



Press Release
19.09.2025

Directorate of Enforcement (ED), Hyderabad Zonal Office has conducted search operations on 18.09.2025 at twenty locations in Hyderabad, Bengaluru, Chennai, Thanjavur, Surat, Raipur, Delhi NCR and Andhra Pradesh under the provisions of the Prevention of Money Laundering Act (PMLA), 2002 in connection with **Andhra Pradesh liquor scam**. Searches were conducted at the premises of entities / individuals who facilitated payment of kickbacks through bogus / inflated transactions.

ED initiated investigation on the basis of FIR registered by A.P. CID under various sections of IPC, 1860 for loss to the Government exchequer to the tune of Rs. 4000 Crore. On 05.02.2025, the A.P. Government constituted a Special Investigation Team (SIT) to investigate the case. The FIR alleged that the in '**new liquor policy**' from October, 2019 to March, 2024, the accused persons indulged in 'brand killing and new brand promotion' which involved sidelining popular liquor brands (like McDowell's, Royal Stag, Imperial Blue, etc.) that refused to pay kickbacks and instead promoting new or spurious brands in exchange for huge payments from distilleries and suppliers. The procurement system was shifted from automated to manual giving scope for manipulation in Order for Supply (OFS).

The SIT has filed chargesheet and supplementary chargesheets, inter alia, alleging replacement of automated system with manual approvals, allowing manipulation of brand-wise indenting and supply volumes; favouring select group of distilleries and marketing firms; coercing suppliers into paying 15–20% of their invoice value as kickbacks, failing which their brands were suppressed or delisted; creating shell distilleries to channel funds and secure inflated OFS volumes; appointing key officials who facilitated brand approvals, manipulated eligibility norms, and suppressed dissenting suppliers. The chargesheets also allege that kickbacks were generated through procurement manipulation, fake vendor payments, shell companies and were used for election purposes, personal benefit and transfer of funds abroad.

ED investigation revealed that certain accused persons deliberately discouraged the placement of orders for established brands; withheld legitimate payments owed to the distilleries; and exerted pressure on distilleries & demanded illicit payments / kickbacks in lieu of OFS. Money trail investigation by ED revealed that part of the payments given by Andhra Pradesh State Beverages Corporation Limited (APSBCL) to the suppliers were transferred to various entities on the pretext of supply of goods or services. However, these transactions were found to be bogus and the recipients of these funds were either non-existent, shell entities or unrelated persons/entities. In several cases, where the entities were related to their line of business, the transactions were found to be inflated. Funds were also transferred by the suppliers to jewellers to acquire gold / cash which were handed over to the accused persons as kickbacks. Thus, bogus / inflated transactions were used to siphon off funds under the guise of business transactions, thereby facilitating the generation and movement of illicit funds in the form of kickbacks to the accused persons.



Search operations led to the recovery & seizure of incriminating material evidencing bogus / inflated transactions leading to generation and movement of Proceeds of Crime (POC). Searches also led to the seizure of bogus invoices and transport challans containing non-transport vehicle details; parallel invoices evidencing differential & inflated prices; chats evidencing involvement of certain accused persons who are absconding and believed to be in Dubai and transfer of POC to them. Unaccounted cash of Rs. 38 Lakh was seized from one of the premises. Ledgers indicating remittance abroad of POC worth several crores were also seized.

Further investigation is in progress.