



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

[3457]

THURSDAY, THE TENTH DAY OF JULY
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE SRI JUSTICE HARINATH.N

WRIT PETITION NO: 11789/2025

Between:

1. BHOLE BADA OROGANIC DAIRYMILK PVT LTD, REPRESENTED BY
HEMCHAND JAIN (MAJORITY SHAREHOLDER) HAVING OFFICE AT
.KHASRA NO 370, RAKBA 1648 METAR VILLAGE, CHAPURSHER
AFGANPUR, ROORKE, UTTARAKHAND - 247 667

...PETITIONER

AND

1. THE STATE OF ANDHRA PRADESH, REPRESENTED BY ITS
PRINCIPAL SECRETARY, HOME DEPARTMENT, SECRETARIAT
BUILDING, VELAGAPUDI, ANDHRA PRADESH.

2. SPECIAL INVESTIGATION TEAM SIT OFFICE, OLD SVBC BUILDING,
OPP. BALAJI LINK BUS STAND, ALIPRI, TIRUPATI, ANDHRA PRADESH
- 517501

3. PUNJAB NATIONAL BANK, HAVING ITS REGISTERED OFFICE AT PNB
CORPORATE HEAD OFFICE, 2ND FLOOR, PLOT NO.4, SECTOR-10,
DWARAKA, DELHI BRANCH AT. CBB, RACE COURSE, DEHRADUN,
UTTARAKHAND-248001

...RESPONDENT(S):

Petition under Article 226 of the Constitution of India praying that in the
circumstances stated in the affidavit filed therewith, the High Court may be
pleased to To Writ of Mandamus by declaring the action of Respondent No. 2 by

issuing Impugned Order dated 19.02.2025 directing Respondent No.3 Bank to freeze the Bank accounts of Petitioner as completely illegal, arbitrary and unsustainable in law and quash and set aside the Impugned Order dated 19.02.2025 passed by the Respondent No.2 and consequently to direct the Respondent No.3 Bank for immediate de-freezing of all the Bank Account of the Petitioner Company including those which are linked to PAN No.AADCH0564L.Pending the hearing and final disposal of the present writ, this Honble Court may be pleased to restrain the Respondents from acting upon the Impugned Order dated 19.02.2025,and Pass

IA NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased pleased directing Respondent No. 3 to immediately defreeze all bank accounts of the Petitioner Company and further direct Respondent Nos. 2 and 3 to permit the Petitioner to operate its bank accounts and Pass

IA NO: 2 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased pleased stay the operation and effect of the Impugned Order dated 19.02.2025, thereby allowing the Petitioner Company to operate its bank accounts for the purpose of conducting its day-to-day business activities, until the final disposal of the present petition. And to pass

Counsel for the Petitioner:

1.AKHIL KRISHNAN

Counsel for the Respondent(S):

1.GP FOR HOME

2.P S P SURESH KUMAR, Spl. Public Prosecutor for CBI

3.PRUDVI RAJU MUDUNURI

The Court made the following:

THE HON'BLE SRI JUSTICE HARINATH. N**WRIT PETITION No.11789 of 2025****ORDER:**

1. The petitioner is aggrieved by the proceedings dated 19.02.2025 passed by the 2nd respondent addressed to the 3rd respondent for freezing the accounts of the petitioner and all other accounts which are linked with the PAN Numbers as mentioned in the said proceedings.
2. Sri.Veera Reddy, learned Senior counsel appearing for the petitioner submits that the petitioner is a company registered under the Companies Act based at Roorke, Uttarakhand and is engaged in manufacture of Dairy Products. The petitioner supplies Dairy Products to various parts of the country and also exports to several countries.
3. The 2nd respondent is a SIT constituted in pursuance of the orders of the Hon'ble Supreme Court in Writ Petition (Civil).No.622 of 2024. The 2nd respondent issued proceedings in accordance with Section 106 of BNSS for freezing the bank accounts with respect to ongoing investigation in Crime No.470 of 2024.
4. The learned senior counsel submits that the order freezing the bank accounts of the petitioner-company has paralyzed the operations of the petitioner-company disrupting in its day to day functioning and business activities. It is submitted that the existence of the petitioner as a going

concern is under cloud on account of the order passed by the 2nd respondent dated 19.02.2025.

