warehouses in Delhi.
- 1.5. The entity applying for the license in Form L-1 shall have a wholesale liquor distribution turnover of minimum Rs. 150 crore every year for 3 consecutive financial years (in the block of financial years 2017-18, 2018-19, 2019-20 and 2020-21). No manufacturer or retail licensee shall be allowed to apply for Wholesale License or vice versa. If wholesalers and manufacturers/ retailers are common entities, there is possibility of formation of syndicates leading to overcharging and brand influencing/pushing by entering into exclusivity arrangements with certain brands at the cost of exclusion of others. Also the L1 licensee cannot own any of the retail vends either directly or through any sister concerns. For this purpose, sister concerns/related entities shall mean that the entities should not have common proprietor or partners or directors. Majority ownership (51% or more) of the proprietorship or partnership or company shall not lie with the same person in all the entities. The entities shall not have a holding-subsidary relationship or are not subsidiaries of the same holding company."
- 1.6. Any entity eligible to execute a contract can apply for L-1 license. Joint Venture between entities is allowed to apply. In case of Joint Venture, at least one of the Joint Venture partner firm should individually have the required experience of 5 years in wholesale distribution of liquor and individually have liquor distribution turnover of minimum Rs.150 crore per annum."
- 1.7. The turnover and experience of the Joint Venture partners will not be added for the purpose of qualifying the minimum eligibility criteria.
- 1.8. Wherever manufacturers have wholesale licenses, if an entity is able to submit documentary evidence that it was the agent of the manufacturer and managing their entire wholesale operations, that part of the experience and turnover of the manufacturer which was managed

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by the applicant agent will be counted to meet the eligibility requirements of the applicant agent.

- 1.9 For the purpose of qualifying the eligibility criteria, only the turnover of entire wholesale distribution business consisting of IMFL, BIO and Foreign Liquor will be counted. To illustrate, in case of applicants from Delhi – the turnover means WSP + excise duty for L-1 & L-1F. For the applicant from other States – equivalent criteria to be considered.
- 1.10 The new L1 license will be an all-encompassing license that includes the permissions granted in the existing regime under L1, L1F, L2. No separate L-1F license will be issued for distribution of foreign liquor as the new L-1 license will cover all IMFL, FL, Beer, Wine and all other forms of liquor except Country Liquor.
- 1.11 No manufacturer or L-1 license holder shall be allowed to bid for retail vend or vice versa. If retailers and manufacturers/wholesalers are common entities, there is possibility of formation of syndicates leading to overcharging and brand influencing/pushing by entering into exclusivity arrangements with certain brands at the cost of exclusion of others. The retail license holder shall not have any manufacturing facilities/distilleries/ breweries/wineries anywhere in the country or abroad either directly or through any sister concerns/related entities. For this purpose, sister concerns/related entities shall mean that the entities should not have common proprietor or partners or directors. Majority ownership (51% or more) of the proprietorship or partnership or company shall not lie with the same person in all the entities. The entities shall not have a holding-subsidary relationship or are not subsidiaries of the same holding company.
- 1.12 Since the L-1 license holder can neither be a manufacturer nor a retailer, the present L-9 license which gives the permit to sell Indian Liquor in retail vend to L-1 Holders is discontinued.

2. REGISTRATION OF BRANDS AND ELIGIBILITY OF BRANDS FOR SALE IN THE NATIONAL CAPITAL TERRITORY OF DELHI

- 2.1 All the brands for sale in the National Capital Territory of Delhi shall be registered with the Excise Department of the Government of National Capital Territory of Delhi (hereinafter called "the Excise Department").
- 2.2 The registration of brands shall be open throughout the licensing year 2021-22 on payment of brand registration fee of Rs. 1 lakh per brand and Label Registration fee of Rs.5,000/- (Rs. Five thousand) per label.
- 2.3 The registration and approval of the brands shall be subject to the brands fulfilling, all other conditions of the Delhi Excise Act, 2009 and the Rules made there under, besides the following conditions: -
 - a) Registration of brands and labels can be done either directly by the manufacturer or by L-1 licensee on behalf of the manufacturer during the course of the excise year. Further, any manufacturer can also change from one L-1 licensee to any other L-1 licensee after liquidation of entire inventory and giving a minimum of 10 days clear notice to the Excise Department.
 - b) It shall be a product of a manufacturing unit (including a bottling unit) duly licensed by the respective Government.
 - c) It shall be made from neutral alcohol (double distilled), extra neutral alcohol, etc. Each and every consignment of Indian Liquor imported into Delhi is



