

IN THE HIGH COURT OF ANDHRA PRADESH
APHC010235472026

AT AMARAVATI

[3396]

(Special Original Jurisdiction)

MONDAY, THE 27th DAY OF JULY 2026

PRESENT

THE HONOURABLE DR. JUSTICE VENKATA JYOTHIRMAI PRATAPA

CRIMINAL PETITION Nos. 3700, 3701 & 3702 of 2026

Criminal Petition No.3700 of 2026:

Between:

SHRI K. DHANANJAYA REDDY, S/O. K. REDDENNA, AGED ABOUT 61
YEARS.I.A.S RETIRED, R/O. FLAT NO.1004, C BLOCK, FORTUNE
ONE, ROAD NO. 12, BANJARA HILLS, HYDERABAD, TELANGANA

... PETITIONER/ACCUSED No.31

AND

THE STATE OF ANDHRA PRADESH, REPRESENTED BY ITS ADDL.
SUPERINTENDENT OF POLICE INVESTIGATING OFFICER, SPECIAL
INVESTIGATION TEAM SIT 2ND FLOOR, OFFICE OF COMMISSIONER
OF POLICE, VIJAYAWADA, NTR KRISHNA DISTRICT, ANDHRA
PRADESH REP BY ITS PUBLIC PROSECUTOR HIGH COURT OF AP
AMARAVATI

...RESPONDENT/COMPLAINANT

Counsel for the Petitioner/Accused No.31:

1.SAI SARAN CHODISETTY

Counsel for the Respondent/complainant:

1.PUBLIC PROSECUTOR

2.JAVVAJI SARATH CHANDRA

Criminal Petition No.3701 of 2026:**Between:**

PELLAKURU KRISHNA MOHAN REDDY, S/O RAMA SUBBA REDDY,
67 YRS, VILLA NO.9A, SUNRISE VALLEY,UPPERPALLY,
ATTAPUR,RANGAREDDY, TELANGANA.

...PETITIONER/ACCUSED No.32

AND

THE STATE OF ANDHRA PRADESH, REP. BY ITS PUBLIC
PROSECUTOR, HIGH COURT OF ANDHRA PRADESH, AT
AMARAVATHI.

...RESPONDENT/COMPLAINANT

Counsel for the Petitioner/Accused No.32:

1.T NAGARJUNA REDDY

Counsel for the Respondent/complainant:

1.PUBLIC PROSECUTOR

2.JAVVAJI SARATH CHANDRA

Criminal Petition No.3702 of 2026:**Between:**

BALAJI GOVINDAPPA, S/O. MUNEGOWDA GOVINDAPPA, AGED 61
YEARS, FLAT NO.101, H.NO. MCH 8-2-624/A/B/3/1, BURRI
RESIDENCY, ROAD NO.11, CITY CENTER, BANJARA HILLS,
HYDERABAD - 500034

...PETITIONER/ACCUSED No.33

AND

THE STATE OF ANDHRA PRADESH, REPRESENTED BY ITS ADDL.
SUPERINTENDENT OF POLICE INVESTIGATING OFFICERSPECIAL
INVESTIGATION TEAM (SIT) 2ND FLOOR, OFFICE OF
COMMISSIONER OF POLICE, VIJAYAWADA,NTR KRISHNA DISTRICT,
ANDHRA PRADESH

...RESPONDENT/COMPLAINANT

Counsel for the Petitioner/Accused No.33:

1.INAKOLLU VENKATESWARLU

Counsel for the Respondent/complainant:

1.PUBLIC PROSECUTOR

2.JAVVAJI SARATH CHANDRA

The Court made the following:**COMMON ORDER:**

1. The instant Criminal Petitions under Sections 480 and 483 of Bharatiya Nagarik Suraksha Sanhita, 2023¹ have been filed by the Petitioners/ Accused Nos.31, 32 and 33, seeking regular bail in connection with Crime No.21 of 2024 of CID Police Station, Mangalagiri, Guntur District registered for the offences under Sections 409, 420, and 120-B read with Sections 34, 37 of the Indian Penal Code, 1860² and Sections 7, 7(a), 8, 13 (1) (b) & 13(2) of the Prevention of Corruption Act, 1988³.

2. The case relates to the alleged large-scale irregularities in the excise policy and functioning of APSBCL during 2019–2024, including discriminatory OFS allocation and manipulation of the manual OFS system. Based on a complaint dated 26.08.2024, CID registered Crime No.21 of 2024 on 23.09.2024 for the alleged offences and the present Petitioners were arraigned as Accused Nos.31 to 33 in the said crime.

