



2026:AHC:46513

HIGH COURT OF JUDICATURE AT ALLAHABAD
CRIMINAL MISC. BAIL APPLICATION No. - 45131 of 2025

Hari Shankar Sharma

.....Applicant(s)

Versus

Union of India

.....Opposite
Party(s)

Counsel for Applicant(s) : Anand Mani Tripathi, Arun Kumar Shukla

Counsel for Opposite Party(s) : Dhananjay Awasthi, Parv Agarwal

2.

CRIMINAL MISC. BAIL APPLICATION No. - 45969 of 2025

Deepak Jain

.....Applicant(s)

Versus

Union Of India And Another

.....Opposite
Party(s)

Counsel for Applicant(s) : Ankit Kumar Pal, Mohit Singh, Shad Azam

Counsel for Opposite Party(s) : A.S.G.I., Dhananjay Awasthi, Krishna Agarawal

3.

CRIMINAL MISC. BAIL APPLICATION No. - 261 of 2026

Sushant Goyal

.....Applicant(s)

Versus

Union Of India And 3 Others

.....Opposite
Party(s)

Counsel for Applicant(s) : Anil Kumar Bajpai

Counsel for Opposite Party(s) : A.S.G.I., Anurag Sharma, Dhananjay Awasthi, G.A., Parv Agarwal

Court No. - 53

HON'BLE SAMIT GOPAL, J.

1. List revised.

2. These are three bail applications filed under Section 483 B.N.S.S., 2023,

by accused Hari Shankar Sharma, Deepak Jain and Sushant Goyal. They are today listed at Item Nos. 36, 38 and 39 of the list of Fresh Cases of this Court and thus have been taken together and are being heard together and decided together. The said bail applications are of the accused in the same case crime number.

3. CRIMINAL MISC. BAIL APPLICATION No. - 45131 of 2025 has been filed by the applicant- Hari Shankar Sharma with the following prayers:-

"It is therefore most respectfully prayed that, this Hon'ble Court may graciously be pleased to release the applicant on bail in Case No.1057/2025, Under Sections 132(1)(b)(c) and (i) of the Central Goods and Services Tax (CGST) Act, 2017, P.S.- CGST Ghaziabad, during pendency of his trial before the concerned court."

4. CRIMINAL MISC. BAIL APPLICATION No. - 45969 of 2025 has been filed by the applicant- Deepak Jain with the following prayers:-

"It is, therefore, most respectfully prayed that this Hon'ble Court may graciously be pleased to allow this application and release the applicant on bail in Case No.1057/2025, U/s 132(1)(b), 132(1)(c), 132(1)(i) of CGST Act, 2017, Police Station: DGGI Ghaziabad Unit, District Ghaziabad, during the pendency of trial before the court below, otherwise the applicant will suffer grave irreparable loss and injury."

5. CRIMINAL MISC. BAIL APPLICATION No. - 261 of 2026 has been filed by the applicant- Sushant Goyal with the following prayers:-

"It is, therefore, most respectfully prayed that this Hon'ble Court may kindly be pleased to release the applicant on bail in Case No.1057 of 2025, registered under Sections 132(1)(b), 132(1)(c) and 132(1)(i) of the CGST Act, 2017, under the jurisdiction of Directorate General of GST Intelligence (DGGI), Ghaziabad, during the pendency of trial before the court below and also pass any other and further order, which this Hon'ble Court may deem fit and just in the circumstances and facts of the case."