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accompanied by a certificate of quality report duly certified by both the Technical head of the unit and the Excise authority attached to the unit confirming that the products are as per BIS standard and produced out of ENA.

- d) i) Only such Indian Liquor brands, as have their Trade Mark registered, shall be allowed registration in Delhi. However, the brands with registered trademark licensed to the applicant under a valid agreement made in accordance with the Trade Mark Act, 1999 will be permitted.
- ii) The brands with Foreign Trade Mark Registration Certificates (TMCs) will be allowed registration in the Licensing year 2021-22 provided they have applied for registration to the Trade Mark Registration Authority of India before the submission of application for registration of the particular brands, subject to the condition that no brand shall be allowed to be registered in Delhi having identical or deceptively similar Trade Mark which is already registered in the name of a different proprietor in respect of the same goods or description of goods. This will however be subject to the verification of authenticity of Foreign Trade Mark Registration Certificate (TMC) by the concerned Issuing Authority.
- iii) Trade Mark Registration Certificate is not required for brands of Wine and Beer.
- e) The cost of the inspection for verification of sale figures, as prescribed hereinafter, shall be borne by the applicant. If any brand does not fulfill the required criteria for registration as mentioned below, the applicant will have no right for refund of expenses/cost borne by him for the sale verification.
- f) The Whisky brands shall be divided into five categories so far as the eligibility for Licensing/registering various brands is concerned. These categories are as follows: -

CATEGORY I (Economy Brands of Whisky) (Brands with retail price up to Rs.140/-per quarts)

These brands shall be allowed registration in Delhi only if the brand has sold a minimum of 80,000 (Eighty Thousand) cases in any of the two preceding financial years i.e., 2019-20 or 2020-21 excluding Delhi. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

CATEGORY II (Brands with retail price between Rs.141/- and 250/-per quarts)

These brands shall be allowed registration in the National Capital Territory of Delhi only if the brands have sold a minimum of 1,20,000 (One lac twenty thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-20 or 2020-21. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

CATEGORY III (Brands with retail price between Rs.251/- and Rs. 400/-per quarts)

These brands shall be allowed registration in the National Capital Territory of Delhi only if the brands have sold a minimum of 60,000 (Sixty Thousand)

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cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-20 or 2020-21. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

CATEGORY IV (Brands with retail price from Rs.401/- per quarts and above)

No sale figures will be required in this category.

CATEGORY V

An international whisky brand being bottled in India and with retail price up to Rs.600/- per quarts shall be registered only if it has sold over 5,00,000 (Five lac) cases worldwide in any of the two preceding financial year i.e., 2019-20 or 2020-21. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

The above eligibility conditions will apply to new brands as well as to the existing brands at the time of the registration for the licensing year 2021-22.

- g) The Rum brands shall be divided into three categories so far as the eligibility for Licensing / registering various brands is concerned. These categories are as follows: -

CATEGORY I (ECONOMY RUM BRANDS)

A Rum brand with retail price up to Rs.120/- per quarts shall be registered only if it has sold 50,000 (Fifty Thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-2020 or 2020-2021. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

CATEGORY II

A Rum brand with the retail price between Rs. 121/- and Rs. 250/- per quarts shall be registered only if it has sold 60,000 (sixty thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e.,2019-2020 or 2020-2021. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

CATEGORY III

For Rum brands with the retail price above Rs. 250/- per quarts, no sale limit has been prescribed.

The above eligibility conditions will apply to new brands as well as to the existing brands at the time of the registration for the licensing year 2021-22.



