APHC010204822026

IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI **[3604]**
(Special Original Jurisdiction)

MONDAY, THE 7th DAY OF SEPTEMBER 2026

PRESENT

THE HONOURABLE SMT JUSTICE SUNITHA GANDHAM

CRIMINAL PETITION NO: 3077/2026

Between:

1. KESSIREDDY RAJASEKHAR REDDY, S/O UPENDER REDDY,AGED 48 YEARS, R/O 1 A, JOURNALIST COLONY,JUBILEE HILLS, SHAIKPET, HYDERABAD, TELANGANA

...PETITIONER/ACCUSED

AND

1. THE STATE OF ANDHRA PRADESH, SHO, CID POLICE STATION, MANGALAGIRI, GUNTUR DISTRICT, REP. BY ITS PUBLIC PROSECUTOR, HIGH COURT OF ANDHRA PRADESH, AMARAVATHI.

...RESPONDENT/COMPLAINANT

Petition under Section 437/438/439/482 of Cr.P.C and 528 of BNSS praying that in the circumstances stated in the Memorandum of Grounds of Criminal Petition, the High Court pleased to direct the respondent to enlarge the petitioner on bail in the event of his arrest in connection with case in Crime No.11 of 2026 registered with CID Police Station, Mangalagiri, Guntur for alleged commission of offences under Section 409, 420, 468, 471 r/w 120-B of the Indian Penal Code, 1860 and Section 111, 212, 217 and 317 of BNS, 2023, on such terms as this Hon'ble Court deems fit and appropriate in the facts and circumstances of the present case in the interest of justice and Pass

IA NO: 1 OF 2026

Petition under Section 482 of Cr.P.C and 528 of BNSS praying that in the circumstances stated in the Memorandum of Grounds of Criminal Petition, the High Court may be pleased to grant the petitioners- interim anticipatory bail in Crime in Crime No. 11 of 2026 registered with CID Police Station, Mangalagiri, Guntur and to pass

Counsel for the Petitioner/accused:

1. B.ABHAY SIDDHANTH MOOTHA

Counsel for the Respondent/complainant:

1. PUBLIC PROSECUTOR
2. JAVVAJI SARATH CHANDRA

The Court made the following:

HON'BLE SMT. JUSTICE SUNITHA GANDHAM

CRIMINAL PETITION No: 3077 OF 2026

ORDER:

This Criminal Petition is filed under Section 482 of Bharatiya Nagarik Suraksha Sanhita, 2023 (hereinafter referred to as 'BNSS') by the petitioner/accused No.4 seeking anticipatory bail in connection with crime No.11 of 2026 of CID Police Station, Mangalagiri of the offence under Sections 409, 420, 468, 471 read with 120-B of Indian Penal Code (hereinafter referred to as 'the Code') and Section 111, 212, 217 and 317 of Bharatiya Nyaya Sanhita, 2023 (hereinafter referred to as 'BNS').

2. **Case of the petitioner is thus:**

(a) One R. Sai Srinivas gave report on 01.10.2025 against the erstwhile Managing Director of APSPDCL namely Sri Donthireddy Vasudeva Reddy alleging irregularities in the liquor transport tendering process during the year 2020 to 2024. Thereupon, Regional Enforcement Officer issued memo No.5117/V&E/Sec.II/D1/2025, dated 01.10.2025 to conduct enquiry and submit report.

b) The Director General, Vigilance & Enforcement Department submitted vigilance report videNo.52/(C.No.5117/V & E./D1/ Engg/2025, dt.25.11.2025 regarding rigging of liquor transport tender by violating the rules and on the basis of vigilance report, DGP, AP, Mangalagiri issued memo vide RC.No.168/L70-II/2026, dated 09.02.2026 to register a case and take up investigation. Accordingly, CID, PS, Mangalagiri registered this crime No.11/2026 on 10.02.2026 arraying the petitioner as accused No.4 along with other accused. Previously having considered the vigilance report, CID PS, Mangalagiri registered another case in Crime No.21 of 2024 with the same allegations of manipulation of liquor policy brands by forming a syndicate compromising of senior bureaucrats, politicians, their associates and officials of excise department.

(c) The main allegations reveal around APSBCL erstwhile managing director Sri Donthireddy Vasudeva Reddy (Accused No.1) who is unilaterally centralizing the district level liquor transport tenders manipulating eligibility criteria across multiple tender calls, awarding contracts of M/s. Sigma Supply Chain Solutions Private Limited at inflated rates and illegally extending the contract for four times (2020-2023) for Rs.361.77 crores.

(d) It is alleged that the petitioner/accused No.4 played a key role in changing the liquor transport policy through his alleged associate Sri T.E.Kiran Kumar Reddy and his team without obtaining the required approval, entrusting contract to persons under his control and subsequently subletting it to his associates. The vigilance report tries to rope the petitioner/accused No.4 by alleging that he colluded with the said T.E.Kiran Kumar Reddy and accused No.1, hatched a plan to generate illicit income through APSBCL transport agreements.