6. The facts common in the present matter stem out on the basis of an

undated complaint filed for offences committed under Section 132(1)(b), 132(1)(c) and 137 of the Central Goods and Services Tax Act, 2017 and punishable under Clause (i) of Section 132(1) of the CGST Act, 2017, against accused Hari Shankar Sharma, Deepak Jain, Sushant Goel, M/s WMCA Trade Mart Private Limited, M/s Hari Shankar Sharma HUF, M/s Madhuban Trading Company and M/s Omtex with the allegations that on the basis of credible intelligence inputs, subsequently developed and substantiated by the officers of the Directorate General of GST Intelligence (DGGI), Meerut Zonal Unit, it has emerged that a consortium of inter-linked entities was deliberately and systematically engaged in the creation, circulation and infusion of fictitious Input Tax Credit (ITC), without the actual supply of goods. The fraudulent design was executed through the issuance of invoices without underlying supply of goods, thereby amounting to a fraudulent contrivance to wrongfully avail and pass on ITC in contravention of the mandate of the CGST Act, 2017. In this context. Shri Hari Shankar Sharma (Director of M/s WMCA Trade Mart Private Limited & Karta, M/s Hari Shankar Sharma HUF), Shri Deepak Jain, proprietor of M/s Madhuban Trading Company and Shri Sushant Goel, Proprietor of M/s Omtex, were engaged in the availment and passing on of fraudulent Input Tax Credit (ITC) on the basis of invoices issued without any actual supply of goods, through a network of non-existent and dummy firms. On scrutiny of GST returns for the period from April 2020 to July 2025, it was found that M/s Madhuban Trading Company (GSTIN: 07BDUPJ5869EIZY) had availed fraudulent ITC of Rs.45,79,68,750/- from multiple fake/non-existent firms and further passed on such ITC to various entities, including M/s WMCA Trade Mart Private Limited (GSTIN: 07AADCW600BQIZU). Further, scrutiny of the GST returns of M/s WMCA Trade Mart Private Limited for the period

from October 2023 to July 2025 revealed that the firm had also availed ineligible ITC of Rs.15,48,88,802/- from 12 fake/non-existent firms. Also, M/s Hari Shankar Sharma HUF (GSTIN: 07AAGHH2408K1ZC) have availed fake input tax credit (ITC) of Rs. 28,16,33,878/- from their inward suppliers. Further, M/s Omtex (Prop. Shri Sushant Goel), GSTIN: 07AJOPG6374R1ZC has availed fraudulent ITC of Rs.14,17,69,669/- from M/s WMCA Trade Mart Pvt. Ltd., M/s Hari Shankar Sharma HUF and other fake/non-existent suppliers. Out of this, Rs. 26,52,42,431/- was passed on by M/s WMCA Trade Mart Pvt. Ltd., Rs. 3,18,27,388/- by M/s Hari Shankar Sharma HUF and remaining from other suppliers.

The complaint further describes the roles of the accused, their confessional statements and the manner in which the said money was availed being fake input tax credit with the prayers that the court may take cognizance of the offences and the accused be put to trial and be punished in accordance with law.

7. Submissions of learned counsel for the applicant- Hari Shankar Sharma are as under:-

(A) The applicant has been falsely implicated in the present case.

(B) A search was conducted at the house of the applicant on 30.10.2025 and a search memo was prepared after which on 31.10.2025 the investigating officer of the CGST Department recorded confessional statement of the applicant wherein it is shown that he has admitted that his firm/company availed and passed on fraudulent ITC amounting to Rs. 15.48 crores through 12 fake supplier firms without supplying the underlying goods.

(C) The unaccounted cash of Rs.30.5 lakhs seized from the applicant is unrelated to the alleged ITC activities and belongs to lawful dealings.

(D) The applicant has no criminal history as stated in para-13 of the affidavit and is in jail since 01.11.2025.

(E) The investigation in the matter has concluded and a complaint has been filed which is annexure no. S.A.-1 to the second supplementary affidavit dated 31.12.2025 which is on the record.

(F) The Apex Court in the case of ***Vineet Jain vs. Union of India, Criminal Appeal No.2269 of 2025***, decided on 28.4.2025 has granted bail to the said accused on the ground that maximum sentence in the said matter is of 5 years with fine and a charge sheet has been filed and the applicant is in custody for about 7 months, the case is triable by the Judicial Magistrate and the sentence is limited and in any case, the prosecution is based on documentary evidence and thus the present case also stands on identical facts and the applicant deserves to be released on bail.

8. Submissions of learned counsel for the applicant- Deepak Jain are as under:

(A) Arguments of learned counsel for the applicant Hari Shankar Sharma are adopted.

(B) Further the judgement in the cases of Arvind Dham. Vs. Directorate of Enforcement, 2026 SCC OnLine SC 30, Vineet Jain vs. Union of India (Criminal Appeal No. 2269 of 2025), Manoj Kumar Garg vs. Union of India [2025 (36) Centax 96 (All.)], Vinay Kumar vs. Union of India: [2026 (39) Centax 164 (All.)], Dhiraj Nath Gupta vs. Union of India, Bail Application No.32145 of 2025, Mukul Sharma vs. Commissioner, Bail Application No.39263 of 2024, Azharuddin vs. Union of India, Bail Application No. 29377 of 2025, have been placed to submit that in a case of identical nature the Apex Court and the co-ordinate Benches of this Court have granted bail to the said accused.