- h) The Beer brands shall be divided into five categories so far as the eligibility for Licensing / registering various brands is concerned. These categories are as follows: -

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CATEGORY I

A Beer brand with above 5 per cent alcoholic strength & MRP up to Rs.100/- per quarts shall be registered only if it has sold 3,50,000 (Three lakh fifty thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-2020 or 2020-2021. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled any time during the financial year 2021-22.

CATEGORY II

A Beer brand up to 5 per cent alcoholic strength & MRP up to Rs.100/- per quarts shall be registered only if it has sold 1,50,000 (One lac fifty thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-2020 or 2020-2021. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled any time during the financial year 2021-22.

CATEGORY III

For Beer brands with alcoholic strength above or below 5% (both) with Maximum Retail Price (MRP) of above Rs.100/- per quarts bottle (650 ML), no sale limit has been prescribed.

CATEGORY IV

For Diet Beer brands, no sale limit has been prescribed. Diet Beer should have alcoholic strength below 5% and caloric value less than 31 g per 100 ml.

CATEGORY V

An international Beer brand (including mild beer) shall be registered only if it has sold over 5,00,000 (Five lac) cases worldwide in any of the two preceding financial years i.e., 2019-2020 or 2020-2021. The above eligibility conditions will apply to brands for future registration as well as to the existing brands at the time of registration for the licensing year 2021-22.

- i) For Gin/ Brandy/ Vodka/ /wine/ Liqueur/Alcopop/Mixed Alcoholic Beverages with alcoholic strength of less than 8% and other liquors, no sale limit has been prescribed.
- j) Indian Liquor Brands (Whisky and rum only) having retail price up to Rs.140/- declared, as economy brand will also be sold through L-7Z/L-7V vends. The existing L-14 license has become redundant. Economy brands



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will be sold only in two categories (75 degree and 60 degree) of retail price up to Rs.140/-. L-1 licensee will be allowed to lower ex-distillery/wholesale price so as to bring their brands at par with the economy brands. However, once a brand has been declared as economy brand, it shall continue to be so, during the currency of the licensing year and the licensee shall not be permitted to opt out of this category once he has exercised his option.

3. LICENSE FEE

- 3.1 The annual L-1 License fee for the year 2021-22 shall be Rs. 5 Crore irrespective of the number of brands.
- 3.2 A nominal charge of Rs.5000/- will be levied for each bonded warehouse to be granted in the Form L-31
- 3.3 The L-1 license so issued shall be granted the rights to make supplies of Indian Liquor & Foreign Liquor to L-7V & L-7SP1, on payment of levies as per Chapter X of the Delhi Excise Rules, 2010.

4. INFORMATION REGARDING OTHER RELATED LICENSE

- 4.1 Holders of L-1 licenses will be permitted, under Rule 66(1) of the Delhi Excise Rules 2010 to sell Indian Liquor and Foreign liquor, including beer, only to vends having license in form L-7Z/ L-7V & L-7SP1 liquor licenses granted by the statutory authorities and cannot sell directly to any other permit/license holder including Hotels, Clubs and Restaurants holding licenses in form of L-15, L-16, L-17, L-18, L-19, L-20, L-21, L-28, L-29, L-38.
- 4.2 The Excise Department shall be under no obligation to grant any particular number of L-7V& L-7SP1 liquor licenses. The holder of L-1 licenses shall not be entitled to any compensation or relief on the ground that a particular number of L-7V& L-7SP1 liquor licenses were not granted.
- 4.3 Each Licensee in the form of L-1 shall have to maintain one or more bonded warehouses in form of L-31. The Licensee shall be responsible for any act of omission or commission done by the entity or by the person appointed by the entity as authorized representative/executive/ manager/agent or attorney for carrying out day to day business affairs. The person so appointed once shall not be changed during the currency of the license without the prior intimation to the Deputy Commissioner Excise, Govt. of NCT of Delhi (hereinafter called "the Deputy Commissioner"). Each bonded warehouse shall contain clearly demarcated spaces manufacturer wise, brand wise and SKU wise. The licensee shall inform in advance to the Deputy Commissioner excise about the list of manufacturers and list of brands stored in each licensed bonded warehouse.

