



IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)

[3369]

WEDNESDAY, THE SEVENTH DAY OF MAY
TWO THOUSAND AND TWENTY-FIVE

PRESENT

THE HONOURABLE SRI JUSTICE T. MALLIKARJUNA RAO

CRIMINAL PETITION NOS: 4837, 4838 AND 5009 OF 2025

CRIMINAL PETITION NO.4837 OF 2025:

Between:

K Dhananjaya Reddy

...PETITIONER/ACCUSED

AND

The State Of Andhra Pradesh

...RESPONDENT/COMPLAINANT

Counsel for the Petitioner/accused:

1.VIVEKANANDA VIRUPAKSHA

Counsel for the Respondent/Complainant:

1.PUBLIC PROSECUTOR

CRIMINAL PETITION NO.4838 OF 2025:

Between:

P. Krishna Mohan Reddy

...PETITIONER/ACCUSED

AND

The State Of Andhra Pradesh

...RESPONDENT/COMPLAINANT

Counsel for the Petitioner/accused:

1.P SHASHI VARDHAN

Counsel for the Respondent/Complainant:

1.PUBLIC PROSECUTOR

CRIMINAL PETITION NO.5009 OF 2025:

Between:

Balaji Govindappa

...PETITIONER/ACCUSED

AND

State Of Andhra Pradesh

...RESPONDENT/COMPLAINANT

Counsel for the Petitioner/accused:

1.TANUSHA VENKATA LAKSHMI KURAPATI

Counsel for the Respondent/Complainant:

1.PUBLIC PROSECUTOR

The Court made the following COMMON ORDER:

1. Since these Criminal Petitions are filed, under Section 482 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (for short, 'BNSS'), seeking anticipatory bail by different accused i.e., **Crl.P.No.4837 of 2025** (filed by K. Dhananjaya Reddy), **Crl.P.No.4838 of 2025** (filed P. Krishna Mohan Reddy) and **Crl.P.No.5009 of 2025** (filed by Balaji Govindappa) in same crime viz., Crime No.21 of 2024 of CID Police Station, Mangalagiri, they are being taken up together for disposal by way of this Common Order.

2. The above crime was registered for the offences punishable under section 409, 420, 120-B r/w. Sections 34, 37 of Indian Penal Code, 1860 (for short, '**IPC**') and Sections 7, 7A, 8 and 13(1)(b) and 13(2) of the Prevention of Corruption Act, 1988 (for short 'the PC Act').

3. The prosecution's case, as outlined in the report dated 23.09.2024, is as follows:

- i. On 23.09.2024 at 22:00 hrs, a report was received from Sri Mukesh Kumar Meena, Principal Secretary to the Government of Andhra Pradesh,

vide Memo No. Rev-01/CPE/20/2024-VIG-IV, dated 20.09.2024. The complainant outlined concerns regarding irregularities and corruption in Andhra Pradesh State Beverages Corporation Limited (APSBCL) from October 2019 to March 2024. The report referenced multiple communications, including the Government Memo No. Rev-01/P&E/Complaints/2024, dated 09.09.2024, and a letter from the MD, APSBCL (Lr.No.APSBCL/OFS/2024-25, dated 18.09.2024), along with its enclosures.

- ii. One Y. Venkateswara Rao Srinivas made a representation alleging irregularities in the APSBCL between October 2019 and March 2024. This was forwarded to the MD, APSBCL, for investigation, and a detailed report was provided per the second reference.
- iii. After reviewing the records, the Committee found the irregularities, which are as follows:
 - (1) Suppression of established popular brands and unfair discrimination in the allocation of OFS (Order for Supply) over a period of time led to the almost complete disappearance of some brands from the market.
 - (2) Favourable and preferential allocation of orders to certain new brands in violation of the existing norms, giving them undue market share and competitive advantage.
 - (3) The procurement system was shifted to a manual process, giving scope for manipulation in OFS against the previous automated OFS system, compromising the process's integrity.
- iv. The MD, APSBCL, reported that the Committee examined the OFS (Order for Supply) data from 2018 onwards, as detailed in the annexures. However, they could not determine the motive behind the discrimination and manipulations observed in the records and data related to the procurement process and other issues raised in the petition. The Committee recommended that an external specialized investigation agency be appointed to take further action; based on the Committee's

report, the MD, APSBCL, suggested that the matter be referred to a specialized agency for further investigation.