3. Petitioner / Accused No. 31, the former Secretary to the Chief Minister, alleged to have played a key role in suppressing popular liquor brands as part of a syndicate involving high-ranking officers, political

¹ For short 'BNSS'

² For short 'IPC'

³ For short 'PC Act'

authorities, and close associates of Accused No.1. Petitioner / Accused No. 32, a retired Special Deputy Collector, worked as Officer on Special Duty in the Chief Minister's Office during the relevant period. Petitioner / Accused No. 33 is alleged of being involved in a kickback scheme, collecting ill-gotten money as part of the conspiracy.

4. Petitioners / Accused Nos.31, 32 and 33 were arrested on 16.05.2025, 16.05.2025 and 13.05.2025 respectively and were remanded to judicial custody on 17.05.2025, 17.05.2025 and 14.05.2025 respectively, which was periodically extended from time to time. The Investigating Agency filed charge sheets dated 19.07.2025 and 11.08.2025 within the statutory period of 90 days. The learned Special Judge treated the charge sheets as incomplete and enlarged Petitioners/Accused Nos.31, 32 and 33 on default bail vide orders dated 06.09.2025. Aggrieved thereby, the State filed Crl.P.Nos.9363, 9364 and 9365 of 2025 before this Court, and the same were allowed vide Common Order dated 19.11.2025, directing Petitioners/ Accused Nos.31, 32 and 33 to surrender before the Special Court on or before 26.11.2025. Aggrieved thereby, the Petitioners / Accused Nos.31, 32 and 33 preferred S.L.P.(Crl.) Nos.,18853, 18836 and 18840 of 2025 before the Hon'ble Supreme Court of India, which were dismissed on 21.01.2026 by way of a Common Order, observing that, "in the peculiar facts and circumstances of this case, we are not inclined to interfere with the impugned order dated 19.11.2025." However, the Hon'ble Supreme Court directed that the interim protection granted vide Order dated 26.11.2025 shall continue to operate,

thereby enabling the Petitioners to seek regular bail before the Special Court. Pursuant thereto, the Petitioners filed applications before the Special Court seeking regular bail in CrI.P.Nos.,220, 230 and 255 of 2026. The said applications were dismissed by the Special Court, *vide* Common Order dated 24.04.2026. Thereafter, the present applications are filed before this Court, seeking grant of regular bail.

Arguments Advanced at the Bar

5. Heard Sri S. Sriram, learned Senior Counsel assisted by Sri Sai Saran Chodisetty, learned counsel for the Petitioner/ A.31, Sri Siddhartha Dave, learned Senior Counsel assisted by Sri T.Nagarjuna Reddy, learned counsel for the Petitioner/ A.32, Sri S.Niranjan Reddy, learned Senior Counsel assisted by Sri Inakollu Venkateswarlu, learned counsel for Petitioner / A.33, and Sri B. Adinarayana Rao, learned Senior Counsel assisted by Sri Javvaji Sarath Chandra, learned Special Prosecutor and Sri M.Lakshminarayana, learned Public Prosecutor for Respondent.

6. In unison, Sri S.Sriram, Sri Siddhartha Dave and Sri S.Niranjan Reddy, Learned Senior Counsels would submit that, except for the present Petitioners, all other Accused who were arrested have already been released on bail, and the principle of parity applies. It is further submitted that the Investigating Agency has filed the police report against these Petitioners and that the investigation is complete as far as the present Petitioners are concerned. Learned Senior Counsels would further submit that, so far, a large number of witnesses have been examined and four supplementary charge

sheets have been filed, however, cognizance of the offences has not been taken. It is contended that prolonged pre-trial incarceration, without the trial commencing, constitutes a violation of the right to liberty. It is further submitted that nothing adverse has been reported against the Petitioners by the Investigating Agency after their release from the date of default bail. It is submitted that the Petitioners are senior citizens, that Petitioner/Accused No.32 has been suffering from old-age ailments, that there is no flight risk, and that the Petitioners have never interfered with the investigation in the present crime. Hence, it is prayed that bail be granted to the Petitioners/Accused Nos.31, 32 and 33.

7. *Per contra*, Sri B. Adinarayana Rao, Learned Senior Counsel appearing for the State would submit that the Petitioners herein are the facilitators of the other Accused in committing the alleged large liquor scam, and hence, they cannot seek the benefit of the principle of parity. It is further submitted that the absence of any adverse report against the Petitioners after their release on interim bail is not a ground for grant of regular bail. He would further submit that consideration of a regular bail application presupposes that the Accused is in judicial custody, and that in the present case, the default bail order by virtue of which the Petitioners were released was itself set aside by this Court as illegal. It is also submitted that sanction, insofar as some of the Accused are concerned, has not yet been obtained, and hence, cognizance could not be taken. He concluded his submissions by praying for dismissal of the present applications.

Point for Determination

8. Having heard the learned Senior Counsels appearing on both the sides and on perusal of the material available on record, the point that arises for determination in these petitions is as follows:

Whether the respective Petitioners are entitled to the grant of regular bail?