5. SALE HOURS AND DRY DAYS (Rules-52, 55 of Delhi Excise Rules, 2010)

The Government shall declare any day as dry day in accordance with Rule 52 of the Delhi Excise Rules, 2010 which may be at par with the neighboring States. The holders of L-1 licenses shall not be entitled to any compensation or relief due to any increase in the number of dry days or due to change in the working hour of the bonded ware-house or of retail vends during the course of the licensing year. Working hour for liquor and bonded warehouse shall be decided by the competent administrative authority. The bonded warehouses of licensees may open one hour prior to the timings of liquor shops. As stipulated under Rule 52 of Delhi Excise Rules, 2010, the fee of Rs.5000/- shall be charged for only in-bonding of consignment on each dry day.



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6. PROCEDURE TO APPLY:

6.1 Application in the prescribed form (Annexure I) together with its appendices 'B' and 'C' for the grant of license shall be made to the Deputy Commissioner. In case, the applicant is a company incorporated under the Companies Act, the application shall be signed by the Managing Director or Director of the company duly authorized by the board of directors of the company concerned. In case of individual/partnership concern or a society registered under the Co-operative Societies Act, the application shall be signed by the Proprietor, duly authorized working partner, President or secretary of the society, as the case may be. Copy of PAN Card and identity proof along with photograph and address of the applicant/constituents shall be submitted along with application.

Apart from the affidavits filed by an applicant for L-1 license regarding sale figures, the applicant for the L-1 license shall have to furnish the following along with the application:

(i) A certificate from the excise authorities of the concerned State countersigned by an officer not below the Excise Officer as regards the sale figures and Ex Distillery Price (EDP).

(ii) The applicant will also be required to furnish attested photocopies of the export pass/export verification certificate (EVC) issued by the Excise authorities as a further proof of the sale figures.

The applicant and attorney/authorized signatory both will be liable for providing any wrong information in this regard.

6.2 Information as required for this purpose in the application form shall be furnished with complete details truly and faithfully, so as to enable the smooth processing of application for grant of L-1 license. The applicants shall not be entitled to any relief or compensation on account of delay in the finalization of their case for the grant of license.

6.3 The attention of the intending applicants is invited to the provisions of Rule 21 of the Delhi Excise Rules, 2010, regarding the period for which license may be granted.

6.4 No applicant shall be granted a license in Form L-1 who is not eligible to hold a license and does not fulfill, *inter alia*, all the requirements of Rule 23 of the Delhi Excise Rules, 2010.

7. OTHER CONDITIONS OF LICENSE:

7.1 License in Form L-1 for the licensing period shall be *inter alia* subject to the general conditions as contained in Rules 34, 35, 36, 37, 38, 39, 50, 51, 53, 61, 62, 63 and 66(1) of the Delhi Excise Rules, 2010, and orders/instructions issued there under, from time to time, and any law in force in the National Capital Territory of Delhi relating to liquor and bonded warehouses.

7.2 These terms and conditions, unless repugnant to the express provisions of the Delhi Excise Act, 2009, and the Rules made thereunder, shall be in addition to the said Act and the Rules which are deemed to be incorporated in these Terms & Conditions as if they are expressly set out herein. Applicants are advised to access, read and understand the same before applying.

7.3 (a) The licensee shall keep one week's stock in his bonded warehouse at all times, of all the brands approved for sale in the National Capital Territory of Delhi, so that uninterrupted supply to the retail vends/outlets can be maintained throughout the licensing year. In case, the licensee fails to maintain the required stock, action under section 16, 17 and other relevant sections of the Delhi Excise Act, 2009, shall be taken against him.



