
(2026) 03 UK CK 1334

In the Uttarakhand High Court

Case No : Writ Petition (M/B) No. 381, 383 Of 2025

M/s Manish Taxi Service And Another

APPELLANT

Vs

Airports Authority Of India

RESPONDENT

Date of Decision : 20-03-2026

Acts Referred:

Arbitration And Conciliation Act, 1996 — Section 9

Citation : (2026) 03 UK CK 1334

Hon'ble Judges : Manoj Kumar Gupta, CJ; Subhash Upadhyay, J

Bench : Division Bench

Advocate : Jitendra Chaudhary, Digvijay Rai, Shobhit Saharia, Y.S. Chaudhary

Final Decision : Dismissed

Judgement

Manoj Kumar Gupta, CJ

1. These writ petitions are between the same parties and arise out of a Concession Agreement executed by the respondent in favour of petitioner No. 1 (proprietorship concern of petitioner No. 2), and are, therefore, being decided by this common order.

2. In WPMB No. 381 of 2025, the petitioners have approached for quashing of the termination notice / order dated 31.05.2025, issued by the respondent, i.e. Airports Authority of India (for short hereinafter referred to as 'AAI') terminating the Concession Agreement dated 07.11.2023 for default on part of the petitioners in fulfilling their obligations regarding payment of license fee and maintaining a specified amount of bank guarantee and for restraining AAI from interfering in the functioning of the petitioners in pursuance of the Concession Agreement dated 07.11.2023.

3. In WPMB No. 383 of 2025, the petitioners have challenged the Notice Inviting Tender (NIT) dated 01.05.2025 for grant of short term license for operating snack bar at Dehradun Airport and allotment, if any, made in pursuance thereof, and also for restraining AAI from interfering in the functioning of the petitioners

as a concessionaire on basis of Concession Agreement dated 07.11.2023.

4. The facts, necessary for disposal of the writ petitions, are as follows:

(a) On 25.01.2023, respondent-AAI issued an e-tender notice inviting request for proposal (RFP) for Concession to Design, Fit out, finance, develop, market, operate, maintain and manage the Food and Beverage outlets at Dehradun Airport for a period of seven years. Thereunder, 10 F&B outlet sites having gross floor area 429.61 square meters was earmarked for the purpose. The term of concession was seven years. Six bidders participated in the tender process. The petitioner firm was declared L-1 during the financial round Stage-II, as it quoted highest price at the rate of Rs. 51.70 per passenger. On 24.05.2023, a letter of intent was issued in favour of the petitioner firm.

(b) According to Clause-9 of LOI, the petitioner firm was required to deposit security in shape of bank guarantee under phase-1 in a sum of Rs. 7,46,67,208/- with validity of four years from the date of commencement of the Concession Agreement with the respondent-AAI. The petitioners deposited the said amount in three parts, (a) BG of Rs. 1 crore issued by HDFC Bank Dehradun dated 03.07.2023 (b) BG of Rs. 6 crores issued by HDFC Bank Dehradun dated 09.10.2023 and (c) BG of Rs. 46.68 lakhs issued by HDFC Bank Dehradun dated 07.11.2023.

(c) On 07.11.2023, Concession Agreement was executed between the petitioner firm and the respondent-AAI.

5. According to the petitioners, after expiry of gestation period of 90 days from the date of LOI, the AAI was obliged to hand-over the entire area measuring 429.61 square meters and whereafter only liability to make payment would accrue, but the AAI delivered possession in phases starting from 29.11.2023 till September, 2024. On the other hand, according to AAI, the gestation period was 60 days from Access Date of each location (site) and not 60 days from the date of issuance of LOI. Accordingly, it raised bills on pro-rata basis from the date access was provided to any particular site and this was in accordance with the contract. But the petitioners defaulted in payment of the same. There is also dispute between the parties regarding demand of 5% increased lease-rent upon expiry of one year of the execution of the Concession Agreement.

6. The AAI issued several notices of demand for payment of the license fee, but when the demand was not met, it issued Show Cause Notice dated 02.04.2025 to the petitioners alleging non-compliance of Clause 10.4.2 of the License Agreement, viz "Non clearance of outstanding dues as per agreement conditions." The sum, stated to be outstanding against the petitioners, was Rs. 3,77,28,522/- as on 31.03.2025 excluding interest on delayed payment. The petitioners were required to submit their explanation within three days from the date of issuance of notice as to why appropriate action may not be taken against them for non-compliance. It was followed by another notice dated 16.04.2025 reiterating the default on part of the petitioners in paying the outstanding license

fee and requiring the petitioners to clear the dues within three days of issuance of the notice, failing which the outstanding dues would be adjusted from the security deposit without any further notice and reference to the petitioners. The petitioners were also warned that in case the default continues, further action, as deemed fit including termination of license, may be taken, if situation so warrants. However, the petitioners disputed the demands and, therefore, did not pay the amount. Consequently, AAI adjusted a sum of Rs. 4,78,93,927/- (Rs. 3,89,05,633 towards the principal amount and Rs. 89,88,294/- as penal interest) against the outstanding dues as on 09.05.2025 by encashment of the bank guarantee. In consequence, the security deposit (BG) got reduced to Rs. 2,67,74,093/-. Thereafter, AAI issued notice to the petitioners dated 15.05.2025 intimating the petitioners about the adjustment made towards the arrears of license fees from the security deposit and required the petitioners to recoup the security deposit in terms of the license agreement within fifteen days of issue of the notice, i.e. 30.05.2025, failing which necessary action to terminate the license would be initiated without any further reference to the petitioners.