(e) Petitioner/accused No.4 was in judicial custody in crime No.21 of 2024 of CID Police for the offences under Sections 409, 420, 120 (B) read with Section 34, 37 IPC till 07.04.2026 from 21.04.2025 to 07.04.2026 and during that time, this crime is registered and he was questioned by the respondents for a period of seven days and elicited information from the petitioner i.e. in respect of payments received by UNI Corporate Solutions Pvt. Ltd from SIGMA Supply Chain company; knowledge of the petitioner about the involvement of the said Kiran Kumar Reddy in handling manpower and transportation; Ezy Load Network Private Limited; payment of 5 crores received by Arroyo Services Pvt Ltd, TEKKR company; relation between the Petitioner and Mr. Anjani Kumar, Director of Arroyo company; relation between the Petitioner and Mr. Dakshina Murthy, Director of Sigma Solutions; about the liquor transportation contracts awarded between 2019-2024 and receiving of amount by accused No.4 and whether he influenced the Government and received any commission or payments etc.

(f) The investigating officer had clubbed both crimes as one and the same and they were aware of all these facts way back in the year 2024-25 and the issue of alleged extra payments made in liquor transportation contracts was already mentioned in the charge sheet filed in Crime No. 21/2024. The Enforcement Director clubbed both the FIRs in crime Nos.21 of 2024 and 11 of 2026 and filed one ECIR and is investigating the same as one single case.

(g) Registration of this case is nothing but abuse of process of law and impermissible and as it is violative of fundamental rights guaranteed under Article 21 of Constitution of India. The grounds urged by the petitioner seeking anticipatory bail i.e., prosecution failed to make out prima facie case against the petitioner/Accused No.4 for the alleged offences and the crime is registered only basing on the assumptions and presumptions.

(h) Even as seen from the vigilance report, petitioner holds no official position in APSBCL, he exercised no tender signing authority, he was not a member of tender evaluation committee and no documented communication with APSBCL Officials regarding tenders.

(i) Though specific alleged roles appear to have been attributed and documented with regard to other accused persons, only broad, bald and unsubstantial allegations are there against the petitioner. All the alleged direct acts or omissions are attributable to the accused No.1/ Managing Director Sri Donthireddy Vasudeva Reddy, TEKKER Director Kiran Kumar Reddy and operational heads.

(j) The instant prosecution is nothing but the outcome of political vendetta wherein the petitioner/accusedNo.4 is being treated as pawn. The petitioner has been interrogated on various aspects including alleged transactions in this case and as fully cooperated in the investigation and undertakes to continue to cooperate with the investigation as and when called upon to do so. However, the conduct of Investigating agency creates reasonable apprehension to arrest the petitioner and the petitioner is law abiding citizen and has never indulged in any activities which are contrary to law. Petitioner acted as IT advisor to the erstwhile government as his significant social roots in Hyderabad and Andhra Pradesh and he is ready and willing to abide by any of the conditions imposed by this Court in the event of grant of pre arrest bail.

3. Respondent State filed counter refuting the averments made in the petition regarding the defences taken in respect of the allegations, wherein, *inter alia* contended as follows:

(a) Having regard to the nature of the offence, gravity of the economic loss caused to the State exchequer, the material collected during investigation, the specific role attributed to him and the continuing requirement of custodial interrogation for tracing the full money trial, the petitioner is not entitled for extreme relief of anticipatory bail. Investigation reveals the structural criminal conspiracy to abandon the district-level transport mechanism prescribed under G.O.Ms.No.357 dated 16.08.2019 to centralize the tender process without lawful realization. Petitioner is one of the principal conspirators and he has collected amount from accused Nos.1 & 3 to commit offence. The investigating agency/Sit has collected records from APSBCL and other sources, recorded the detailed statements, seized crucial electronic and physical material requires sustained interrogation of the petitioner/accused No.4. In pursuance of the conspiracy, accused No.1, the then Managing Director of APSBCL initiated a proposal dated 31.07.2020 to shift from district-level contracts to a State-level tender system by falsely mentioning the grounds in respect of hamali demands, uniformity of rates and safeguarding of revenue. Investigation recovered a pre-drafted tender document titled “RFP Draft 3” from APSBCL, material showing pre-tender coordination with M/s. Sigma Supply Chain Solutions Pvt. Ltd and even before issuance of the tender notice, a Google Meet discussion had taken place among the persons connected with Sigma, Arroyo and Ezyload for planning sigma’s participation. During forensic examination, a private agreement file named “MUKESH[2].docx” is also recovered and further material shows that E-mail ID used by the witness in connection with sigma was created prior to the tender notification.

(b) The investigation revealed manipulation of Earnest Money Deposit and introduction of dummy/benami bidders to create an artificial appearance of competition. Mandatory tender publicity and timelines are also manipulated. The tender and government instructions prohibited sub-contracting. Despite this, the actual transport work was routed through sub-contractors and joint venture arrangements by introducing new system, the petitioner/accused No.4 and other accused caused lawful loss to the government exchequer in crores of rupees.

(c) Petitioner/accused No.4 who functioned as IT Advisor to the Government of Andhra Pradesh during the relevant period 2019-2024 exercised undue influence over policy decisions, tender formulation, contract execution and related financial arrangements and in conspiracy with accused Nos.1 to 3 and others, petitioner/accused No.4 identified APSBCL liquor transportation as a source for generating illegal profits. Petitioner/accused No.4 and accused No.3 influenced accused to replace the new policy with State-level centralized tender system, that too, without carrying out any amendment to G.O.Ms.No.357 dated 16.08.2019. Statements of witnesses including officials of APSBCL, Sigma/TEKKR Insiders, Sub-Contractors, Transport Operators as linked witnesses clearly reveals the role played by the petitioner/accused No.4 and other accused in commission of offence by illegally issuing tenders and allotment of works.