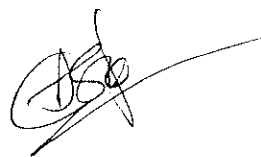
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- (b) Each Licensee should set-up a Government approved mechanism/ laboratory at its bonded warehouses granted in the form of L-31 to check the presence of spurious liquor in each batch of liquor received from the manufacturers. The L1 license holder will have the right and responsibility to systematically check the product being sent to them for spurious liquor and will have to inform the Excise Department in case any spurious liquor is found in their supplies. Excise Department will separately issue SOP in this regard. All the licensee will be bound by the provisions of the Delhi Value Added Tax (VAT) Act, 2004.
- (c) The Deputy Commissioner (Excise) and the licensee shall monitor demand supply patterns, assure normalization of supplies to retail vends in the form of L-7Z, L-7V & L-7SP1 and shall prevent supply of spurious and adulterated liquor by manufacturers, vend owners and wholesale distributors.
- (d) Breach of terms and conditions may result in non-issue of import/transport permits and suspension/cancellation of L-1 license.
- (e) The Licensee shall adhere to all instructions/orders of the Department regarding supply of consignment to the retail vends of liquor. This includes instructions/orders regarding bar coding

7.4 The licensee shall not sell any liquor not conforming to the specifications prescribed by the Commissioner or if he has not prescribed any specifications, to the specifications laid down by the Indian Standards Institute now known as Bureau of Indian Standards. The consignment of liquor should be free from sedimentation or foreign particle.

7.5 The licensee shall furnish to the Deputy Commissioner a declaration in writing by the 8th of every month certifying that he has cleared all outstanding Excise revenues and other dues recoverable from him. The Deputy Commissioner or any Excise officer may refuse to issue any pass or permit to the licensee in the absence of such declaration or for any sufficient reasons to be recorded in writing, if he has reasons to believe that the licensee has not, on demand, paid any dues recoverable under sections 29 and 30 of the said Act or the dues payable on account of undue pecuniary benefits obtained by the licensee due to furnishing of wrong information or/and suppressing the material information furnished to the Excise Department at the time of fixation of wholesale price for their brands of Indian Liquor/Beer/ Wine/Rum/Gin/Vodka/ Liqueur/Alcopop/Mixed Alcoholic Beverage, Foreign liquor & other liquors. The licensee shall not be entitled to any compensation or relief on account of such refusal.

7.6 Original/photocopy of challan and invoice duly attested by the Excise authority for each of the consignments of all Indian Liquor/Beer/Wine/Rum/Gin/Vodka/Liqueur/Alcopop/Mixed Alcoholic Beverage, Foreign liquor & other liquors shall be handed over to the Excise Inspector posted at the licensed premises at the time of in bonding of each consignment. In case, challan is available but invoice is not available, the consignment of all Indian Liquor/Beer/Wine etc. following any such consignment for which invoice was not available shall be in bonded when photocopy of the invoice for the previous consignment is handed over to the excise Inspector posted at the licensed premises. The licensee shall submit the weekly stock position on every Monday to the Deputy Commissioner.



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7.7 For implementation of the Excise Supply Chain Information Management System (ESCIMS), the standard operating procedures for bar coding shall be made available to all the licensees of the Department of Excise, Entertainment and Luxury Tax of NCT of Delhi, who shall be required to procure, install and make necessary provisions for IT and non-IT infrastructure at his licensed premises as may be required for successful implementation of the Excise Supply Chain Information Management System. The Licensee shall adhere to all instructions/orders of the Department regarding supply of consignment to the retail vends of liquor. This includes instructions/orders regarding bar Coding. Further, Excise Adhesive Labels (EALs) manufactured by SPMCIL shall be implemented in a timely manner as and when directed by the Department. The new labels that would be introduced will have high end security features which cannot be cloned and duplicated, thereby extenuating the chances of duty evasion.

