IN THE COURT OF THE SPECIAL JUDGE FOR TRIAL OF CASES UNDER ECONOMIC OFFENCES AT NAMPALLY, HYDERABAD

Present:**MOHD ABDUL JAVEED PASHA,**

FAC SPECIAL JUDGE FOR TRIAL OF CASES UNDER ECONOMIC OFFENCES AT NAMPALLY, HYDERABAD

Dated this Wednesday the 12th day of August, 2026.

Crl.M.P.No. 371 of 2026
in
F.No. DGGI/INV/GST/270/2026-Gr H- O/o ADG-DGGI-ZU-HYD
in
FN DRI No. 23/2026

BETWEEN:

Yerneni Lakshmi Prasad, S/o. Y. Lokeswara Rao,
Aged about 56 years, Managing Director,
M/s. Ecoren Energy India Private Limited,
Plot No.1202, 1215A,Door No.8-2-293/B/2/1202,
Road No.61, Jubilee Hills, Hyderabad ... Petitioner/ Accused

//AND//

The State Through the Senior Intelligence
Officer, Directorate General of GST Intelligence,
Hyderabad Zonal Unit, Hyderabad. ... Respondent/Complainant

*This petition is coming for hearing before me on 03.08.2026 in the presence of **Sri. G.Ashok Reddy,** the learned counsel for the petitioner/accused and **Sri. T.V.Subba Rao,** the learned Special Public Prosecutor for the respondent/complainant**,** upon hearing, this matter having stood over for consideration till this day and the Court made the following:*

O R D E R

This petition is filed under section 480 of the Bharatiya Nagarik Suraksha Sanhita - 2023 on behalf of the petitioner/accused seeking grant of bail, who was arrested by the respondent/complainant officials in F.N. DRI No. 23 of 2026 for the offence punishable under sections 132(1)(c) r/w 132(1)(i), section 132(5) of CGST Act, 2017 and he has been in judicial custody since 24.07.2026.

2. The learned counsel for the petitioner/accused submitted that the petitioner/accused was arrested by the respondent/complainant officials on 24.07.2026 alleging wrongful and fraudulent availment of Input Tax Credit; the petitioner/accused is the Managing Director of M/s. Ecoren Energy India Private Limited which is engaged in the development, engineering, procurement and execution of renewable energy projects across various States in India.

The allegations of the respondent/complainant officials is that certain suppliers whose invoices formed part of the company's Input Tax Credit were subsequently found to have defaulted in their statutory compliances or whose registrations were cancelled, consequently, the petitioner/accused has been alleged to have fraudulently availed Input Tax Credit on such transactions, for which the petitioner/accused denies the allegations.

The learned counsel for the petitioner/accused further submitted that the petitioner/accused fully cooperated with the Investigating Agency and furnished statements, produced documents, invoices, work orders, ledgers, payment particulars, bank records and every other documents sought during the course of investigation, as such, there is no possibility of the petitioner/accused tampering with the evidence. Further, during the course of investigation, the company of the petitioner/accused has deposited an amount of Rs. 7 crores through various form GST DRC payments.

The learned counsel for the petitioner/accused further submitted that the principal witnesses in the present case are the officials of the company, statutory authorities and officers of the Director General of the GST Intelligence, most of their statements have already been recorded and the evidence relied upon by the prosecution is documentary in nature hence there exists no reasonable apprehension that the petitioner/accused would influence the witnesses or interfere the investigation; the petitioner/accused is is permanent abode of Hyderabad, poses no flight risk and is ready to abide by any conditions imposed by this court therefore, prayed to enlarge the petitioner/accused on bail.

In support of his submissions, the learned counsel for the petitioner/accused relied upon the decision of the Hon'ble Supreme Court in *Vineet Jain Vs Union of India* (Criminal Appeal no. 2269/2025 2025 SCC online SC 2331) and the order of the Hon'ble High Court in *Sri Sandeep Kumar Goel and Another VS Union of India*, (in Criminal Petition no. 9264/2026).

3. Having received the notice, the learned Special Public Prosecutor has opposed the present petition by filing counter.

4. The learned Special Public Prosecutor argued that the petitioner/accused knowingly and fraudulently availed and utilized Input Tax Credit without actual receipt of goods/services involving an amount of approximately Rs. 64.59 crores through a well-orchestrated network of fake entities and funnelling of funds.