(d) Cash collected by accused Nos.5 & 6 from inflated vendor billing was distributed after 1% commission each to accused Nos.5 & 6, with the remainder split 20% to accused No.1, 40% to accused No.3, 40% to accused No.4 and accordingly, towards his share, petitioner/accused No.4 received amount of Rs.16,79,61,716/-.

(e) Documentary evidence clearly reveals the preplanning/e-procurement details, role played by sigma-TEKKR, Arroyo, Benami ownership/shell company and other allied aspects. A notice under Section 179 BNSS was issued to the petitioner/accused No.4 and he was examined on 11.04.2026 but the investigating agency could not collect important material and on the subsequent dates also, petitioner/accused No.4 did not cooperate the investigating officer and he was arrested by the ED case under PMLA case *vide* ECIR/HYZ/17/2026 which is registered on the basis of Crime No.11 of 2026 and now he is in judicial custody. The arrest by ED does not dilute custodial interrogation in the predicate offence as it is found on CID/SIT relating to manipulation of APSBCL transport tenders and the loss caused to the public exchequer.

(f) Finally, the petitioner is influential, well connected and capable of interfering with investigation and the very nature of the allegations show that the conspiracy was not executed by visible file movement alone but through influence, associates, front entities and intermediaries and the plea that he will cooperate with the investigation is not sufficient in a serious economic offence. His interrogation is required to confront with digital, documentary and oral evidence and material collected during investigation and with other formal denials, prayed to dismiss the petition.

4. The petitioner/accused No.4 filed additional affidavit through his father Sri K. Upendar Reddy stating as follows:

(i) After two days of filing this petition, respondent/SIT filed memo adding Sections 7, 7A, 8, 9, 10, 12, 13(1) and 13(2) of Prevention of Corruption Act.

(ii) The state solemnly represented to this court that the investigation was at a nascent stage and that there was no intention and no likelihood of the petitioner’s arrest and basing on the said representation, this court refrained from passing any interim order and directed the petitioner to cooperate the investigating officer and non grant of interim order on 04.05.2026 does not amount to a finding that no apprehension of arrest existed.

(iii) Conduct of the state in moving for P.T warrants while the present petition is pending shows its intention to keep the petitioner/accused No.4 behind the bars. Having considered the material, coordinate bench of this court quashed the remand order passed by the learned trial court.

5. Arguments:

(a) Heard Sri Nikhil Goel, learned senior counsel representing Sri Abhay Siddhanth Mootha, learned counsel for the petitioner/accused No.4, Sri B. Adinarayana Rao, learned Senior Counsel and Sri Javvaji Sarath Chandra, learned special public prosecutor appearing for the respondent/complainant.

(b) Petitioner/Accused No.4:

(i) Entire investigation in this crime is being conducted in procedure unknown to law and is an act of malicious exercise of investigative powers.

(ii) The coordinate bench of this Court has made observations about the conduct of prosecution, application of mind of the learned Special Judge and participation of the petitioner in the investigative process etc.

(iii) Over implications in the first information report are not applicable to the petitioner/accused No.4.

(iv) There is absolutely no allegation of entrustment and without any allegation of entrustment, there is no offence of breach of trust which can be said to be invoked.

(v) As per the judgment of Hon'ble Apex Court in ***Delhi Race Club (1940) Ltd. & Ors. v. State of U.P. & Anr***[1], both offences under Section 406 and 420 are independent and distinct and two offences cannot coexist simultaneously in the same set of facts.

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[1] 2024 10 SCC 690

vi) As per Section 111 of BNS, to show organized crime syndicate, more than one charge sheet ought to have been filed before the competent court within the preceding period of ten years and *prima facie* record reveals that the said section does not attract against the petitioner.

(vii) The investigation in respect of the present allegations is already carried out by the investigating agency in Crime No.21 of 2024 and the power to arrest must answer the test of necessity and cannot be exercised mechanically or in a manner which frustrates the liberty of an accused or trumps orders of bail as held by the Hon'ble Apex Court in ***Arvind Kejriwal v. CBI***[2].

(viii) As per the judgment of Hon'ble Apex Court in ***Binay Kumar Singh and Anr. V. State of Jharkhand and Ors***[3], successive registration of FIRs and arrests deployed to keep an accused in custody despite an order of bail amounts to trumping the bail order and the accused would be entitled to relief in the subsequent cases as well.

(ix) The instant crime is registered on 10.02.2026 while the petitioner was in judicial custody in Crime No.21 of 2024 and the same was never disclosed to the learned trial court which granted bail on 07.04.2026.

(x) The prosecution collected material regarding liquor transportation by examining LWs 142, 179 and 180 in crime No.21 of 2024.

(xi) The petitioner was already questioned over about seven days in respect of liquor transport contracts including questions relating to M/s. Sigma Supply Chain, M/s. UNI Corporate Solutions Private Limited, M/s. Arroyo Services Private Limited, M/s. Ezyload Network, D-cart Logistics, TEKKR etc.