7.8 The licensees are required to make the arrangement of the following in BWH/ Warehouse to ensure successful implementation of **Excise Supply Chain Information Management System (ESCIMS)**:

- (i) Latest Specs Desktop with Windows Operating System, Anti-Virus (with latest patches).
- (ii) UPS for adequate capacity to support equipment in case of power shutdown.
- (iii) High speed Broadband Internet Access with Wi-fi enablement in the operating area
- (iv) Laser/Inkjet Printer
- (v) Bar Code Printer
- (vi) Adequate Number of HHTs (models suggested)

S. No.	Activity	Parameters	HHTs Required
1	IP Receiving for a window of 4 hours (2:00 pm to 6:00 pm)	<=500 cases per hour	1
		>500 and <=1000	2
		>1000 and <=1500	3
		>1500 and <=2000	4
		>2000 and <=2500	5
		>2500 and <=3000	6
		>3000 and <=3500	7
		>3500 and <=4000	8
2	TP Dispatch for a window of 2 hours (11:00 am to 1:00 pm)	<=250 cases	1
		>250 and <=500	2
		>500 and <=750	3
		>750 and <=1000	4
		>1000 and <=1250	5
		> 1250 and <=1500	6
		>1500 and <=1750	7

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>1750 and <=2000	8
>2000 and <=2250	9
>2250 and <=2500	10
>2500 and <=2750	11
>2750 and <=3000	12
>3000 and <=3250	13
>3250 and <=3500	14
>3500 and <=3750	15
>3750 and <=4000	16
>4000 and <=4250	17
>4250 and <=4500	18
> 4500 and <=4750	19
>4750 and <=5000	20

- (vii) Consumables as per specs - paper, labels, ink, etc.
- (viii) Adequate Number of Trained Manpower to manage simultaneous operations
- (ix) Desktop for Excise Inspector at BWH with Broadband Internet Access. The cost of bar code generation/affixation and other related costs including service tax shall be borne by the licensee.

Note: *The figures given above for implementation of ESCIMS is indicative only. The Licensing Authority will judge the sufficiency of the no. of HHT & other hardware at the time of grant of License.

8) **FIXATION OF WHOLESALE PRICE:**

Price for final WSP/ Price to Retailer will be fixed by the Excise Commissioner as under:

For IMFL:

Sr No	Price Parameter	Rate of Calculation
1	EDP (per case)	Determined
2	Export Pass Fees (per case)	As per Exporting State Rule
3	Import Pass Fees	₹50 per case
4	Freight Charges	₹300 + ₹30 per km for 600 cases
5	Handling Charges (per case)	₹10
6	Insurance Charges (per case)	@0.3% on #1
7	Landed Price	=(1+2+3+4+5+6)
8	Profit Margin	12% of #7
9	WSP	=(7+8)
10	Excise Duty	As per Rule 152
11	VAT	Applicable VAT Rate x (9+10)
12	Final WSP/ Price to Retailer	=(9+10+11)

For Foreign Liquor (FL):

Sr No	Price Parameter	Rate of Calculation
1	Cost, Insurance & Freight (per unit)	Determined
2	Customs Duty (per unit)	As per the Customs Act 1962 & Rules
3	Import fee (per quart)	Rs.50/-
4	Profit Margin (per unit for manufacturer)	Determined by Licensee
5	EDP (deemed)	=(1+2+3+4)

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6	Profit margin for L1	12% of 5
7	WSP (per unit)	=(5+6)
8	Excise Duty (per unit)	As per Rule 152
9	VAT	Applicable Rate x (7+8)
10	Price to Retailer	=(7+8+9)

9) DECLARATION OF EDP

- (a) The EDP* will be declared on the basic premise of lowest EDP/Ex-Brewery/Ex-Winery Price (EWP) Price net of all duties/fees, discounts/commission of whatsoever nature allowed in respect of any market in India, excluding NCT of Delhi and CSD.
- (b) For this purpose, the minimum ex-distillery price (EDP)/ Ex-Brewery Price (EBP)/ Ex-Winery Price (EWP) during the period of 1st April 2020 to 31st March 2021 will be the basis for the fixation of the pricing.
- (c) It shall be incumbent upon the supplier to pass on the benefit of lowering of EDP/EBP/EWP in any of the States post approval in Delhi, within 7 days to the Excise Commissioner of Delhi, to enable him to re-fix the WSP.

*The prices so declared, shall not be varied/increased during the Licensing Year. However, Excise Commissioner may allow one-time downward revision of price during the licensing year. If as a result of downward revision, the brand moves to a category with higher sales criteria, the revision shall not be allowed unless, the brand satisfies the higher sales criteria so prescribed.

