

MHRG170001712026



IN THE COURT OF DISTRICT JUDGE-1 & ADDITIONAL SESSIONS JUDGE
PANVEL, RAIGAD AT PANVEL
ORDER PASSED BELOW EXHIBIT NO.1
IN CRIMINAL BAIL APPLICATION NO.91/2026
(Dated 16/03/2026)

The applicant Nafees Ahmad Insan Ali Khan has filed present application for anticipatory bail u/sec.482 in R.A.No. GEXCOM/ AE/INV/GST/14911/2025-AE-O/O COMMR-CGST-RAIGAD.

2] In short the prosecution case is that on the basis of specific intelligence regarding an abnormal ratio between availment and utilization of impute tax credit (ITC) by the applicant, investigation was initiated. The principal place of business (PPOB) declared by the applicant was visited under authorization issued u/sec.67 (2) of The CGST Act, 2017 on 18/12/2025. During search conducted, the PPOB was found locked and non-operational and, therefore, the applicant was considered as non-genuine and bogus entity. During the investigation, analysis of GSTR-1, GSTR-2A/2B and GSTR-3B returns revealed that M/s. D.K. Traders registered on 05/12/2024 declared tax liability of Rs.5,35,30,032/- in GSTR-1 and availed ITC of Rs.6,17,06,141/- in GSTR-3B for financial year 2024-25 to 2025-26. Out of total ITC availed, approximately Rs.4,70,00,000/-

was found to be inadmissible and fraudulent, as it pertained to suppliers whose GST registrations were canceled ab-initio, indicating creation of entities solely for illegal availment and passed through ITC resulting in substantial loss to the Government exchequer. Further analysis of E-way bills showed mismatch between tax involved in inward and outward supplies and the ITC availed and passed on, clearly indicating fictitious and fraudulent supplies.

3] The proprietor admitted that no actual business was carried out and that GST returns reflected only paper transactions without any supply of goods. Within a short span of about 08 months, the tax payer declared a turn over running into crores and fraudulently availed ITC amounting to 6,17,06,141/- through GSTR-3 B returns and further passed on fraudulent ITC of Rs.5,35,30,032/- to various recipients without any actual supply or movement of goods, solely on the basis of fake/bogus invoices and, hence, violated sections 7, 16(2) (a) and 16(2)(b) and section 155 of CGST Act, 2017, thereby committing offences p/u/sec.122(1)(vii) and 122(1)(ii) of the CGST Act, 2017. The said act constitutes cognizable and non-bailable offences u/secs.132 (1)(b) and 132(1)(c) punishable under section 132(1) (i) r.w. section 132(5) of CGST Act, 2017 and accordingly co-accused Danish Khan was arrested on 19/12/2025 for committing offences u/sec. 122 (1)(vii) and 122(1)(ii) of The CGST Act, 2017 and u/secs.132 (1)(b), and 132(1)(c) p[u/sec. 132(1)(i) r.w. sec 132(5) of CGST Act, 2017.

4] During course of investigation co-accused Danish Khan disclosed the name of present applicant as being involved in fraudulent activities. Thus the applicant has strong apprehension of being arrested in the crime in question. Hence, he preferred present application for pre-arrest bail, contending that, he is innocent and has been falsely implicated in the crime in question.

5] Heard Ld. Advocate Shri A.K.Upadhyay for the applicant and Ld. Spl PP A.S.Sarpande for the CGST. Perused application and say filed by opponent CGST vide Exh.5.

6] Shri Upadhyay submitted that the applicant is innocent. He has no concern with the crime in question. The investigation was primarily concerned with M/s. D.K.Traders and its proprietor co-accused Danish Khan, however, co-accused Danish Khan falsely implicated the name of present applicant in the crime in question. Shri Upadhyay further submitted that the applicant did not create, control, or manipulate any fictitious entities. There is no material evidence to show ill intention of the applicant to commit fraud. Shri Upadhyay further submitted that allegations with regard to 4.70 Corers are inadmissible as ITCR based on assumptions, without evidence of knowledge or active participation by the applicant. The applicant has never committed any offence and has always conducted his business in a lawful and bonafide manner. The entire inquiry against the applicant is based on unsubstantiated allegations, assumptions and statements made by co-accused Danish Khan. Shri Upadhyay further submitted that,

there is no question of recovery of any amount from the applicant. The crime in question is based on documentary evidence. In such circumstances custodial interrogation of applicant is not required. He is ready to abide by the terms and conditions which may be imposed by the Court. Hence, Shri Upadhyay prayed that the relief of pre-arrest bail be granted to applicant.

7] Per contra, Shri Sarpande, the Ld.Spl PP for CGST vehemently argued that the offence is serious. Allegations leveled against applicant are well founded. Shri Sarpande further argued that the proprietor of M/s. D.K. Traders namely co-accused Danish Khan specifically named the present applicant as being involved in fraudulent activities. The applicant appears to be involved in the fraudulent activity of passing ITC amounting to Rs.5.35 Corers and availment of ill illegibility ITC returns of 6.17 Corers in violating of sections 16, 37, 39, 41 and 155 of The CGST Act, 2017 leading to penal action u/sec.122 (1)(ii) and 122(1)(vii) of The CGST Act, 2017 by fictitious entity viz. D.K.Traders under proprietorship of co-accused Danish Khan. Shri Sarpande further argued that the CGST returns filed by M/s. D.K. Traders are without actual movement of goods which has been filed by the applicant/or other involved persons and thereby it is pertinent to evaluate their role in this CGST fraud and to prevent any possibility of tampering with evidence or influencing witnesses and other involved persons. Considering the aforesaid circumstances for the just investigation of the crime in question custodial interrogation of applicant is

required. Hence it is by Shri Sarpande that the application be rejected.

8] I have given thoughtful consideration to the submissions advanced by both the Ld. Advocates. I have also gone through the material placed on record. On appraisal of papers, prima facie it appears that co-accused Danish Khan, the proprietor of M/s. D.K. Traders has specifically named the present applicant as being involved in the fraudulent activities. Further it seems that during the course of investigation the name of applicant has surfaced as one of the master mind operators behind the fraudulent activities of M/s. D.K. Traders. Co-accused Danish Khan in his statement dated 25/12/2025 stated that he was providing OTPs to applicant by which GST returns were filed to de-fraud government exchequer to fictitious firms M/s. D/K. Traders. Considering the aforesaid aspects and role attributed to present applicant, in my view, for just investigation of the crime in question, the custodial interrogation of applicant is necessary. I am not inclined to extend the relief of pre-arrest bail to applicant. Resultantly, I pass the following order.

ORDER

1. The application stands rejected.
2. Inform the concerned CGST Department.

Panvel
Date :- 16/03/2026

(S. R. Ugale)
Additional Sessions Judge,
Panvel

CERTIFICATE

I affirm that the contents of this PD.F. file order are same, word to word, as per the original order.

Name of the stenographer : S.J.Sheth
Name of the Court : Additional Sessions Judge,
Panvel Raigad
Date of dictation (direct) : 16/03/2026
Order checked and signed by
the P.O.on : 20/03/2026
Order uploaded on : 23/03/2026