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[2] 2024 SCC OnLine SC 2550
[3] 2026 SCC OnLine SC 208

(xii) Immediately after release from the judicial custody on 07.04.2026, respondent/SIT issued notice under Section 179 BNSS, although this crime is registered on 10.02.2026.

(xiii) There is no prima facie case and the transactions alleged in Crime No.11 of 2026 are subsumed in this crime. The object of this case is only for harassment but not investigation. The petitioner fully cooperated with the investigation. The prosecution is actuated by political vendetta.

(xiv) All the allegations are directing against the accused No.1 as he served as Managing Director of APSBCL.

(xv) The petitioner has already been arrested by the Enforcement Directorate in ECIR/HYZO/17/2026 on 11.06.2026 relating to the present crime.

(xvi) While considering application for anticipatory bail, court is required to focus on the exact role attributed to the accused whose application is under consideration; the case of each accused has to be seen on its own footing as held by the Hon'ble Apex Court in ***Siddharam Satlingappa Mhetre v. State of Maharashtra***[4].

(C) <u>Respondent/Complainant:</u>

(i) There is no connection between the first case in Crime No.21 of 2024 and this case. This case specifically concerns the transportation, tender arrangement and the change from district level to state level tendering etc. and whether those transactions constitute the very same transaction in Crime No.21 of 2024 is a matter requiring substantive comparison of the two cases and cannot simply be assumed in this application.

(ii) Petitioner/accused No.4 acted from outside the formal APSBCL hierarchy but in close coordination with accused Nos.1 & 3 and others, he was one of the principle persons who conceived, controlled and benefited from the

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[4] (2011) 1 SCC 694

criminal arrangement for introduction of State-level transportation process so as to facilitate contracts in favour of selected entities at inflated rates and proposal to change the transportation system, preparation of tender documents, tender conditions, cancellation and re-tendering, approval of contracts, execution of agreements, processing of payments and extensions were all carried forward under his authority, directions and control.

(iii) Petitioner played role in the design and rigging of tender conditions, and that the eventual transportation rate under the centralized regime was substantially higher than the prevailing district level rate. So far, investigation indicates wrongful loss of approximately Rs.188.27 crores to APSBCL and the loss may be upto Rs.200 crores to 400 crores. In complex economic offences and corruption cases, custodial interrogation has a distinct purpose and the petitioner was the head of the very corporation, whose files, officers and decisions are under investigation and as such, his custodial interrogation is necessary.

(iv) Mere commonality of accused, institute or broad period does not prohibit a subsequent FIR and this crime specifically investigates the alleged transportation tender conspiracy.

(v) Petitioner/accused No.4 is already shown as accused in another serious crime relating to the liquor scam and his status, position and influence make the risk of interference with investigation more serious. The principles in ***Arvind Kejriwal and Binay Kumar Singh and Another*** (*supra*) cannot be applied to the present facts of the case as the instant crime was registered very long prior to the release of the petitioner/accused No.4.

(vi) Custodial interrogation is independently necessary to unearth material in respect of preparation of tender documents, modification of tender conditions, cancellation of retendering, alleged supporting participation, EMD and financial arrangements, acceptance of transportation rates, repeated extensions, subcontracting, coordination with private persons etc.

(vii) The gravity of the offence, magnitude of loss and official position of the petitioner shall be taken into consideration and if the petitioner is enlarged on anticipatory bail, there is every possibility of feeing from justice, likelihood of influencing witnesses and as such, custodial interrogation is required.

(viii) At this stage of anticipatory bail, the Court is not required to conduct a meticulous trial like appreciation of each item of material and the material discloses a *prima face* case and as such, custodial interrogation is required.

(ix) Even the order in Crl.P.Nos.6456, 6463 & 6467 of 2026 concerns the legality of the particular arrest and consequential remand effected on 20.07.2026 and it cannot be enlarged into a perpetual prohibition against lawful arrest or custodial interrogation in this case and even as per the said order, SIT does not preclude from continuing the investigation and directed the petitioner to cooperate the SIT. Further, challenging the said orders, the State of Andhra Pradesh filed special leave petitions before the Hon'ble Apex Court.

(x) Learned senior counsel for respondent/complaint relied upon the following judgments:

i) ***Mihir Rajesh Shah v. State of Maharashtra***[5]***.***

While deciding the issue regarding constitutional mandates in respect of arrest, Hon'ble Apex Court held that an earlier arrest being held illegal for non-compliance with communication of grounds does not create permanent immunity and if required, again an application for remand or custody, can be moved along with reasons and on such application, the Magistrate shall decide the same.

ii) ***State Rep. by CBI v. Anil Sharma***[6].

Custodial interrogation is qualitatively more elicitation-oriented than questioning an accused protected by anticipatory bail; it may be necessary to

[5] 2026 1 SCC 500
[6] 1997 7 SCC 187

elicit useful information or concealed material. Post-arrest bail considerations cannot simply be imported into pre-arrest bail.

iii) ***Arvind Kejriwal v. CBI*** (*supra*).

No legal impediment to arrest a person already in custody for investigation, whether in the same or another offence.