10. GRANT OF LICENSE

10.1 All the applications for the grant of fresh L-1 license shall be subject to acceptance by the competent authority, who, may accept or reject the application. The licensing authority or the Government shall be under no obligation to grant any license for which application has been made.

10.2 An applicant whose application is accepted, for grant of license on being informed, shall complete the following formalities within 30 days from the date of communication of such acceptance of his application: -

(a) He shall pay the license fee on being informed/issue of letter of acceptance. For all categories of Indian Liquor/Beer/ Wine/Rum/Gin/ Vodka/Liqueur/ Alcopop/ Mixed Alcoholic Beverage, Foreign liquor & other liquors, Label Registration fee shall be deposited as soon as the EDP/EBP/EWP of the brand is approved.

(b) He shall furnish a security of a sum of Rs. 2,00,000/- (Rupees Two lakhs) per brand in the form of FDR as per rule 68 of Delhi Excise Rules 2010 except in case of Wine, Liqueur, Alcopop & Mixed Alcoholic Beverages for which the security amount shall be Rs.25,000/- per brand only.

(c) He shall furnish a personal bond with the surety in the sum of Rs.5,00,000/- (Rupees five lacs) only in the manner as may be prescribed by, and to the satisfaction of the Deputy Commissioner.

(d) He shall submit the following additional documents to the Deputy Commissioner:



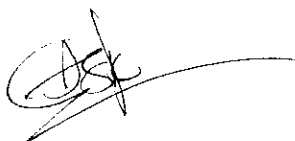
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- (i) Recent passport size photographs of Managing Director and Attorney of the Licensee along with copy of PAN card and photo identity proof indicating address of the applicant.
- (ii) A site plan of the premises proposed for opening of liquor bonded warehouse.
- (iii) The licensee shall furnish names, addresses and photographs of each of the employees working at the bonded warehouse to the Excise Department.
- (iv) Proof of lawful possession of the premises to be used as BWH/Warehouse.

(e) The grant of L-1 (wholesale) license shall be subject to the acceptance of these terms and conditions as a whole and the licensee should adhere to all provisions of the Delhi Excise Act, 2009, the Delhi Excise Rules, 2010 and instructions issued there under.

11. PREMISES

- 11.1 The building for the warehouse shall be arranged by the applicant. He shall furnish a correct plan of the premises, which he proposes to use for the purpose of his business under his license and of the entire building. The plan shall be submitted in duplicate, showing the plan and elevation of the premises and the position of various rooms, cupboards, racks and all-important details connected with the warehouse. A no objection certificate from the landlord with regard to the premises for the storage of liquor, if it is not owned by him, shall also be necessary. The Deputy Commissioner, after making such enquiries of the details of the building, submitted by the applicant; furnish a report to the Excise Commissioner. The Excise Commissioner shall, if he is satisfied that the condition of the proposed building for the warehouse is suitable for the storage and supply of liquor to the liquor vends, accord his approval.
- 11.2 The building of the warehouse shall be pucca along with RCC structure with suitable locking arrangements and sufficient storage capacity but not less than 500 square feet located in approved commercial or industrial area, in any case having two openings and proper electrical fittings. However, only one gate shall be used and the other shall remain locked. The keys are to be kept in the custody of Bond Inspector and to be used in case of emergency.
- 11.3 The licensed premises/BWH should have adequate fire safety equipments/arrangements. The licensee should submit an affidavit with regard to fire safety arrangements at the BWH.
- 11.4 The license for bonded ware house will be allowed on payment of a license fee of Rs.5,000/- (Five thousand only).
- 11.5 Each L-1 licensee can have more than one bonded warehouse registered in form L-31. Each bonded warehouse shall contain clearly demarcated spaces manufacturer wise, brand wise and SKU wise. The licensee shall inform in advance to the Deputy Commissioner excise about the list of manufacturers and list of brands stored in each licensed bonded warehouse. The Excise Commissioner may allow licensee to have additional warehouse for the storage of liquor on payment of a fee of Rs.5,000/- (Five Thousand) per month.
- 11.6 The licensee holding L-1 license shall install CCTV system in their premises i.e., bonded warehouses with a live feed being centrally provided to the office of Deputy Commissioner (Excise). The recording of CCTV data shall be maintained for a minimum of 30 days.