Determination by this Court

9. Before delving into the question of grant of bail in each of these petitions, it is beneficial to state the settled principles of law governing bail jurisprudence.

10. Consideration for the grant of bail is not governed by a straitjacket formula, and it has to be determined on a case-to-case basis, depending on the facts involved. A three-Judge Bench of the Hon'ble Supreme Court in ***P. Chidambaram v. Directorate of Enforcement***,⁴ discussed the factors to be considered in dealing with a bail application, including the nature of accusation and severity of punishment, the possibility of tampering with witnesses, the likelihood of the accused's presence being secured at trial, the character and antecedents of the accused, and the larger interest of the public or the State.

11. It is also settled that economic offences constitute a class apart in the context of bail applications, as noted by the Hon'ble Supreme Court in ***Serious Fraud Investigation Office v. Nittin Johari***⁵, ***Nimmagadda***

⁴ (2020) 13 SCC 791

⁵ (2019) 9 SCC 165

Prasad v. CBI⁶, and **State of Bihar v. Amit Kumar**⁷, given that such offences involve deep-rooted conspiracies and pose a threat to the financial health of the nation, warranting a cautious approach. However, as clarified in **P. Chidambaram** (supra), even in cases of grave economic offence, it is not an invariable rule that bail must be denied, and the ultimate consideration remains case-specific, with the precedent of another case alone not being determinative. In a catena of decisions viz., **Niranjan Singh v. Prabhakar Rajaram Kharote**,⁸ at para 3, and **Ajwar v. Waseem**,⁹ at para 17, it has been cautioned by the Hon'ble Supreme Court that, at the stage of granting bail, a detailed examination of evidence and elaborate documentation of the merits of the case should be avoided. Thus, though satisfaction of a *prima facie* case is necessary, an exhaustive exploration of the merits ought to be avoided

12. In **Manish Sisodia v. Directorate of Enforcement**,¹⁰ the Hon'ble Supreme Court held that Article 21 serves as a constitutional safety valve that can override even the most stringent statutory bars to bail. It was held that 17 months of pre-trial incarceration, without the trial commencing, constitutes a violation of the right to liberty. The Hon'ble Supreme Court also emphasized that prolonged pre-trial detention must not be utilized as a tool for punishment, as punishment should only follow a formal conviction. In **Union of India v.**

⁶ (2013) 7 SCC 466

⁷ (2017) 13 SCC 751

⁸ (1980) 2 SCC 559

⁹ 2025 INSC 968

¹⁰ (2024) 12 SCC 660

K.A. Najeer,¹¹ the Hon'ble Supreme Court categorically held that gross delay in the disposal of trial justifies the invocation of Article 21, even in matters governed by laws with restrictive bail provisions. This position of law has also been recently reiterated by the Hon'ble Apex Court in **Arvind Dham v Directorate of Enforcement**.¹²

13. Viewed together, the Court is required to keep in mind the nature of the accusations, the nature of the evidence in support thereof, the severity of the punishment that a conviction may entail, the character and circumstances peculiar to the accused, the reasonable possibility of securing the presence of the accused at trial, the reasonable apprehension of witnesses being tampered with, and the larger interests of the public and the State.

14. In case at hand, the allegations levelled against the Petitioners /Accused Nos.31, 32 and 33 are undoubtedly serious in nature and pertain to economic offences involving substantial public interest. At the same time, it is trite that the gravity of the offence alone cannot be the sole ground to deny bail, particularly when the investigation is substantially complete and the Petitioners have been in custody for a considerable period. It is not in dispute that the Petitioners/Accused Nos.31, 32 and 33 are in judicial custody and that the charge sheet has already been filed. The investigation, insofar as the Petitioners are concerned, appears to have been completed. The Petitioners/Accused Nos.31, 32 and 33 have been in custody for a substantial period.

¹¹ (2021) 3 SCC 713

¹² 2026 INSC 12

Prolonged incarceration pending trial, particularly in cases involving voluminous documentary evidence and multiple Accused, would inevitably delay the conclusion of the trial. Admittedly, the other Accused, with whom the Petitioners/Accused Nos.31, 32 and 33 are alleged to have a nexus in the alleged crime, have been granted bail. The investigation against the Petitioners being substantially complete, the likelihood of prejudice to the prosecution case can be adequately mitigated by imposing appropriate and stringent conditions. Though the principle of parity is not absolute and cannot be applied mechanically, no material distinction has been demonstrated to justify differential treatment resulting in the continued detention of the Petitioners/Accused Nos.31, 32, and 33.