Supports independent SIT investigation despite ED custody.

Timing/evergreening principle relied up on by the petitioner, distinguishable because the CBI had not arrested for about 22 months and acted immediately after bail in the ED case.

iv) ***Pavana Dibbur v. Directorate of Enforcement***[7]***.***

Money laundering depends upon the proceeds of crime arising from scheduled criminal activity. If the scheduled offence itself ceases to survive in the legally recognized manner, PMLA prosecution cannot remain founded on it.

Supports the foundational importance of SIT investigation into Crime No.11 of 2026.

v) ***P. Chidambaram v. Directorate of Enforcement***[8]***.***

Disputed applicability of a penal/predicate provision should not be finally adjudicated at anticipatory-bail stage. No mini-trial. Serious economic offences require circumspection; pre-arrest protection may prejudice effective investigation and collection of concealed material.

vi) ***Y.S. Jagan Mohan Reddy v. CBI***[9]***.***

Economic offences involving deep-rooted conspiracy and substantial public funds constitute a class apart. Relevant considerations include gravity,

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[7] (2023) 15 SCC 91
[8] (2019) 9 SCC 24
[9] (2013) 7 SCC 439

material, position/influence of accused, possibility of interference and larger public interest.

5. On hearing both sides and upon perusing the material available on record including counter filed by the respondent/complainant in Crl.M.P.No.1124 of 2026 and the written arguments filed by the petitioner and respondent, the point that would arises for consideration is:

> **"Whether the petitioner established grounds to grant interim order/anticipatory bail in Crime No.11 of 2026 of CID Police Station, Mangalagiri?"**

6. Crux of the prosecution case is, existing government framework under G.O.Ms.No.357 dated 16.08.2019 which mandated district level transportation arrangements through district committees was consciously bypassed without lawful amendment, relaxation or approval and the said deviation was used as a mechanism to concentrate control over the entire state level transportation process and to facilitate contracts in favour of selected entities at inflated rates and further, petitioner/accused No.4 and accused Nos.1, 3 to 9 and others are responsible for the said violations for their own pecuniary benefits and basing on the vigilance and enforcement department report, this crime is registered and investigation is being conducted by the respondent/complainant.

7. Before delving into the facts of the case, it is apposite to mention the admitted facts and they are as follows:

a) Petitioner served as IT advisor during the relevant period. Petitioner/accused No.4, accused No.1 and accused No.3 filed this petition and petitions in Crl.P.No.5763 of 2026 and Crl.P.No.4189 of 2026 respectively. Petitioner is arrayed as accused No.1 in Crime No.21 of 2024 and was arrested on 21.04.2025**.** While the petitioner was in judicial custody in that case, the instant crime is registered on 10.02.2026 for the offences under Sections 409, 420, 468, 471 r/w 120B IPC and Sections 111(1), 212, 217 and 317(1) BNS alleging manipulation of the liquor transportation, tender process of APSBCL. In Crime No.21 of 2024, petitioner/accused No.4 was in judicial custody from 21.04.2025 and he was enlarged on bail *vide* order dated 07.04.2026 in Crl.P.No.2235 of 2026. After filing this petition, prosecution filed memo adding offences under Sections 7, 7A, 8, 9, 10, 12, 13(1) and 13(2) of the Prevention of Corruption Act, 1988. The Enforcement Directorate arrested the petitioner in ECIR/HYZO/17/2026 on 11.06.2026. Since the petitioner was arrested by the Enforcement Directorate, prosecution filed a petition before the trial court, seeking production transit warrant and the same is allowed and accordingly, production transit warrant was issued. Consequently, petitioner/accused No.4 was taken into custody from the Central Prison, Chanchalguda and produced before the learned trial court and then, he was remanded to judicial custody. Feeling aggrieved by the said order, petitioner/accused No.4 and accused No.1 preferred Crl.P.Nos.6456 and 6463 of 2026 to quash the remand order dated 20.07.2026 and the same are allowed by the coordinate bench of this court *vide* order dated 13.08.2026. Having considered the material placed in Crl.P.Nos.6463 and 6456 of 2026, the coordinate bench of this court quashed the remand order dated 20.07.2026 passed by the learned trial court and feeling aggrieved by the same, respondent preferred SLP (Crl) Nos.15850-15851 of 2026 before the Hon'ble Supreme Court of India and the same is pending. When second time this matter is posted before this bench on 20.08.2026, heard arguments in all the matters simultaneously and reserved for orders.

8. Since averments of the petition, counter and arguments of both sides are mentioned in detail, they are not reproducing again, to avoid repetition.

9. With regard to the maintainability of this petition, it is to be noted that in ***Dhanraj Aswani v. Amar S. Mulchandani and Another***[10]***,*** while dealing with the right of an accused who is already in judicial custody to file anticipatory bail application in respect of other crime, Hon'ble Apex Court held that there is

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[10] (2024) 10 SCC 336

no restriction in the text of Section 438 or the scheme of the Code of Criminal Procedure precluding a person from seeking anticipatory bail in relation to an offence while being in custody in relation to another offence and in the absence of any such restriction, there would be no valid reason to read any prohibition in the text of Section 438 of the Code, to preclude a person in custody from seeking anticipatory bail in relation to different offences.