(C) Investigation in the matter has concluded and thus there are no chances of the applicant tampering with the evidence.

(D) The complaint has been filed by the Department.

(E) The applicant has no criminal history as stated in para-36 of the affidavit and is in jail since 31.10.2025.

9. Learned counsel for the applicant Sushant Goyal submits as under:-

(A) Arguments of learned counsels in the bail applications of the applicant- Hari Shankar Sharma and Deepak Jain are adopted.

(B) Cognizance on the complaint has been taken vide order dated 24.11.2025 by the court concerned as has itself been stated in para-37 of the counter affidavit dated 09.2.2026 filed on behalf of the opposite party no. 2 and 3.

(C) The judgement in the case of ***Ratnambar Kaushik vs. Union of India: (2023) 2 SCC 621*** is being relied upon to submit that the Court while considering the prayer for bail has opined that since the investigation has concluded and charge sheet has been filed, punishment may extend to imprisonment for a term of 5 years with fine, the applicant has undergone incarceration for about 4 months and trial would take time to complete, has been granted bail.

(D) The applicant has no criminal history as stated in para-3 of the affidavit and is in jail since 31.10.2025.

10. Per contra, learned counsel for the respondent department of GST opposed the three bail applications vehemently and submitted as under:-

(A) Reading of the complaint would show that the applicants availed fake input tax credit of Rs.15,68,68,198/- from 21 inward suppliers, 11 of these inward suppliers were currently inactive yet they have passed on ITC amounting to Rs.15,15,04,494/- which shows that 96.5 % of the total ITC availed by M/S WMCA Trade Mart Private Limited.

(B) The applicants are mastermind of the said scam.

(C) The applicant Hari Shankar Sharma is Director of M/S WMCA Trade Mart Private Limited and Karta in M/s Hari Shankar Sharma HUF who in order to avail fake ITC from non-existent firms and controlled by brokers/builders and further creating fake invoices from his entities in order to pass on the same to other beneficiaries and obtained commission on the same, controlled the entire operations and operated it.

(D) The applicant Deepak Jain is the proprietor of M/s Madhuban Trading

Company who in order to avail fake ITC from various non existent firms controlled by brokers/builders and further creating fake invoices from his entity in order to pass on the same to other beneficiaries and earn commission of the same, controlled the entire operations and operated it.

(E) The applicant Sushant Goyal is the proprietor of M/s Omtex who also controlled and operates the entire operations of the company in order to avail fake ITC from various non existent firms controlled by brokers/builders and other persons including Hari Shankar Sharma and further creating fake invoices from his entity in order to pass on to the same to other beneficiaries and earn commission on the same.

(F) The accused together entered into a conspiracy by creating and using fake firms and defrauded the government exchequer.

(G) The present matter is serious in nature as the present GST fraud involves huge revenue loss, large scale of ITC fraud, operations through bogus firms, preparing of fake invoices through which input tax credit was obtained. The matter is serious economic offence. The statements of the accused itself show their involvement and thus there are reasons to believe that they are involved in the matter. The amount involved is huge. The accused are actively involved in the offences. There are good chances of their tempering with the evidence and absconding.

(H) The judgements of the Apex Court in the case of ***Serious Fraud Investigation Office vs. Nittin Johari and others: MANU/SC/1246/2019***, para-13, 14 and 15, ***Ayodhya Prasad Mishra vs. State of Uttar Pradesh: MANU/SCOR/27988/2020*** and ***Rakesh Mittal vs. Ajay Pal Gupta alias Sonu Chaudhary and another: SLP (Crl.) No. 19708/2025***, decided on 02.2.2026, para-19, have been placed before the Court.

(I) While placing the judgement in the case of **Rakesh Mittal (supra)** it is submitted that the Apex Court cancelled the bail granted to the applicant which was initially stayed since the applicant was not released on bail in a matter which was triable by Magistrate. It is submitted that the principles of bail in heinous crimes must apply to serious economic offences also since they uproot the entire financial structure of the country and public money at the last end, is siphoned by such fraudulent acts.

