2026:CGHC:12762

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

MCRC No. 1519 of 2026

Aman Kumar Agrawal S/o Shri Pradeep Kumar Agrawal, Aged About 32 Years R/o Phase I, Plot No. 10, Magneto Signature Homes, Behind Magneto Mall, Labhandi, Raipur (C.G.)

... Applicant

versus

Union of India Through Directorate General Of Gst Intelligence, Zonal Unit Raipur (C.G.)

... Non-applicant

For Applicant	**:**	Mr. Prafull N. Bharat, Senior Advocate assisted by Mr. Harshal Chouhan, Advocate
For Non-applicant/UOI	**:**	Mr. Maneesh Sharma, Advocate

Hon'ble Shri Ramesh Sinha, Chief Justice

Order on Board

17.03.2026

1. The applicant has preferred this First Bail Application under Section 483 of The Bharatiya Nagarik Suraksha Sanhita (BNSS) for grant of regular bail, as he has been arrested in connection with Crime No. AD2212250057378B, dated 20.12.2025, File No. DGGI/INV/GST/2955/2025-GR.VI, by DGGI Zonal Unit Raipur, District – Raipur (C.G.) for the offence punishable under Sections 31(1), 35, 132 (1)(b) of CGST Act, 2017.

2. The case of the prosecution, in brief, is that the applicant/accused has committed an offence of fraudulently availing Input Tax Credit by issuing fake invoices amounting to ₹8,57,15,507/-. During the course of investigation, it has been revealed that fake e-way bills were generated and invoices were issued in the names of M/s Mahalaxmi Enterprises, M/s Prem Enterprises, M/s Shri Exim, M/s Omkar Enterprises and M/s Kadri Enterprises by creating GST login IDs through various SIM cards, despite there being no actual supply or transfer of goods. It is further submitted that proceedings have also been initiated against the applicant by the State Goods and Services Tax Department, pursuant to which he was arrested on 10.06.2025. Hence, the present bail application.

3. Learned counsel for the applicant submits that the applicant is innocent and has been falsely implicated in the present case, having no connection whatsoever with the alleged offence. It is contended that the essential ingredients to constitute an offence under Section 132(1)(b) of the CGST Act, 2017 are conspicuously absent and no prima facie case is made out against the applicant. It is further submitted that the quantum and nature of punishment under the GST regime is dependent upon the determination of tax liability, which can only be ascertained after due assessment, and in the present case, no such assessment has been conducted till date, rendering the detention of the applicant unwarranted and violative of his constitutional rights. The applicant, being merely a partner of M/s Prem Enterprises, which itself was established in December 2025, had no occasion to file any GST returns prior to his arrest and thus no loss has been caused to the State exchequer. It is also contended that the applicant has no nexus with the other firms alleged in the complaint and, considering the stringent procedure for GST registration, the acts of such entities cannot be attributed to him. It is further argued that the maximum punishment under the CGST Act is up to five years and the settled principles laid down by the Hon'ble Supreme Court in *Arnesh Kumar vs. State of Bihar and Satender Kumar Antil* have not been followed while effecting the arrest. Reliance is also placed upon the decision in *Vineet Jain vs. Union of India* to contend that such offences are ordinarily bailable in nature and, in absence of any material showing retention of wrongful gain or recovery of unexplained cash, the applicant deserves to be enlarged on bail. It is further submitted that the offences under the CGST Act are compoundable in nature and primarily aimed at recovery of revenue rather than punitive detention.

4. It is further submitted that the contentions raised by the non-applicant in its reply are baseless and devoid of merit. The alleged recovery of data from the laptop of one Vikram Mandani, who is stated to be an accountant, cannot be attributed to the applicant, as there is no evidence to establish any direct involvement or knowledge on his part. The mere fact that the said person maintained accounts of multiple firms does not give rise to any criminal liability against the applicant, nor can any vicarious liability be fastened in absence of cogent material. Similarly, the alleged recovery of login credentials of multiple firms, SIM cards, diary entries or WhatsApp chats from the said person do not, in any manner, establish the involvement of the applicant in the alleged offence. The statements recorded under Section 70 of the CGST Act are also not admissible in evidence and cannot be relied upon at this stage. The allegation that the applicant acted in collusion to create non-existent firms is a mere presumption without any substantive proof, and even the allegation of the applicant being a habitual offender is misconceived, as he has already disclosed details of the earlier case and orders passed therein.