The learned Special Public Prosecutor further submitted that despite of receiving summons, the petitioner/accused failed to appear before the

Investigating Officers nor did his company furnished the specific data requested within the stipulated time; further, multiple summons were issued to the Site in-charges of the petitioner’s company at Kudligi, Johrapuram, Pedda Hothuru and Theppepalli but out of the persons summoned only Site in-charge of Kudligi Site appeared before the Investigating Officers and other Site in-charges neither appeared before the Investigating Officers nor offered any explanation for their non appearance hence the petitioner/accused and his company has fully cooperated with the Investigating Agency, is not genuine and far from truth; the said conduct of the petitioner/accused is relevant in assessing the likelihood of future cooperation for investigation by the petitioner/accused and his company.

The learned Special Public Prosecutor further submitted that the magnitude of fraudulent ITC, the nature of the alleged offence, role attributed to the petitioner/accused, the evidence collected and continuing investigation constitutes sufficient grounds for declining bail at this stage; moreover, the petitioner/accused has failed to establish that his release would not prejudice the investigation; there is absolute apprehension of interference with the witnesses, influence over company’s personnel, possible obstruction of ongoing investigation, hence, prayed to dismiss the bail petition.

5. Heard.

6. Now, the point for consideration is:

Whether the petitioner/accused is entitled for grant of bail, as prayed for?

P O I N T:

7. On perusal of the material on record, the core allegations against the petitioner/accused is that he is involved in fraudulent availment and utilization of Input Tax Credit (ITC) amounting to approximately Rs.64.59 crores using fake/cancelled invoices issued by around (12) non existent/defaulted suppliers without actual movement or receipt of goods or services. Banking and toll movements analyses allegedly reveal immediate diversion of funds to unrelated entities including businesses dealing in jwellery, bullion and kirana which do not form part of the legitimate supply chain.

8. In the judgment relied upon by the counsel for the petitioner/accused between ***Vineet Jain Vs Union of India in Criminal***

Appeal no. 2269/2025 of Hon'ble Supreme Court of India 2025 SCC online SC 2331, where in the Hon'ble Apex Court observed that –

"3. The offences alleged against the appellant are under Clauses (c), (f) and (h) of Section 132(1) of the Central Goods and Services Tax Act, 2017. The maximum sentence is of 5 years with fine. A charge-sheet has been filed. The appellant is in custody for a period of almost 7 months. The case is triable by a Court of a Judicial Magistrate. The sentence is limited and in any case, the prosecution is based on documentary evidence. There are no antecedents.

4. We are surprised to note that in a case like this, the appellant has been denied the benefit of bail at all levels, including the High Court and ultimately, he was forced to approach this Court. These are the cases where in normal course, before the Trial Courts, the accused should get bail unless there are some extra ordinary circumstances."

In the above referred judgment, it is evident that the accused was languishing in jail since (7) months and in the said case charge-sheet had already filed. But in the case in hand, the investigation is at crucial stage and charge-sheet is yet to be filed, several key factual aspects of the disputed transactions remain to be investigated. Hence, this court finds considerable force in the contention of the respondent/complainant officials that the petitioner/accused being the Chairman and Managing Director of the company holds significant influence over the company and its employees, the release of the petitioner/accused at this stage may enable him to influence the witnesses, tamper with the financial trails and prejudice the investigation into the remaining aspects of the alleged transactions of the supply network hence this is not the case where in the normal course, the petitioner/accused should get bail.

9. The learned counsel for the petitioner/accused also relied upon the order in Sri Sandeep Kumar Goel and Another VS Union of India,(Criminal Appeal no. 2269/2025 2025 SCC online SC 2331). However, the said order pertains to an application for pre-arrest bail under different factual circumstances whereas the present petition is for post-arrest bail

10. Economic offences involving significant loss to the public exchequer constitute serious crimes hence has to be viewed with gravity. Having considered the rival submissions, this court observed that the investigation is currently at a crucial stage which involves tracing complex money trails, unearthing a network of alleged fake entities and examining key witnesses. Therefore, releasing the petitioner/accused at this juncture carries a risk of tampering with evidence, influencing the witnesses and obstructing the ongoing investigation. Moreover, the petitioner/accused previously failed to appear before the Investigating Agency despite receiving summons and did not provide the required details in a timely manner. This conduct raises a reasonable apprehension regarding his future cooperation with the Investigating Agency.

11. Considering the facts and circumstances of the case, in view of the seriousness of the allegations, the alleged tax evasion, the ongoing investigation into a larger network of entities and the risk of interference with the witnesses and the evidence, at the stage of the case, this court is not inclined to grant bail to the petitioner/accused, for fair and uninterrupted investigation. Point is answered accordingly.

12. **In the result,** this petition is dismissed.

Dictated to Stenographer, transcribed by her, corrected and pronounced by me in the open Court on this the 12th day of August, 2026.

Sd/-

FAC SPL. JUDGE FOR TRIAL OF CASES UNDER ECONOMIC OFFENCES HYDERABAD