- v. The report has been examined, and considering the seriousness of the matter, as outlined in the Internal Committee's enquiry report, which mentions suppression of brands, unfair discrimination, preferential allocation, and other violations, further action is deemed necessary.

4. The case of the petitioner in **Crl.P.No.4837 of 2025**, in brief, is that:

- (a) The petitioner was one of the Secretaries to the then Chief Minister and had earlier served in the then Chief Minister's Office (CMO). The nature of his duties does not include policy making or policy implementation and the petitioner was dealing with finance, irrigation, municipal administration, agriculture, energy, tourism subjects and he never dealt with the excise department.
- (b) At the outset, it is submitted that the petitioner's name in the remand reports appears to be a deliberate attempt to malign him, despite no nexus to the excise policy, given his limited role as Secretary to the then Chief Minister. The CMO had no oversight over excise matters, and the petitioner's duties did not extend to policy formulation or execution.
- (c) The allegations, based on conjecture and contrary to public records, are politically motivated. No new distillery licences were issued between 2019–2024, and existing policies and rates from the prior regime remained unchanged, resulting in increased state revenue, rendering claims of a syndicate illogical.
- (d) The Competition Commission of India (CCI), in Case No. 45 of 2021, ruled there was no arbitrariness by APSBCL or the Excise Department, conclusively closing the issue of 'brand killing.' Despite this, the complaint continues to rely on discredited claims to harass the petitioner. None of the essential ingredients of the offences under Sections 409,

420, or 120B IPC are made out. The petitioner neither had entrustment of property nor acted with inducement, deception, or common intention. He had no involvement with APSBCL or excise operations.

- (e) The invocation of Sections 34 and 37 IPC and Sections 7, 7A, 8, 13(1)(b), and 13(2) of the PC Act is baseless. No undue advantage was received or offered, nor was there any misuse of public office. The petitioner's role was purely administrative, without proximity to excise decisions. The investigation appears biased, driven by extraneous influence, and involves coercive tactics against unrelated individuals, as noted by this Hon'ble Court in W.P. No. 10339 of 2025.
- (f) Section 482 BNSs enhances judicial discretion in granting anticipatory bail, recognizing misuse of process in politically motivated cases. The petitioner, a respected IAS officer with an unblemished record, seeks protection from a false and fabricated prosecution initiated with malice and devoid of evidence.

5. The case of the petitioner in **Crl.P.No.4838 of 2025**, in brief, is that

- (a) The Petitioner, a retired Special Grade Deputy Collector and former Officer on Special Duty (OSD) to the Chief Minister, retired voluntarily in 2013 with an unblemished record. His role was limited to coordinating appointments and public representations, without any involvement in policy formulation or implementation.
- (b) An FIR (Crime No.21/2024) was registered by CID, Mangalagiri, based on a complaint alleging irregularities in the previous excise policy. Despite having no connection to the policy or the alleged irregularities, the Petitioner's name appeared in remand reports, indicating a malafide attempt to falsely implicate him.
- (c) The investigation agency allegedly coerced the family of Accused No.1, prompting intervention by this Hon'ble Court in W.P.

No.10339/2025, directing no coercive steps. Notably, similar allegations were dismissed by the CCI in Case No.45/2021.

(d) The Petitioner, a senior citizen with no criminal antecedents, is not involved in the liquor business or any related transactions. Charges under PC Act and IPC are inapplicable to him, as there was no entrustment of property or misuse of official position.

6. The case of the petitioner in **Crl.P.No.5009 of 2025**, in brief, is that

(a) The Petitioner, a Fellow Chartered Accountant and Cost & Management Accountant with over 35 years of experience across sectors, currently serves as Director and Chief Compliance Officer at Bharathi Cement Corporation Pvt. Ltd., part of the Vicat Group. His role is purely private and unrelated to any governmental function. Though family members of the former Chief Minister have interests in the company, the Petitioner has no association with the previous government, its policies, or their implementation. His implication in the case is solely based on his employment, which is arbitrary and unfounded.