5. It is lastly submitted that the applicant has been in custody since 20.12.2025, the investigation is complete, complaint has already been filed, and no further custodial interrogation is required. The firm in question being newly constituted and no GST return having been filed, there is no question of retention of any benefit so as to attract Section 132 of the CGST Act. In such circumstances, continued incarceration of the applicant would serve no useful purpose and would amount to violation of his right to speedy trial under Article 21 of the Constitution of India. Hence, the applicant deserves to be released on bail.

6. On the other hand, the learned counsel for the non-applicant opposes the bail application and submits that the applicant is the mastermind and key conspirator in a well-organized economic offence involving creation and operation of numerous fake firms and issuance of fake invoices without actual supply of goods, thereby fraudulently passing on Input Tax Credit to the tune of approximately ₹72 crores, causing huge loss to the public exchequer. It is contended that the applicant, in collusion with co-accused Vikram Mandhani, created a network of fake entities using documents of unsuspecting persons, procured multiple SIM cards and email IDs for GST registrations, and controlled the entire operation, including maintenance of accounting data, GST login credentials, e-way bill records and commission calculations, as reflected from seized electronic evidence, WhatsApp chats and bank transactions, which clearly establish that the applicant was the ultimate beneficiary of such fraudulent transactions. It is further submitted that substantial incriminating material including SIM cards, ID-password sheets, commission records and digital data has been recovered during investigation, which prima facie establishes the involvement of the applicant in offences under Section 132(1)(b), (c) and (f) of the CGST Act, 2017. The offence being a grave and premeditated economic offence, having serious impact on the economy, stands on a different footing for grant of bail as held by the Hon'ble Supreme Court in *State of Gujarat vs. Mohanlal Jitmalji Porwal* and *Y.S. Jagan Mohan Reddy vs. CBI*. It is also contended that the applicant is a habitual offender, having earlier been arrested in a similar offence and, after being enlarged on bail, again indulged in the same illegal activities, which shows his propensity to commit such offences. It is further submitted that the offence under Section 132(1)(b) is non-compoundable and issuance of notice is not a pre-condition for arrest under Section 69 of the CGST Act. The investigation is still in progress and there is every likelihood that the applicant may tamper with evidence, influence witnesses or abscond, if released on bail. Hence, considering the gravity, magnitude and organized nature of the offence, the bail application deserves to be rejected.

7. I have heard learned counsel for the parties and perused the case diary.

8. Considering the facts and circumstances of the case, the nature of allegations, the submissions advanced by learned counsel for the parties and the material available on record, it appears that though the prosecution has alleged involvement of the applicant in issuance of fake invoices and wrongful availment of Input Tax Credit, however, the determination of actual tax liability is yet to be adjudicated and no final assessment has been made till date. It is also not in dispute that the applicant is in jail since 20.12.2025, the investigation has substantially progressed, relevant documents and electronic evidence have already been seized, and no further custodial interrogation of the applicant appears to be necessary. Further, the offences alleged are triable by Magistrate and carry a maximum punishment of up to five years. In such circumstances, without commenting anything on merits of the case, I am inclined to grant regular bail to the applicant. Accordingly, the bail application on behalf of the applicant – **Aman Kumar Agrawal** is allowed.

9. If the applicant, **Aman Kumar Agrawal**, furnishes a personal bond in the sum of Rs.1,00,000/- with one solvent surety to the satisfaction of the concerned Court, he be released on bail involved in Crime No. AD2212250057378B, dated 20.12.2025, File No. DGGI/INV/GST/2955/2025-GR.VI, by DGGI Zonal Unit Raipur, District – Raipur (C.G.) for the offence punishable under Sections 31(1), 35, 132 (1)(b) of CGST Act, 2017. Order shall be in force till disposal of the case.

Sd/-

(Ramesh Sinha)
Chief Justice

Rahul Dewangan