(J) It is submitted that the prayer for bail be rejected.

11. After having heard learned counsels for the parties and perusing the records, it is evident that the applicants are involved in fraud by which they have illegally availed input tax credit which was a huge amount. The matter relates to economic offence.

12. The Apex Court, in ***Tarun Kumar v. Enforcement Directorate, (2024) 13 SCC 788*** has held that economic offences constitute a class apart and need to be visited with a different approach and with the advancement of technology and artificial intelligence, the economic offences like money laundering have become a real threat to the functioning of the financial system of the country and have become a great challenge for the investigating agencies to detect and comprehend the intricate nature of transactions, as also the role of the persons involved therein. It has been held as under:

“21. Lastly, it may be noted that as held in a catena of decisions, the economic offences constitute a class apart and need to be visited with a different approach in the matter of bail. The economic offences having deep-rooted conspiracies and involving huge loss of public funds need to be viewed seriously and considered as grave offences affecting the economy of the country as a whole and thereby posing serious threat to the financial health of the country. Undoubtedly, economic offences have serious repercussions on the development of the country as a whole. To cite a few judgments in this regard are Y.S. Jagan Mohan Reddy v. CBI [Y.S. Jagan Mohan Reddy v. CBI, (2013) 7 SCC 439 : (2013) 3 SCC (Cri) 552], Nimmagadda Prasad v. CBI [Nimmagadda Prasad v. CBI, (2013) 7 SCC 466 : (2013) 3 SCC (Cri) 575], Gautam Kundu v. Enforcement Directorate [Gautam Kundu v. Enforcement Directorate, (2015) 16 SCC 1 : (2016) 3 SCC (Cri) 603 : (2016) 195 Comp Cas 186], State of Bihar v. Amit Kumar [State of Bihar v. Amit Kumar, (2017) 13 SCC 751 : (2017) 4 SCC (Cri) 771]. This Court taking a serious note with regard to the economic offences had observed as back as in 1987 in State of Gujarat v. Mohanlal Jitmalji Porwal [State of Gujarat v. Mohanlal Jitmalji Porwal, (1987) 2 SCC 364 : 1987 SCC (Cri) 364] as under: (SCC p. 371, para 5)

“5. ... The entire community is aggrieved if the economic offenders who ruin the economy of the State are not brought to book. A murder may be committed in the heat of moment upon passions being aroused. An economic offence is committed with cool calculation and deliberate design with an eye on personal profit regardless of the

consequence to the community. A disregard for the interest of the community can be manifested only at the cost of forfeiting the trust and faith of the community in the system to administer justice in an even-handed manner without fear of criticism from the quarters which view white-collar crimes with a permissive eye unmindful of the damage done to the National Economy and National Interest.”

22. With the advancement of technology and artificial intelligence, the economic offences like money laundering have become a real threat to the functioning of the financial system of the country and have become a great challenge for the investigating agencies to detect and comprehend the intricate nature of transactions, as also the role of the persons involved therein. Lot of minute exercise is expected to be undertaken by the investigating agency to see that no innocent person is wrongly booked and that no culprit escapes from the clutches of the law. When the detention of the accused is continued by the court, the courts are also expected to conclude the trials within a reasonable time, further ensuring the right of speedy trial guaranteed by Article 21 of the Constitution. With the aforestated observations, the appeal is dismissed.”

13. In so far as the fact that the matter is triable by the Magistrate and bail should be granted on the said count considering the total punishment and the period of detention is concerned, the Apex Court in the case of **Rakesh Mittal (Supra)** has clearly held that the principles of bail in heinous crimes must apply to serious economic offence. Such illegal act of the accused/applicants clearly makes the economy of the country vulnerable which if misused and illegally swiped, the said money is public money and the public at large is put on to burden.

14. Looking to the nature of the offence, the judgement of the Apex Court in the case of **Rakesh Mittal (Supra)** and the roles of the applicants, no case for bail is made out.

15. The said bail applications are, accordingly, rejected.

16. However, it is expected that the trial court shall proceed with the trial expeditiously.

(Samit Gopal,J.)

February 27, 2026

Naresh