(b) The Petitioner has no knowledge of or involvement in the excise policy of 2019–2024. His prosecution constitutes an abuse of legal process and misuse of investigative powers. None of the invoked provisions, i.e. Sections 420, 409 read with 120B, 34, 37 IPC, and Sections 7, 7A, 8, 13(1)(b), 13(2) of the PC Act, apply to the Petitioner. He neither held a public office nor had any role in the formulation or execution of excise-related matters.

(c) The allegations are inherently improbable and unsupported by evidence. Although not yet named as an accused, the investigative pattern suggests indiscriminate arraignment of individuals solely based on Sec. 164 Cr.P.C., statements, reflecting a premeditated and unjust approach.

7. I have heard Sri Vikas Singh, learned Senior Counsel representing Sri Vivekananda Virupaksha, learned counsel for the petitioner in Crl.P.No.4837 of 2025 and Sri S. Nagamuthu, learned Senior Counsel representing Sri P. Shashi Vardhan, learned counsel for the petitioner in Crl.P.No.4838 of 2025 and Sri Siddhartha Dave, learned Senior Counsel representing Sri Tanusha Venkata Lakshmi Kurapati, learned counsel for the petitioner in Crl.P.No.5009 of 2025 and Sri Sidharth Luthra, learned Senior Counsel representing on behalf of Respondent/State. Learned counsel on both sides reiterated their submissions on par with the contentions presented in the petition and the report.

8. The parameters for granting anticipatory bail have been succinctly laid down in ***Siddharam Satlingappa Mhetre V. State of Maharashtra***¹, wherein the Hon'ble Apex Court has observed as follows:

“112. The following factors and parameters can be taken into consideration while dealing with anticipatory bail:

“(i) The nature and gravity of the accusation and the exact role of the accused must be properly comprehended before arrest is made;

(ii) The antecedents of the applicant, including the fact as to whether the accused has previously undergone imprisonment on conviction by a court in respect of any cognizable offence;

(iii) The possibility of the applicant to flee from justice;

(iv) The possibility of the accused's likelihood to repeat similar or other offences;

(v) Where the accusations have been made only with the object of injuring or humiliating the applicant by arresting him or her;

(vi) Impact of grant of anticipatory bail, particularly in cases of large magnitude affecting a very large number of people;

(vii) The courts must evaluate the entire available material against the accused very carefully. The Court must also clearly comprehend the exact role of the accused in the case. The cases in which the accused is implicated with the help of Sections 34 and 149 of the Penal Code, 1860, the Court should consider with even more excellent care and caution because over-implication in the cases is a matter of common knowledge and concern;

(viii) While considering the prayer for the grant of anticipatory bail, a balance has to be struck between two factors, namely, no prejudice should be caused

¹ (2011) 1 SCC 694

to the free, fair and full investigation, and there should be prevention of harassment, humiliation and unjustified detention of the accused;

(ix) The Court to consider reasonable apprehension of tampering of the witness or apprehension of threat to the complainant;

(x) Frivolity in Prosecution should always be considered; it is only the element of genuineness that shall have to be considered in the matter of grant of bail and in the event of there being some doubt as to the genuineness of the Prosecution, in the normal course of events, the accused is entitled to an order of bail."

9. The case of the prosecution is that following the 2019 elections, the government introduced a liquor policy *vide* G.O.Ms.No.357 (16.08.2019), establishing 3,500 Government Retail Outlets (GROs) under APSBCL. The policy, purportedly towards prohibition, however, the prosecution contends that instead it facilitated State control over the liquor trade. The material placed indicates that during the investigation, Sri T. Daiva Prasad, then DSP, CID RO, Kurnool, examined witnesses LW-1 to 7, recorded statements, and conducted searches at APSBCL and distilleries with mediators, local police, and APFSL staff. Notices were served to officials, including the Tahsildar, APFSL Asst. Director Sri Swamy and SHO Patamata PS. Seized items—74 hard disks, one laptop, and 1,016 documents—were sent to FSL, Mangalagiri. The case was transferred to Sri R. Sri Hari Babu, Addl. SP, CID (EOW) on 12.11.2024 for further investigation. So far, 128 witnesses have been examined.