10. The petitioner/accused No.4 is already in judicial custody in ECIR/HYZO/17/2026, his previous remand order in this case is quashed by this court vide order dated 13.08.2026. As per the version of the petitioner, again the prosecution filed another petition seeking production transit warrant and it is pending. So, as rightly argued by the learned senior counsel for the petitioner/accused No.4, he has reasonable apprehension of arrest in the instant case and as such, this petition is absolutely maintainable.

11. While disposing the petitions in Crl.P.Nos.6463 and 6456 of 2026, coordinate bench of this Court elaborately discussed the aspects regarding grounds of arrest, rights of accused, precautions that are to be taken by the police and certain other aspects regarding registration of the instant crime etc. The instant petition is filed seeking anticipatory bail which is altogether different aspect. So, having considered the scope of Section 482 BNSS, nature of offence, allegations leveled against the petitioner, stage of investigation, settled legal principles etc., this petition has to be disposed of.

12. Now, it has to be seen that whether the petitioner/accused No.4 established his case to answer the point in the affirmative and in his favour. As per the version of the petitioner/accused No.4 allegations leveled in this case are already investigated into in Crime No.21 of 2024, official, independent and other witnesses are examined, collected material regarding liquor transportation allegations and only to harass him, this case is pressed into service and per contra, the said contention is counteracted by the prosecution on the ground that multiple issues are involved in the allegations

in respect of liquor transportation and during investigation in Crime No.21 of 2024, SIT unearthed certain information regarding liquor transportation and to find out total scam details for bypassing G.O.Ms.No.357 without approval of the Government, separate investigation is required and except few accused, other accused in both the cases are not one and the same.

13. Initially in the year 2024, basing on the enquiry report dated 23.09.2024, the case in Crime No.21 of 2024 was registered of the offence under Sections 420, 409, 120B Indian Penal Code (hereinafter referred to as 'the Code') alleging that internal committee of senior officers of the Andhra Pradesh Excise Department is constituted to inquire into the allegations and after examination of records, committee found: (i) Suppression of the established popular brands and unfair discrimination in allocation of OFS over a period of time leading to almost disappearance of some brands from the market; (ii) Favorable and preferential allocation of orders to certain new brands in violations of the existing norms giving them undue market share and competitive advantage; (iii) The procurement system was shifted to manual process giving scope for manipulation in OFS against the previous system of automated OFS compromising the integrity or the process etc. In the enquiry report of the internal committee, it is highlighted about the issues regarding suppression of brands, unfair discrimination, preferential allocation, orders for supply violation etc.

14. Further, having considered the vigilance report No.52 (C.No.5117/V & E/D1/Engg/2025) dated 25.11.2025 along with its enclosures received from the Director General, GA (V&E) Department, the instant crime is registered of the offences under Sections 420, 409, 468, 471 r/w 120B of the Code, 111(1), 212, 217, 317(1) BNS and allegations in this case are in respect of transportation-tender conspiracy, displacement of the district-level mechanism under G.O.Ms.No.357, pre-tender preparation, Sigma and later Prasaad Transports, controlled/dummy bidders, EMD financing, tender rate

manipulation, extensions, prohibited sub-contracting, commission structures and the resultant financial flows.

15. Admittedly, total allegations are in respect of alleged violations and fraud occurred in APSBCL. As per the findings in vigilance report No.52 (C.No.5117V&E/D1/Engg/2025) dated 25.11.2025, a systematic and well orchestrated conspiracy involving senior APSBCL officials, politically exposed persons, their benamis who collectively manipulated the liquor transportation tender process between 2020 and 2024 to siphon off massive public funds, willfully violated the G.O.Ms.No.357 dated 16.08.2019 introduced state-level transportation, tender process tailored to benefit specific companies of petitioner/accused No.4, accused Nos.3 and 5, inflated cost of liquor transport from Rs.19.68 crores to Rs.35.57 crores, caused loss of approximately Rs.195.33 crores and the funds were routed through fake vendors. As per the version of the petitioner/accused No.4, findings regarding the allegations of liquor transportation are mentioned in the charge sheet filed in Crime No.21 of 2024 in the statements of LWs-142, 179/Anjani Kumar and 180 and at (i) and (ii) of para 11.34 (generation and laundering of proceeds of crime from transport tender floated by APSBCL), at para Nos.13.9 and 13.10 of prosecution complaint filed by the Enforcement Directorate in ECIR/HYZO/33/2025. As seen from the said paragraphs, there are some findings regarding liquor transportation, involvement of the petitioner/accused No.4, accused Nos.1, 3 & 5, one Sh. Anjani Kumar, Ms. Sigma Chain Supply Solutions Private Limited, TEKKR, Arroyo and Ezyload and total amount involved is approximately Rs.3,500 crores.

16. It is also undisputed fact that the Crime No.21 of 2024 was registered on 23.09.2024 of the offences under Sections 420, 409 and 120B of the Code and after completion of investigation, charge sheet laid of the offences under Sections 420, 409, 468, 471 r/w 120B of the Code and Sections 111, 212, 217, 317 of BNS, petitioner/accused No.4 was in judicial custody from

21.04.2025 to 07.04.2026 i.e. nearly one year and was enlarged on bail on 07.04.2026 and before that, the instant crime is registered on 10.02.2026 of the offence under Sections 420, 409, 468, 471 r/w 120B of the Code and Sections 111(1), 212, 217, 317(1) of BNS and subsequently, filed memo adding Sections 7, 7A, 8, 9, 10, 12, 13(1)(B) and 13(2) of Prevention of Corruption Act.