5. It is submitted that Crime No.470 of 2024 was registered with Tirupati East Police Station for alleged offence under Section 274, 275, 316 (5), 318(3), 318(4), 61(2), 299, 336 (3), 340 (2) read with 49, 3(5) of BNS, Section 51 and 59 of Food Safety and Standards Act, 2006. A complaint was lodged by the General Manager of Tirumala Tirupati Devasthanam alleging adulterated and substandard Ghee was supplied by M/s.AR Dairy Food Private Limited. It is the case of the petitioner that AR Dairy Food Private Limited was procuring adulterated and substandard Cow Ghee from M/s.Shree Vyshnavi Dairy Specialties Private Limited which in turn was procuring from the petitioner.
6. After registration of the crime, the State Government constituted a Special Investigation Team for the purpose of investigation of the crime registered. Thereafter, the Special Investigation Team constituted by the State was substituted and a New Investigation Team was constituted in pursuance of the directions of the Hon'ble Supreme Court in WP(Civil).No.622 of 2024.
7. The 2nd respondent addressed a Notice-Cum-Order dated 19.02.2025 to 3rd respondent and sought for freezing of all accounts of the petitioner. It is submitted by the learned senior counsel that the said order was issued when the investigation in the crime was pending and that the police have filed a charge sheet after completion of investigation. It is submitted that

the impugned proceedings would also indicate that freezing of bank accounts was sought for the purpose of investigation and that the investigation been over, the order of freezing of bank accounts deserves to be set aside.

8. The learned senior counsel further submits that the petitioner is a going concern and has to meet its day to day operational expenses and also to pay the statutory dues to the various tax authorities apart from meeting the expenditure towards payment of salaries to the workmen and others. It is also submitted that the petitioner is also required to pay its vendors and also has to meet its export obligations by delivering the ordered products within time.
9. It is also submitted that the allegation against the petitioner is that the petitioner had allegedly transported four tankers of adulterated Ghee on various dates and that the said allegation is to be tested before the Trial Court and the prosecution would have to substantiate the said allegation during the course of trial. However, freezing of bank accounts for the alleged supply of four tankers of adulterated Ghee is highly irrational and an arbitrary act on part of the 2nd respondent.
10. The learned senior counsel further submitted that the 2nd respondent in its counter has also categorically referred to the four tankers which were allegedly supply four tankers of adulterated Ghee which was allegedly supplied by the petitioner. In such circumstances, the 2nd respondent ought

to have created lean on the value of the Ghee supplied by the petitioner allegedly through four tankers.

11.The 2nd respondent has filed a counter duly narrating the details of investigation conducted in the matter and the role of the accused in commission of the alleged offences. It is also submitted that the prayer of the petitioner seeking defreezing of accounts need not be considered by this Court at this juncture as the quantum of amounts received by the accused by supplying adulterated and substandard Cow Ghee is running into several crores of rupees.

12.It is also submitted that the police have completed investigation and also filed charge sheet, however, submits that the impugned order was issued during the course of investigation and that the same requires to be continue as the amounts involved in the said crime would be proceeds of crime which are required to be confiscated by the state. It is also submitted that there was no procedural lapse in so far as intimating the jurisdictional Magistrate about freezing of accounts and prays for dismissal of the writ petition.

13.The learned senior counsel appearing for the petitioner places reliance on **Mohammed Saifullah Vs. Reserve Bank of India, rep.by its Governor¹**, the High Court of Madras was dealing with an issue relating to freezing of bank account in which a suspected transaction of Rs.2,48,835/- was

¹ WP.No.25631 of 2024, decided on 10.09.2024

credited and the bank account belongs to the petitioner had a balance of about Rs.9,69,580/-. Considering the disputed/suspected/crime transaction, the Madras High Court directed de-freezing of account by creating a lean over Rs.2,50,000/-. **Neelakanth Pharma Logistics Pvt.Ltd Vs. Union of India and Another**², the High Court of Delhi has held that marking a lean on disputed amount whenever it is identifiable, should be explore as a more appropriate interim measure.