10. According to the case of prosecution, L.W. 69, Sri D. Satya Prasad, Assistant Commissioner, revealed that he was invited by Member of Parliament, P. Mithun Reddy, to join a syndicate exploiting the liquor procurement system for kickbacks. He met with key persons, including Mr. V. Vijaya Sai Reddy and Mr. Vasudeva Reddy, and they devised a scheme to earn ₹50–60 crore monthly through commissions. Mr. Vasudeva Reddy managed APSBCL operations, while Satya Prasad handled sales and marketing. In November 2019, Satya Prasad was appointed Special Officer,

further consolidating control, and met with Rajasekhar Reddy to advance the conspiracy.

11. It is the case of the prosecution that in October 2019, Satya Prasad met Member of Parliament (MP) Mr. Mithun Reddy, who proposed using the OFS (Online File System) for a kickback scheme, promising Prasad an IAS promotion as an incentive. Days later, a meeting at V. Vijaya Sai Reddy's residence involving key political figures mapped out a plan to exploit liquor sales via OFS, targeting ₹50–60 crore monthly. By early 2020, control over OFS was handed to Satya Prasad, following dissatisfaction with liquor brands. APSBCL used C-Tel Software for OFS generation and minimized human interference. On 15.10.2019, the automated OFS system was disabled on Vasudeva Reddy's instructions, despite objections from the C-Tel Project Manager, a private e-mail was used to receive manual OFS requests, bypassing the automated system and allowing discretionary control. According to the prosecution, Satya Prasad coordinated these illicit activities daily, directing depot managers based on kickback arrangements, using specific digital devices for operations. Kickbacks ranged from ₹150 to ₹600 per case, depending on brand category, and the lack of formal delegation allowed the exclusion of non-compliant suppliers. Monthly sales spanned 27–30 lakh IML cases and 7–10 lakh beer cases. Raw material procurement was manipulated through inflated pricing, with excess funds siphoned back to the syndicate, completing a systematic corruption loop.

12. The investigation discloses that to ensure kickbacks were properly collected, a real-time communication system was set up between APSBCL and the Raj team. A. Anusha, appointed by Rajat Bhargav, collected daily sales data and sent it to Saif, who created kickback tables. These tables were sent to Raj, Sumith, and Chanakya/Prakash, who then coordinated with distilleries every 5 days to collect kickbacks. Payments were collected and handed to Raj Kessireddy.

13. Based on these kickbacks, Satya Prasad developed an indent plan and monitored it through daily conference calls with Depot Managers. Key figures, including M.D. Vasudeva Reddy, Vijay Sai Reddy, Mithun Reddy, Kessireddy Rajasekhar Reddy, and Sajjala Sreedhar Reddy, held regular meetings to ensure the plan's success. Initially, Sumith monitored kickbacks but was replaced by Chanakya (Prakash), who used VPNs, virtual numbers, and Signal to communicate with distilleries, avoiding traceability. After APSBCL payments were released, Prakash demanded kickbacks within two days before further orders were placed.

14. It is the case of the prosecution that witnesses revealed that in late 2019, distillery owners were coerced into a meeting at Hotel Taj Krishna, Hyderabad, led by Sajjala Sreedhar Reddy. They were forced to cooperate by raising planned indents and issuing manual OFSs, with kickbacks starting at 12%, later rising to 20%. Approximately ₹50 - 60 crores was collected monthly.

15. It is the case of the prosecution that APSBCL's payment procedure followed a discount policy for timely supplier payments, but MD Vasudeva Reddy continued applying an outdated policy after the 2021 revised GO, causing a financial loss to the government. Between June 2022 and March 2024, ₹200 crore was overpaid to suppliers, benefiting distilleries like Spy Agro Industries and Leela Distilleries, as part of the ongoing kickback scheme.