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12. PAYMENTS

- 12.1 The licensee shall make all the payments to the Government in connection with the operation of his license in cash or by bank draft drawn in the name of the Deputy Commissioner Excise, Government of National Capital Territory of Delhi.
- 12.2 The licensee shall pay interest @ 12 % p.a. (simple interest) from the date on which any payment recoverable from him under section 30 of the Delhi Excise Act, 2009, becomes due to the Government until the date such payment is actually made or such amount is actually recovered, whatsoever may be the reason for the lapse of time before payment is made or recovery is effected.
- 12.3 The licensee shall not be entitled to any interest or any other relief or compensation on account of any delay in the payment of any amount to him by the Government.

13. PROHIBITION

- 13.1 In pursuance of the Directive Principles of the State Policy relating to prohibition, contained in Article 47 of the Constitution of India, the Government of the National Capital Territory of Delhi may issue orders and directions from time to time and such orders and directions shall be binding on the licensee and no compensation shall be payable on that account.
- 13.2 The licensee shall *inter alia* abide by the following prohibition measures namely:
 - (1) The licensee shall not display any neon or glow signs in and around the licensed premises to attract the customers.
 - (2) The licensee shall display a notice board prominently in front of the licensed premises declaring that "Drinking of Liquor is injurious to health".
 - (3) All persons employed by the licensee in the licensed premises shall be required to possess identity cards issued under the signatures of the Assistant Commissioner (Excise) and the employees shall be required to produce the identity cards on demand by the Excise Officer or any officer not below the rank of Sub-Inspector.
 - (4) The licensee shall not keep nor distribute, sell or publish/have displayed any advertising material of its liquor products or products having similar nomenclature which are directly or in directly likely or intended to promote the sale or consumption of liquor by way of advertising in newspapers, hoardings, banners etc. Eco-friendly carry bags with advertisements/messages can, however, be supplied to the patrons subject to such advertisement/messages not exhorting people to take to drinking.
 - (5) No licensee shall advertise its liquor products or any product having similar nomenclature of liquor product unless such advertisement conforms to the program code and advertisement code as laid down in the Cable Television Network (Regulation) Act, 1995 and Cable Television Network Rules, 1994.

14. EXECUTION OF BOND

The licensee shall be required to execute a bond for the payment of duty as required under rule 68 of the Delhi Excise Rules, 2010, at the time of issue of permit in respect of each and



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every consignment while importing liquor into the National Capital Territory of Delhi and only after payment of import fees fixed by the Commissioner, with the prior approval of the Government, on Indian Liquor excluding beer before issue of the import permits. The Excise Duty shall be payable by the L-1 Licensee at the time of issue of Import Permits.

15. FURNISHING OF INFORMATION

The licensee shall be bound to furnish any information in connection with L-1 license truly and faithfully within a time as may be prescribed by the Commissioner or the Deputy Commissioner or the Assistant Commissioner or any other Officer of Excise Department. Refusal to furnish the information, furnishing of false information or non-compliance of the orders will be regarded as a breach of the terms and conditions of the license. Breach of terms and conditions may also result in non-issue of import/transport permits and suspension/cancellation of license.

16. The license will be cancelled in case any of the above criteria is violated with a permanent ban on distributing liquor in Delhi and the entire license fees will be forfeited. The Commissioner/Deputy Commissioner reserves the right to cancel or suspend any L-1 license as per provisions of section 17 of Delhi Excise Act, 2009.

17. The Government reserves the right for a mid-term review of manner of levying duties / fees and amount of duties / fee etc. to be paid / payable in case any amendment is made to the Act, Rule or Law related to liquor & bonded warehouse in Delhi during the period of license. Accordingly, the changes if any shall be binding to all the L-1 licensees.


(ARAVA GOPI KRISHNA)
(IAS)
COMMISSIONER (EXCISE)