7. In view of the above dispute between the parties, the operation of F&B locations at the Airport got seriously impacted. Consequently, the respondent-AAI issued a Notice Inviting Tender for short-term license for operating a snack bar over a small area measuring 15 square meters on the first floor at Dehradun Airport on 1st May, 2025 subject to termination of the Master Concessionaire in favour of the petitioners. Although, according to AAI, it was in respect of a different site, but the petitioner firm, contending that the same is not permissible during subsistence of the Concession Agreement in its favour, challenged the NIT by filing WPMB No. 383 of 2025 and for restraining AAI, Dehradun from interfering in the right of the petitioners to work as per Concession Agreement dated 07.11.2023.

8. The said writ petition was presented before this Court on 16.06.2025 and therein, an interim order staying 'the operation of the impugned order' was passed on 27.06.2025. However, before the interim order came to be passed and even before the writ petition was filed, the respondent-AAI vide notice dated 31.05.2025, terminated the Concession Agreement and further required the petitioners to stop their business operation with effect from 06.06.2025 (midnight) and to vacate the premises.

9. It is noteworthy that on 02.05.2025, the petitioners approached the Commercial Court, Dehradun with an Application under Section 9 of the Arbitration and Conciliation Act, 1996. The prayer made in the said application is for restraining the respondent-AAI from encashing the bank guarantee during pendency of the Application under Section 9 of the Arbitration and Conciliation Act, 1996 and the arbitral proceedings, which the petitioners intended to initiate. The relevant part of Article 22 of the Concession Agreement, which stipulates that all disputes and differences arising out of or in any way touching or concerning the Agreement, would be decided initially through mediation and on

its failure through arbitration, is as follows:

"...22. ARTICLE-22 [DISPUTE RESOLUTION]

22.1 Dispute Resolution

22.1.1 All disputes and differences arising out of or in any way touching or concerning this Agreement (except those the decision whereof is otherwise herein before expressly provided for or to which the AAI ACT, 1994 and the rules framed there-under which are now enforce or which may here-after come into force are applicable) (the "Dispute") shall be dealt as under:

22.1.2 Through Mediation: All dispute(s), at the first instance, shall be referred to the Mediation Committee of Independent Experts (MCIE) or individual mediator for mediation as per AAI Mediation Policy and applicable laws. All cost of mediation, shall be borne equally by the parties.

22.1.2.1 In case either party withdraws from the Mediation or the dispute(s) is not resolved within 120 days of reference to the Mediation, then the aggrieved party may invoke arbitration through sub para (ii) within 30 days from the date of receipt of Partial Settlement Agreement or Failure Report.

22.1.2.2 Unless the contract has already been repudiated or terminated, the parties shall, in every case, continue to proceed to perform their respective obligations under the agreement."

10. In the same proceedings, another application was filed by the petitioners on 16.05.2025 seeking stay of the letter of the respondent-AAI dated 15.05.2025, by which the petitioners were informed that the outstanding dues had been adjusted against the bank guarantee and they were asked to recoup the deficit and the security deposit within 15 days, failing which the Agreement shall be terminated.

11. On 28.05.2025, the Commercial Court, Dehradun proceeded to reject the Application under Section 9 of the Arbitration and Conciliation Act, 1996 holding that the petitioners could not maintain the Application under Section 9 without exhausting the remedy of mediation provided under the Agreement between the parties. The petitioners challenged the order of the Commercial Court, Dehradun rejecting Section 9 Application, by filing A.O. No. 168 of 2025. It seems that the respondent-AAI contended in the said proceedings that the Appeal filed has become infructuous as the bank guarantees have already been invoked. However, the said contention was repelled and this Court, holding that for the reason that the bank guarantees have already been invoked, the remedy, provided under Section 9 of the Arbitration and Conciliation Act, 1996, cannot be rendered nugatory, allowed the Appeal and remitted the matter back to the Commercial Court for deciding the same on merits.

12. The petitioners on 16.06.2025, stating that the Commercial Court, Dehradun after remand has not taken-up the Application under Section 9 of the Arbitration

and Conciliation Act, 1996, as it is closed for summer vacations, filed these writ petitions. It is not disputed before us that under the Concession Agreement, all disputes arising between the parties are to be resolved through arbitration. In fact, the petitioners, availing the said remedy, have already filed application under Section 9 of the Arbitration and Conciliation Act, 1996 seeking appropriate interim relief during pendency of the arbitration proceedings. The main ground that the Commercial Court is closed for summer vacations does not subsist as of now. The validity of the action of the respondent-AAI in terminating the contract would also fall within the scope of the arbitration contemplated under the Concession Agreement.

13. In such view of the matter, we are of the considered opinion that there is no occasion for this Court to examine the validity of the action of the respondent-AAI in terminating the contract or granting any interim relief in favour of the petitioners in respect whereof the Application under Section 9 of the Arbitration and Conciliation Act, 1996 is also pending and in which, additional prayers can also be made by the petitioners before the Commercial Court.

14. The writ petitions are, therefore, dismissed.

15. The instant order shall not be construed as expressing any opinion on merits of the case of either of the parties and all pleas and contentions of the parties are left open for being raised before the appropriate forum.

16. Pending application, if any, also stands dismissed accordingly.