16. It is the case of the prosecution that witnesses, including the then MD of APSBCL (LW-93), revealed that the syndicate violated established pricing principles, inflating the prices of kickback-paying brands, leading to direct losses in government revenue. Investigations revealed that Adan Distilleries Pvt. Ltd., incorporated in 2020, had key connections with the syndicate. The company was created with ₹60 Crore capital, transferred by individuals linked to the political network. These transactions raise concerns about illicit financial dealings that require further scrutiny.

17. It is the case of the prosecution that the involvement of key persons like Mr. Kessireddy Rajasekhar Reddy and Mr. Vijaya Sai Reddy suggests a larger conspiracy requiring deeper investigation. Adan Distilleries and Leela Distilleries achieved massive turnovers through sub-lease agreements with established distilleries. Suspicious transactions between these companies point to potential illicit payments and quid pro quo arrangements. The syndicate leveraged its political influence to monopolise the liquor market, manipulating APSBCL's processes and securing illegal gains by:

1. Changing the OFS process from automated to manual,
2. Overriding new brand allocation procedures,
3. Modifying the indent plan procedure,
4. Controlling the GRO logins.

18. It is further alleges that from 2019 to 2024, the syndicate illicitly amassed approximately ₹3,200 crore through manipulation of the liquor distribution market in Andhra Pradesh. They withheld orders for popular brands, applied improper payment discounts, and circumvented new brand allocation procedures, causing significant financial loss to both the government and well-known liquor brands.

19. The learned Senior Counsel appearing on behalf of the Respondent/State submits that the petitioners have been named as accused in the present case. To establish the petitioners' involvement, the prosecution relied upon the statements of L.W.26 – Nunna Sharan, L.W.104 – Ammireddi Jayapal Reddy, L.W.105 – Sunkara Ayyappa, and L.W.108 – Veera Durga Malleswara Rao, which prima facie indicate the role played by the petitioners in the commission of the alleged offence.

20. The prosecution has also relied upon the confessional statements of co-accused persons to establish the petitioners' involvement in the commission of the offence. However, the learned Senior Counsel appearing for the petitioners have strongly opposed the reliance on such confessional

statements, contending that they are inadmissible in evidence. In contrast, the learned Senior Counsel for the Respondent/State submits that the statements made by co-accused persons are subject to evaluation during trial, and it would be incorrect to contend that confessional statements made by an accused during interrogation cannot be considered for the purpose of connecting other accused persons. This Court is of the view that such disclosure statements made by co-accused can indeed be taken into consideration as investigative leads and, further, may be admissible during trial under Section 30 of the Indian Evidence Act.

21. It is erroneous to say that confessional statement made by the accused during interrogation cannot be considered or looked into to connect the other co-accused. Such disclosure statement of co-accused can certainly be taken into consideration for providing lead in investigation and even during trial it is admissible under Section 30 of the Indian Evidence Act.

22. According to the prosecution, the scheme in question favoured select liquor brands such as Adan and Leela, while sidelining well-established brands like Pernod Ricard and McDowell. As a result, several distilleries either shut down operations or diverted their products to other states. Despite receiving consumer complaints regarding the quality of alcohol, no remedial measures were undertaken. The distilleries allegedly employed methods such as transferring funds to gold traders, procuring GST invoices, and remitting cash to the accused after deducting commissions. The investigation has revealed suspicious transactions amounting to approximately ₹300–400 crores. In support of these allegations, the prosecution has produced records of suspicious transactions involving Leela Agro and S.P.Y. Agro; bullion transactions entered into by Tilak Nagar Industries Limited; bullion invoices and ledger entries of Arham Bullion and Tilak Nagar Industries Limited; and details of entities that were found to be non-existent.