15. This Court is also unable to accept the submission that the Petitioners' continued release is illegal, merely because the default bail order was set aside. Though this Court vide an order dated 19.11.2025, set aside the default bail order dated 06.09.2025, passed by the Special Court, the Hon'ble Supreme Court, while declining to interfere with that order, directed that the interim protection granted to the Petitioners shall continue to operate, and granted them liberty to seek regular bail. It is thus the order dated 21.01.2026 of the Hon'ble Supreme Court, and not the default bail order, that presently enables the release of the Petitioners. The illegality of the default bail order therefore does not affect the validity of their continued release and this peculiarity of the situation cannot be held against the Petitioners.

16. As regards the submission that sanction, insofar as some of the Accused are concerned, has not yet been obtained, and hence cognizance could not be taken, this Court finds that the said circumstance cannot be held against the Petitioners. Recently, the Hon'ble Supreme Court, in ***Ravinder Mehta v. State of Uttar Pradesh***¹³, while considering a similar situation where sanction for prosecution was yet to be granted despite the charge sheet having been filed, held that the delay in grant of sanction to prosecute cannot be used to the disadvantage of a citizen for curtailing his liberty. Applying the said principle to the facts of the present case, the pendency of sanction against some of the co-accused cannot, by itself, justify the continued incarceration of the Petitioners, particularly when the charge sheet *qua* the Petitioners has already been filed and the investigation, insofar as they are concerned is complete.

17. As also discussed, prolonged pre-trial detention, particularly where the charge sheet has been filed, the investigation is substantially complete, cognizance of the offences has not yet been taken, and the trial is unlikely to conclude within a reasonable time, may infringe the guarantee of personal liberty under Article 21 of the Constitution of India. Having regard to the period of custody undergone by the Petitioners, the stage of the proceedings, the absence of material indicating a risk of abscondence or interference with the trial, and the principle that bail is the rule and jail is the exception, this Court is of the considered view that further incarceration of the Petitioners/Accused Nos.31, 32 and 33 is not warranted at this stage.

¹³ SLP (Crl.) No.9005/2026, dated 17 July 2026

Therefore, this Court is of the considered view that the Petitioners/Accused Nos.31, 32 and 33 are entitled to the benefit of bail.

18. Accordingly, Criminal Petition Nos.3700, 3701 and 3702 of 2026, are allowed and the Petitioners/Accused Nos.31, 32 and 33 shall be released on bail, subject to the following conditions:

(i) The Petitioners/Accused Nos.31, 32 and 33 shall execute personal bond for a sum of Rs.1,00,000/- (Rupees one lakh only) each with two sureties for a like sum each, to the satisfaction of the Special Court.

(ii) The Petitioners/Accused Nos.31, 32 and 33 shall surrender their passports, if any, before the Special Court and shall not leave India without prior permission of the said Court.

(iii) The Petitioner/Accused No.32 shall appear before the Investigating Officer as and when required and shall cooperate with further investigation, if any.

(iv) The Petitioners/Accused Nos.31 and 33 shall appear before the Investigating Agency once in a month i.e., on 1st Sunday between 10.00 a.m. and 5.00 p.m., until further orders.

(v) The Petitioners/Accused Nos.31, 32 and 33 shall not directly or indirectly tamper with evidence nor influence, intimidate, or induce any prosecution witness.

(vi) The Petitioners/Accused Nos.31, 32 and 33 shall not contact any of the prosecution witnesses or co-accused, except during legal proceedings.

(vii) The Petitioners/Accused Nos.31, 32 and 33 shall file their affidavits before the Special Court disclosing all their movable and immovable properties, bank accounts, *demat* accounts, business interests, and financial holdings, whether held individually or jointly within a period of two weeks from the date of their release.

(viii) The Petitioners/Accused Nos.31, 32 and 33 shall not make or publish or disseminate any information, statement, or post whether in print, electronic or social media concerning the present crime till conclusion of the trial.

(ix) The Petitioners/Accused Nos.31, 32 and 33 shall not alienate, encumber, or create third-party interests in any property disclosed by them or identified by the prosecution, without prior permission of the Special Court.

(x) The Petitioners/Accused Nos.31, 32 and 33 shall not operate or manage any company, firm, or bank account alleged to have been used in connection with the offence, except with prior intimation to the Investigating Agency.

(xi) The Petitioners/Accused Nos.31, 32 and 33 shall furnish their active mobile number to the Investigating Officer and shall be available at all times and any change shall be intimated forthwith.

In the event of violation of any of the above conditions, the prosecution shall be at liberty to seek cancellation of bail.

It is also made clear that the observations made in this order are only for the purpose of deciding the bail application and they shall not be construed as opinion on the merits of the Crime.

Pending Interlocutory Applications, if any, shall stand closed.

Dr.JUSTICE VENKATA JYOTHIRMAI PRATAPA

Date:27.07.2026
Dinesh

HON'BLE DR. JUSTICE VENKATA JYOTHIRMAI PRATAPA

Crl.P.Nos.3700, 3701 & 3702 of 2026

Dt.27.07.2026

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