14.The learned standing counsel for CBI relied on **State of Maharashtra Vs. Tapas D.Neogy**³, the Hon'ble Supreme Court held that the police authorities have the power to direct seizing the bank account of accused for investigation.**Teesta Atul Setalvad Vs. State of Gujarat**⁴, the Hon'ble Supreme Court dealt with the powers of Police under Section 102 of Cr.P.C., and held that once the police have completed the investigation and filed a charge sheet the appropriate and alternate remedy for the petitioner would be to approach the trial Court and persuade the Court that the account is no longer required to be frozen and seek for de-freezing the accounts.

15.During the course of arguments on a query of the Court as to what could be the approximate value of the alleged adulterated and substandard Cow Ghee which is allegedly supplied by the petitioner through four tankers, it is

² W.P.(C) 17905/2024 & CM APPL.2640/2025, decided on 20.02.2025

³ (1999) 7 SCC 685

⁴ (2018) 2 SCC 372

informed that the value of Ghee in each tanker would be approximately seventy lakhs. The total value of Ghee would be about two crores eight lakhs.

16.The learned standing counsel for 3rd respondent-bank submits that the accounts are frozen by the 3rd respondent on receiving instructions dated 19.02.2025 and that they have maintained the frozen status of bank accounts as required by the 2nd respondent. It is submitted that the 3rd respondent has only followed the instructions received from the 2nd respondent and furnished the details of the bank accounts of the petitioner as and when called for by the 2nd respondent.

17.Heard the learned senior counsel for the petitioner and the learned Standing Counsel for the respondents 2 and 3. Perused the material on record.

18.The short question for this Court to decide whether the freezing of bank accounts is required to be continued further or the accounts which were frozen in pursuance of Notice-Cum-Order dated 19.02.2025 deserves to be set aside.

19.The petitioner is arraigned as Accused No.7 in the crime and investigation is completed and also charge sheet is filed. The 2nd respondent had issued a Notice-Cum-Order to the 3rd respondent for freezing bank accounts of the petitioner and such communication was addressed while the investigation was in progress.

20. There is force in the submission of the learned senior counsel that a lean over the value of the suspected amount can be imposed, instead of freezing the bank accounts and paralyzing the activity of the petitioner-company.
21. The involvement of the petitioner-company in commission of alleged offences would have to be decided on merits when the matter is taken up for trial. Continuation of the freeze on the bank account of the petitioner would lead to other legal consequences for the petitioner-company. Admittedly, the petitioner cannot pay its statutory dues including the statutory authority and shall also default in paying salaries of its staff. The net result of freezing of the bank accounts of a going concern would slowly render the company as a non-performing asset. The same is detrimental to the interest of the company and the employees who are dependent on the company. The livelihood of the employees and their dependents on the company salary would also be impacted once the cash flow is disrupted.
22. The bank accounts of the petitioner can be de-frozen subject to creating a lean over an amount of Rs.3,00,00,000/- (rupees three crores) being the value of the Ghee alleged to have been supplied through four tankers. This arrangement would mitigate the undue hardship to the petitioner-company on account of blanket freezing of the accounts. At the same time would ensure that the suspected or crime proceed is intact in the account.

23. With these observations, the writ petition is disposed off by directing the 3rd respondent to create a loan of Rs.3,00,00,000/- (rupees three crores only) from the accounts of the petitioner and maintain the loan till completion of trial or until further orders of this Court. The petitioner shall be permitted to operate the bank accounts subject to complying the above direction.

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

JUSTICE HARINATH.N

Dated 10.07.2025
KGM

THE HON'BLE SRI JUSTICE HARINATH. N

WRIT PETITION No.11789 of 2025

Dated 10.07.2025

KGM