23. The petitioner in Crl.P.No.4837 of 2025 asserts that his duties did not encompass policy-making or policy implementation. He was primarily engaged with matters related to finance, irrigation, municipal administration, agriculture, energy, and tourism, and had no involvement with the excise department. Similarly, the petitioner in Crl.P.No.4838 of 2025 maintains that his role was confined to coordinating appointments and addressing public representations, with no participation in policy formulation or execution. The learned Senior Counsel for the petitioner argues that, even assuming the petitioner attended the relevant meeting, it cannot be concluded that he played any role in the formulation or execution of the Excise Policy. In support of his contention, he placed reliance on a decision reported in **Manju Surana vs. Sunil Arora and others**², wherein the Hon'ble Apex Court held that:

“ 44. xxx There was no allegation in respect of any role played by the Secretary/Principal Secretary to the Chief Minister. It cannot be said to be a mere mis-description of name, which can be corrected. It cannot be the stand of the appellant that willy-nilly somehow, Respondent 1 must remain arrayed as an accused in those proceedings, even though the proceedings before the Magistrate are at the stage of only whether there should be a direction for investigation or not. It is not that every officer in the Government has to be arrayed in respect of any role performed or not. The mere presence in one meeting of Respondent 1 and that too when he was not a signatory and really had no role to play in that capacity, as apparent from the minutes, cannot be now used to justify his name being included as an accused. This is clearly an afterthought. It is not for the appellant to question as to which officer should or should not be present.”

24. The learned Senior Counsel for the petitioner in Crl.No.5009 of 2025 contends that the petitioner's role is entirely private and unrelated to any governmental functions. While family members of the former Chief Minister may have interests in the company, the petitioner has no affiliation with the previous government, its policies, or their implementation. However, the Respondent-State has presented material indicating that the petitioners participated in meetings related to the Excise Policy and were involved in

² (2018) 5 SCC 557

overseeing the liquor business on behalf of the government, including issuing orders and facilitating the production of liquor. In this regard, the prosecution has specifically relied on the statement of L.W. 26, which was recorded on 11.12.2024, well before the filing of the petitioners' anticipatory bail applications. Consequently, it is difficult to accept the argument that these statements were recorded solely to implicate the petitioners in this case after the filing of the anticipatory bail petitions.

25. The allegations against the petitioners are that they were responsible for the discontinuation of popular liquor brands and the promotion of favoured brands, collecting approximately Rs.3200 Crores in kickbacks for the liquor syndicate. The prosecution further claims that, on average, the accused received Rs.50-60 crores per month in kickbacks, with A.1 allegedly handing over these amounts to the petitioners in Crl.P.No.5009 of 2025 and Crl.P.No.4838 of 2025.

26. The learned Senior Counsel for the petitioners contends that the aggrieved parties had previously raised the same allegations, which formed the basis for the lodging of the F.I.R., before the Competition Commission of India in Case No. 45 of 2021. However, the Hon'ble Competition Commission of India concluded that neither the Prohibition and Excise Department nor AP SBCL had engaged in any arbitrary or discriminatory actions. In its ruling, the Competition Commission of India (CCI) in Case No. 45 of 2021 found no evidence of arbitrariness on the part of AP SBCL or the Excise Department, thereby conclusively closing the issue of 'brand killing.

27. Learned Senior Counsel for the petitioner in Crl.P.No.4837 of 2025 placed reliance on ***P.S. Rajya vs. State of Bihar***³, wherein the Hon'ble Apex Court held that:

“23. Even though all these facts including the Report of the Central Vigilance Commission were brought to the notice of the High Court, unfortunately, the

³ (1996) 9 SCC 1

High Court took a view that the issues raised had to be gone into in the final proceedings and the Report of the Central Vigilance Commission, exonerating the appellant of the same charge in departmental proceedings would not conclude the criminal case against the appellant. We have already held that for the reasons given, on the peculiar facts of this case, the criminal proceedings initiated against the appellant cannot be pursued. Therefore, we do not agree with the view taken by the High Court as stated above. These are the reasons for our order dated 27-3-1996 for allowing the appeal and quashing the impugned criminal proceedings and giving consequential reliefs.”

28. On the other hand, learned Senior Counsel appearing on behalf of the Respondent-State, places reliance on the decision reported in **State (NCT of Delhi) vs. Ajay Kumar Tyagi⁴**, wherein the Hon'ble Apex Court held that:

“19. Even at the cost of repetition, we hasten to add that none of the heads in P.S. Rajya [(1996) 9 SCC 1 : 1996 SCC (Cri) 897] is in relation to the effect of exoneration in the departmental proceedings on criminal prosecution on identical charge. The decision in P.S. Rajya [(1996) 9 SCC 1 : 1996 SCC (Cri) 897] , therefore, does not lay down any proposition that on exoneration of an employee in the departmental proceeding, the criminal prosecution on the identical charge or the evidence has to be quashed.

