

IN THE HIGH COURT FOR THE STATE OF TELANGANA

AT HYDERABAD

THE HONOURABLE SMT JUSTICE K. SUJANA

CRIMINAL PETITION No.9844 of 2026

DATE: 13.07.2026

BETWEEN:

Mohsin Shabbir Khan.

.....petitioner/accused

And

The State of Telangana,
Rep. thorough Special Public Prosecutor,
PS, GST Commissionerate, Hyderabad.

.....Respondent

ORDER

This Criminal Petition is filed praying this Court to
enlarge the petitioner on bail who is arrayed as accused in
Crime No. F.No.HQAE/V/01/2026-27-HYD-GST-AE of
Superintendent of Central Tax Anti Evasion Section,

Hyderabad, GST Commissionerate, registered for the offence punishable under Sections 18(1)(a)(b)(c) of HSNS Cess Act.

2. The brief facts of the case are that the officers of the Anti-Evasion Section, Hyderabad GST Commissionerate, on the basis of specific intelligence, conducted searches on 09.05.2026 at various premises allegedly connected with the petitioner. During the searches, four packing machines, substantial quantities of "Kalakaar" branded Pan Masala, raw materials and packing materials were allegedly found and seized. The prosecution alleges that the petitioner, in collusion with others, was clandestinely manufacturing and clearing Pan Masala through undeclared packing machines without obtaining registration under the Health Security Se National Security Cess Act, 2025 and without payment of the applicable HSNS Cess, thereby causing an estimated evasion of about ₹12 crores. It is further alleged that the petitioner was the person controlling and managing the affairs of the entities involved and had adopted proxy directors and sham arrangements to evade payment of cess. Based on the material collected during investigation, the petitioner was arrested on 17.06.2026 for the offences punishable under

Sections 18(1)(a), 18(1)(b) and 18(1)(c) read with Section 19(1) of the HSNS Act, 2025, and the present bail application has been filed seeking his release on regular bail.³ Heard Sri Enuganti Sudhanshu Rao, learned counsel for petitioner, and Sri D.Raghavendar Rao, learned standing counsel appearing for respondent – State.

4. Learned counsel for the petitioner submitted that the offences alleged against the petitioner are punishable for less than five years, and still without serving notice under Section 35(3) of BNSS, the petitioner was arrested. He averred that the HSNS Cess Act, being new, there is no such jurisdiction to the economic offence. Therefore, he prayed to enlarge the petitioner on bail.

5. Learned standing counsel appearing for respondent–State, opposed the submissions made by learned counsel for the petitioner and contended that petitioner is involved in this case and has played major role, and the Accused No.2 who is kingpin in this case is absconding and is allegedly in another Country who has filed anticipatory bail. While averring that the bail cannot be granted to petitioner, he prayed this Court to dismiss the criminal petition.

6. Having regard to the rival submissions made, and on perusing the material placed on record, it is noted that the petitioner is in jail from 18.06.2026 and the offences alleged against the petitioner are punishable for less than five years. It is to be noted that though investigation is pending as on today, no custody petition is filed. Considering the facts and circumstances of the case, and the period of incarceration of petitioner, this Court is of the opinion that it is a fit case to grant bail to the petitioner, subject to the compliance of following stringent conditions:

i. The petitioner shall execute a personal bond for a sum of Rs.25,000/- (Rupees Twenty Five Thousand only) with two sureties for a like sum each to the satisfaction of the Special Court for Trial of Economic Offence Cases, Hyderabad.

ii. The petitioner shall appear before the concerned SHO at 11:00 a.m. on every Monday for a period of eight (8) weeks or till filing of charge sheet, whichever is earlier, for the

purpose of investigation, and thereafter, as
and when required.

iii. The petitioner shall abide by the conditions
stipulated in Section 437(3) of Cr.P.C.
(presently Section 480(3) of the BNSS).

7. Accordingly, the Criminal Petition is allowed.

Miscellaneous applications, if any pending, shall stand
closed.

Date: 13.07.2026
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K. SUJANA, J

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