17. As per the version of the petitioner, only to keep him behind the bars, this crime is registered and immediately after his release, respondent issued notice on 08.04.2026, he filed this petition and thereafter, section adding memo is filed, ED arrested him on 11.06.2026, respondent/SIT filed petition seeking production transit warrant, obtained the same, took custody of this petitioner and accused No.1 and having considered the material, the said remand orders are quashed in Crl.P.Nos.6463 and 6456 of 2026 and again, the respondent is taking steps to arrest him. In ***Arvind Kejriwal*** (*supra*), a crime was registered by the CBI against the appellant and he was in judicial custody for 22 months in ED case and after granting regular bail to the appellant in the ED case, CBI sought for his custody and in such circumstances, Hon'ble Apex Court held that the investigating agency must see the necessity of arrest before causing arrest of a person. In this case, the **petitioner/accused No.1** was enlarged on bail on 17.04.2026 and after ED arrested him in ECIR/HYZO/17/2026 on 11.06.2026, respondent filed petition under Section 267 of Code of Criminal Procedure on 09.07.2026. In ***Binay Kumar Singh and another*** (*supra*), three crimes are registered on 20.05.2025, 24.11.2025 and 26.11.2025 respectively and having considered the facts and circumstances of that case, and also by discussing the rights of accused observing that successive registration of FIRs was to ensure to keep the accused therein within the custody. In the present case at hand, admittedly, two crimes are registered i.e. one in the year 2024 and the instant crime is registered on 10.02.2026 and as per the prosecution case, basing on

the vigilance report dated 25.11.2025, the second crime is registered in respect of specific allegations of liquor transportation tender process.

18. Since 11.06.2026, the petitioner/accused No.4 has been languishing in judicial custody in ECIR/HYZO/17/2026 and as per the version of prosecution, that case is registered under Prevention of Money Laundering Act, 2002 in respect of the financial crimes committed by the petitioner/accused No.4 and others so as to seize their assets and confiscate the same and as such, the said case is no way concerned with the ongoing investigation.

19. So far as contentions of the learned Senior Counsel for the petitioner/accused No.4 that Section 409 and 420 of the Code shall not run together and to attract Section 111(1) of BNS, more than one charge sheet must have been filed within the preceding ten years, this court is conscious about the Sections of law and settled principles of law. While dealing with this petition which is filed seeking anticipatory bail, over all material placed before this court shall be taken into consideration.

20. As per the decision in ***Uday Chand and others v. Sheikh Mohd. Abdullah, Chief Minister, J&K and others***[11] relied upon by the petitioner, before passing order enlarging the accused in one case, it is the bounden duty of the authorities of the State concerned to appraise the court that any case or cases were under investigation against any of the accused. As per the version of learned senior counsel for the petitioner/accused No.4, prosecution didn't bring to the notice of the coordinate bench of this court which granted bail to the petitioner/accused No.4 in crime No.21 of 2024, about registration of this crime. As per the version of prosecution, immediately after registration of this crime, the same is forwarded to the learned trial court, however, it is not clarified that whether during the course of the arguments it is brought to the notice of coordinate bench of this court or not. As seen from the order dated 07.04.2026 in Crl.P.Nos.2235 and 1248 of 2026 filed by the petitioner herein

[11] 1983 (2) SCC 417

and accused No.51 therein, respondent/SIT has not brought to the notice of the court about registration of this crime.

21. With regard to the contentions of the learned senior counsel for the petitioner and respondent in respect of custodial interrogation/entitlement of the petitioner to get relief, it is to be noted that merely because custodial interrogation is not required, itself is not a ground to allow the anticipatory bail application. In this regard, reference is required to be made to the decision of Hon'ble Apex Court in ***Sumitha Pradeep v. Arun Kumar C.K***[12], wherein it is observed thus:

> "In many anticipatory bail matters, we have noticed one common argument being canvassed that no custodial interrogation is required and, therefore, anticipatory bail may be granted. There appears to be a serious misconception of law that if no case for custodial interrogation is made out by the prosecution, then that alone would be a good ground to grant anticipatory bail. Custodial interrogation can be one of the relevant aspects to be considered along with other grounds while deciding an application seeking anticipatory bail. There may be many cases in which the custodial interrogation of the accused may not be required, but that does not mean that the prima facie case against the accused should be ignored or overlooked and he should be granted anticipatory bail."