20. It is well settled that the decision is an authority for what it actually decides and not what flows from it. The mere fact that in P.S. Rajya [(1996) 9 SCC 1 : 1996 SCC (Cri) 897] , this Court quashed the prosecution when the accused was exonerated in the departmental proceeding would not mean that it was quashed on that ground. This would be evident from para 23 of the judgment, which reads as follows: (SCC p. 9)

“23. Even though all these facts including the report of the Central Vigilance Commission were brought to the notice of the High Court, unfortunately, the High Court took a view that the issues raised had to be gone into in the final proceedings and the report of the Central Vigilance Commission, exonerating the appellant of the same charge in departmental proceedings would not conclude the criminal case against the appellant. We have already held that for the reasons given, on the peculiar facts of this case, the criminal proceedings initiated against the appellant cannot be pursued. Therefore, we do not agree with the view taken by the High Court as stated above. These are the reasons for our order dated 27-3-1996 [P.S. Rajya v. State of Bihar, Criminal Appeal No. 434 of 1996, order dated 27-3-1996 (SC)] for allowing the appeal and quashing the impugned criminal proceedings and giving consequential reliefs.”

(emphasis supplied)

⁴ (2012) 9 SCC 685

From the reading of the aforesaid passage of the judgment it is evident that the prosecution was not terminated on the ground of exoneration in the departmental proceeding but, on its peculiar facts.

29. The learned Senior Counsel appearing for the Respondent-State argues that the proceedings before the Competition Commission of India (CCI) pertain to the period from 2019 to 2021, whereas the allegations against the accused persons cover the period from 2019 to 2024. Therefore, the findings recorded by the CCI cannot be afforded significant weight in this context. The prosecution has relied upon sale transactions presented in a tabular form, and the details contained therein, prima facie, support the prosecution's case.

Brand	Quantity in 2018-19	Quantity in 2023-24
McDowell's Brandy	22,73,086	5
Imperial Blue Whisky	20,21,955	7
Kingfisher Beer	1,02,47,566	11,82,388
Budweiser Beer	22,52,195	0

Brand	Market share 2018-19	Market share 2023-24
McDowell's Brandy	23.41%	2.15%
Kingfisher Beer	29.5%	3.21%
Budweiser Beer	11.43%	1.25%

S.No.	Name of the Brand	Quantity Intended
1.	Ocean Blue Whiskey	2,76,706
2.	Daru House Whiskey	68,83,420
3.	Supreme Blend Whiskey	77,35,400
4.	Brilliant Blend Whiskey	37,30,800
5.	9 Sea Horse Whiskey	46,07,733
6.	Andhra Gold Whiskey	20,61,711
7.	Good Friend Whiskey	27,72,050
8.	HD Whiskey	22,02,555

30. The prosecution contends that an analysis of the financial accounts of various distilleries and suppliers involved in the liquor business reveals that these entities agreed to pay kickbacks at prescribed rates, based on the category of liquor. Additionally, they were compelled to arrange regular cash payments, which were channelled through the accounts of real estate companies, shell companies, and other entities. A portion of the funds was

subsequently transferred to various accounts. The prosecution further states that the investigation is still in its early stages and requires a thorough examination of these transactions.

31. In ***Ashok Kumar V. State of Union Territory Chandigarh***⁵, the Hon'ble Apex Court held that:

12. There is no gainsaying that custodial interrogation is one of the effective modes of investigating the alleged crime. It is equally true that just because custodial interrogation is not required that by itself may also not be a ground to release an accused on anticipatory bail if the offences are of a severe nature. However, a mere assertion on the part of the State while opposing the plea for anticipatory bail that custodial interrogation is required would not be sufficient. The State would have to show or indicate more than prima facie why the custodial interrogation of the accused is required for investigation.

32. This Court views that the investigating officer deserves a free hand to take the investigation to its logical conclusion in a case containing severe allegations. With regard to the Prosecution's case, the investigation remains incomplete. Granting anticipatory bail to the Petitioners could potentially hinder the ongoing investigation. The allegations are severe, and the investigating agency has not yet been able to interrogate the Accused/Petitioners. The established legal principle is that anticipatory bail is not granted as a matter of routine; it should only be provided when the Court is convinced that exceptional circumstances warrant such an extraordinary remedy.

33. The Hon'ble Supreme Court, after referring to "**Satlingappa Mhetre's case**" and other judgments, observing that anticipatory bail can be granted only in exceptional circumstances, in ***Jail Prakash Singh vs. State of Bihar and Another***⁶, held as under:-

19. Parameters for grant of anticipatory bail in a serious offence are required to be satisfied and further while granting such relief, the court must record the reasons therefor. Anticipatory bail can be granted only in exceptional

⁵ 2024 S.C.C. OnLine SC 274

⁶ (2012) 4 SCC 379

circumstances where the court is prima facie of the view that the applicant has falsely been enroped in the crime and would not misuse his liberty. (See D.K. Ganesh Babu v. P.T. Manokaran [(2007) 4 SCC 434 : (2007) 2 SCC (Cri) 345] , State of Maharashtra v. Mohd. Sajid Husain Mohd. S. Husain [(2008) 1 SCC 213 : (2008) 1 SCC (Cri) 176] and Union of India v. Padam Narain Aggarwal [(2008) 13 SCC 305 : (2009) 1 SCC (Cri) 1].)

34. The investigation is at the initial stage, as it is a case containing serious allegations, this Court views that anticipatory bail is not to be granted, as the Investigation Officer deserves free hand to take the investigation to its logical conclusion. The petitioner has to be interrogated in custody. The release of the petitioners may adversely affect the investigation process.

35. The anticipatory bail, the extraordinary privilege, should be granted only in exceptional circumstances, where the court is prima facie convinced that the petitioners are enroped in the crime and unlikely to misuse the liberty granted. The necessity for custodial interrogation of the petitioners is paramount in this case to facilitate a thorough investigation into the accusations. Denying custodial interrogation could result in significant loopholes and gaps in the ongoing investigation, adversely affecting its integrity. To bring out all material information relating to the offence, the petitioners must undergo custodial interrogation.

36. The statements provided by several witnesses have underscored the petitioners' prima facie involvement in the criminal conspiracy associated with the Excise Policy. It cannot lose sight of serious allegations leveled by the prosecution and the evidences collected during the course of investigation and presented before this Court, which prima facie reveal the petitioners' role in the offence in question. The material placed on record, its face, suggests the petitioners' involvement in the offence in question. Given these circumstances, custodial interrogation is deemed essential to confront the petitioners with the gathered evidence and to unravel a broader conspiracy implicating the accused in the implementation of the Excise Policy.

37. Having considered the submissions made on behalf of both sides and after considering the gravity of the offence, circumstances of the case, particularly taking note of the accusation that Rs.3200 crores were said to be collected towards kickbacks for the liquor syndicate and also considering the settled principle of law that power of grant of bail under Section 438 Cr.P.C., is to be sparingly exercised in extraordinary circumstances and thus, no such circumstances being having been made out in this case, this court does not find it a proper case for granting the relief of anticipatory bail to the Petitioners.

38. Taking into account the overall facts and circumstances, this court concludes that the petitioners are not entitled to leniency in the grant of anticipatory bail. Consequently, the petitions, lacking merit, are **dismissed**.

39. Nothing stated above shall be construed as a final expression of opinion on the merits of the case, and the observations made in the present cases are only for adjudicating the present bail applications.

Miscellaneous applications pending, if any, in these Criminal Petitions, shall stand closed.

JUSTICE T.MALLIKARJUNA RAO

Date: 07.05.2025
MS / SAK

THE HON'BLE SRI JUSTICE T. MALLIKARJUNA RAO

CRIMINAL PETITION NOs:4837, 4838 and 5009 of 2025

Date: 07.05.2025

MS