22. Inasmuch as discretion that is to be considered while deciding anticipatory bail is concerned, Hon'ble Apex Court has consistently emphasized that anticipatory bail should not be granted as a matter of routine, particularly in serious economic offences, involving large scale fraud, public money or complex financial crimes. The contention of the respondent/SIT that though they examined the petitioner/accused No.4, he has not furnished all details and not answered all questions. In this regard, it is to be noted that it is settled principle of law that bail cannot be rejected solely on the ground that the accused declined to answer questions posed by the investigating officer, as such conduct cannot automatically be construed as non cooperation. In a recent case in ***Tusharbhai Rajnikantbhai Shah v. State of Gujarat***[13], the

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[12] 2022 SCC OnLine (SC) 1529

[13] 2024 LiveLaw (SC) 557

Hon'ble Apex Court held that non-cooperation by the accused is one matter and the accused refusing to confess to the crime is another and there would be no obligation upon the accused that on being interrogated, he must confess to the crime and only thereafter, would the Investigating Officer be satisfied that the accused has cooperated with the investigation. At the same time, the contention of the petitioner that he has appeared before the investigating officer and has joined the investigation do not vest a right of granting anticipatory bail and the case made out against the petitioner/accused No.4 is certainly a relevant ground to consider this petition. In ***State of M.P. v. Ram Kishna Balothia***[14], it is held that the right of anticipatory bail is not a part of Article 21 of the Constitution of India and a delicate balance is required to be established between the two rights i.e. safeguarding the personal liberty of an individual and the societal interest.

23. Further, in ***P. Chidambaram*** (*supra),* it was observed as under:

> "69. Ordinarily, arrest is a part of procedure of the investigation to secure not only the presence of the accused but several other purposes. Power under Section 438 CrPC is an extraordinary power and the same has to be exercised 2 (2019) 9 SCC 24 sparingly. The privilege of the pre-arrest bail should be granted only in exceptional cases. The judicial discretion conferred upon the court has to be properly exercised after application of mind as to the nature and gravity of the accusation; possibility of the applicant fleeing justice and other factors to decide whether it is a fit case for grant of anticipatory bail. 70…………..
>
> 71. Article 21 of the Constitution of India states that no person shall be deprived of his life or personal liberty except according to procedure prescribed by law. However, the power conferred by Article 21 of the Constitution of India is not unfettered and is qualified by the later part of the Article i.e. "…except according to a procedure prescribed by law".
>
> 72 to 77……
>
> 78. Power under Section 438 CrPC being an extraordinary remedy, has to be exercised sparingly; more so, in cases of economic offences. Economic offences stand as a different class as they affect the economic fabric of the society. In Directorate of Enforcement v. Ashok Kumar Jain [Directorate of Enforcement v. Ashok Kumar Jain, (1998) 2

[14] (1995) 3 SCC 221

> SCC 105: 1998 SCC (Cri) 510], it was held that in economic offences, the accused is not entitled to anticipatory bail."

24. It is settled principle of law that pre-trial incarceration makes justification depending upon the offences, heinous nature, term of the sentence prescribed in the statue for such a crime, probability of the accused fleeing from justice, tampering the investigation, criminal history of the accused, and doing away with the victims and witnesses and further, the court is under an obligation to maintain balance between all stake holders and safeguard the interests of the victim, accused, society and the state.

25. *Prima facie* perusal of both FIRs shows that, although the nature of the allegations appears to be similar, analysis from the perusal of the instant first information report, vigilance report No.52 dated 25.11.2025 and other material, it can be culled out that the petitioner/accused No.4 who served as IT advisor for the Government of Andhra Pradesh and others violated G.O.Ms.No.357 and committed serious financial irregularities through benami transactions and caused loss to the government exchequer to a tune of Rs.195.33 crores by introducing new state wise transportation tender policy without any prior approval for their financial benefits. Considering the facts and circumstances of the case coupled with the aforementioned authorities including the authorities relied upon by the both parties, this court is of the considered view that at the stage of anticipatory bail under Section 482 BNSS, this Court is not expected to conduct a threadbare comparative analysis of allegations in this case and in Crime No.21 of 2024 and hold a mini trial to decide whether allegations are identical or not. Further, whether the allegations in both crimes are same, overlapping or distinct, whether it is a case of same transaction or different transactions, are all matters to be decided on full facts and in a separate proceedings but not in a bail petition. That exercise is to be done at the time of trial or in the quash petition and the petitioner/accused No.4 already filed petition to quash the proceedings against him in respect of the instant crime i.e. Crime No.11 of 2026 and the same is

posted for filing counter of the respondent therein. Therefore, it cannot be said at this stage that second FIR is not maintainable. Plea of political vendetta/harassment/mala fides cannot be a ground for grant of anticipatory bail when the material prima facie discloses commission of cognizable offence involving huge loss to public exchequer. The allegations are in respect of an economic offence affecting State revenue. Investigation is at crucial stage. The argument that petitioner/ accused No.4 is being harassed by registration of successive crimes is not a ground to grant pre-arrest bail.

26. For the foregoing reasons, without expressing any opinion touching the merits of the case as to whether allegations in both cases are same or not, and keeping in view of the gravity of allegations and as per the law laid down by the Hon'ble Supreme Court in the case of ***Siddharam Satlingappa Mhetre*** (supra), this Court is of the considered opinion that this is not a fit case to exercise the jurisdiction in favour of the petitioner/accused No.4. It is made clear that observations made herein are only for disposal of this petition and shall not influence the investigation or any other proceeding/trial.

27. Accordingly, this anticipatory bail petition is dismissed.

As a sequel thereto, pending miscellaneous petitions, if any, shall stand closed.

SUNITHA GANDHAM, J

07.09.2026
Vns/knl