THE HONOURABLE SMT. JUSTICE K. SUJANA

CRIMINAL PETITION Nos.10076 & 10318 of 2025

COMMON ORDER:

These Criminal Petitions are filed under Section 482 of Bharatiya Nagarik Suraksha Sanhita, 2023 (for short 'BNSS') for grant of pre-arrest bail to the petitioners/accused Nos.2 and 3, respectively, in Crime No.88 of 2025 before the Central Crime Police Station, Hyderabad.

2. The brief facts of the case are that the complainant, Sri K. Devendhar, Assistant Commissioner of State Taxes, Medak Circle, filed a complaint against Sri Vikash Kumar Keshan and Sri Rajneesh Keshan, partners of M/s. Keshaan Industries LLP, GSTN 36ABFFA8447D7D1ZH, having its corporate office at Secunderabad stating that they cheated the Government through fraudulent billing, tax evasion, misrepresentation of facts, and fraudulent movement of goods under the guise of taxable supply. The Commercial Taxes Department found that the firm issued fake tax invoices without actual supply of goods. They generated e-way bills showing inter-state movement of copper consignments to

Maharashtra and falsely recorded these transactions in the GST portal to claim wrongful Input Tax Credit (ITC). Vehicles were moved empty while records showed taxable supplies. Toll gate movement data from NHAI at Kamkole Toll Plaza and Omerga border checkpost, along with field intelligence and weight records, confirmed that no goods were transported. It was further found that the firm fraudulently claimed ITC against fake taxpayers to offset tax liability, causing a revenue loss of about Rs.33.22 crores to the State. The partners also recorded e-way bills exceeding Rs.100 crores showing movement of goods to Maharashtra when the vehicles were empty. Based on the said complaint, the Central Crime Station, Hyderabad, registered the above said crime for offences punishable under Sections 318(4), 336(3), 338, and 340(2) read with 61(2) BNS against the petitioners.

3. Heard Sri B. Chandrasen Reddy, learned Senior Counsel representing Sri B. Vamshidhar Reddy, learned counsel appearing on behalf of the petitioner as well as Sri Syed Yasar Mamoon, learned Additional Public Prosecutor appearing on behalf of the respondents – State.

4. Learned Senior counsel appearing on behalf of the petitioners submitted that the police had not conducted a proper investigation and had falsely implicated the petitioners for the alleged offences without any concrete material and that the petitioners were only partners of M/s Keshaan Industries LLP, a *bona fide* tax-paying entity incorporated in 2016 and duly certified under ISO standards, engaged in manufacturing copper products. He further submitted that the Department itself had conducted search proceedings on 29.07.2025 at both the factory and corporate office and seized all documents, and the present complaint was lodged merely on the basis of suspicion arising out of GST portal entries and toll gate data, without specific details of vehicle numbers, invoices, dates, or transaction values.

5. Learned Senior Counsel contended that no direct role was attributed to the petitioners in issuing fake invoices or dispatching empty vehicles, and mere partnership in the firm could not give rise to criminal liability in the absence of *mens rea* and that the allegations were based only on documentary and digital records such as GST returns, e-way bills and NHAI toll data, which were already available with the authorities

and required no custodial interrogation. He further contended that custodial arrest in such documentary-based economic offences was unwarranted and contrary to Article 21 of the Constitution. He asserted that the allegations essentially related to issues of tax liability, wrongful ITC claims, or irregular e-way bill entries which fell within the ambit of adjudication under the GST Act. Hence, initiation of criminal prosecution without completing the assessment proceedings was premature and coercive. He further contended that earlier, petitioner had been arrested in the year 2023 under Section 132 of the CGST Act, and this Court had granted him regular bail in Crl.P.No.8330 of 2023, which showed that there was no necessity for further custodial proceedings.

6. In support of his submissions, he relied upon the judgments of the Delhi High Court in **Tarun Jain v. DGGI,** wherein it was held that offences under the CGST Act, though economic in nature, did not warrant custodial interrogation as the punishment prescribed was not grave and the evidence was documentary in nature. He further relied on **P. Chidambaram v. Directorate of Enforcement**, **Shravan A. Mehra v. Superintendent of Central Tax**, **Raghav Agrawal**

v. Commissioner of Central Tax, **Sapna Jain v. Union of India**, and **Hanumanthappa Pathrera Lakshmana v. State**[1] wherein anticipatory bail was granted in similar GST-related cases on the ground that custodial interrogation was unnecessary. Therefore, he submitted the petitioners were innocent, permanent residents with a fixed place of business, ready to cooperate with the investigation, and there was no risk of absconding or tampering with evidence. Hence, he prayed the Court to grant pre-arrest bail to the petitioners by allowing this criminal petition.

7. On the other hand, the learned Additional Public Prosecutor filed counter affidavit opposing the submissions made by the learned Senior Counsel and submitted that the petitioners were partner and designated signatory of M/s Keshan Industries LLP and was actively involved in the affairs of the firm. On the basis of a complaint lodged by the Assistant Commissioner of State Taxes, Medak Circle, a case had been registered alleging fraudulent issuance of fake tax invoices, generation of false e-way bills, and movement of empty vehicles to claim wrongful Input Tax Credit (ITC),

[1] Criminal Petition No.2419 of 2020

thereby causing a huge revenue loss of more than Rs.33 crores to the State exchequer. During investigation, the complainant furnished specific material including vehicle numbers, weighment details, invoices and cancelled e-way bills, which prima facie established offences of cheating and forgery.

8. Learned Additional Public Prosecutor further submitted that under Section 137(3) of the CGST Act, 2017, every partner of an LLP is deemed to be guilty of offences committed by the firm unless he proves lack of knowledge or due diligence, and such defence could only be examined during the course of investigation and trial and that the contention of the petitioner that he had no direct involvement could not be accepted at this stage. He emphasized that the offences were repeated and systematic in nature, committed through innovative methods, and custodial interrogation of the petitioner was necessary to unearth the larger conspiracy, trace the money trail, identify accomplices, and secure further evidence.

9. Learned Additional Public Prosecutor contended that if anticipatory bail were granted, the petitioners would misuse their position, influence witnesses, tamper with evidence, and obstruct the investigation and that the investigation was still at a crucial stage, including verification of bank accounts, financial transactions, and examination of technical records. He further contended that one of the partners of the firm had earlier been arrested in a similar case in 2023 and was already on bail.

10. In support of his submissions, he relied upon the judgments of the Hon'ble Supreme Court in **State of Gujarat v. Mohanlal Jitamalji Porwal**[2], wherein it was held that economic offences affect the entire community and cannot be treated lightly. He further relied upon the judgment of the Hon'ble Supreme Court in **Serious Fraud Investigation Office v. Nittin Johari**[3], wherein it held that in economic offences involving deep-rooted conspiracies, custodial interrogation is often indispensable. He further contended that in view of the gravity of the offence, the quantum of loss caused to the State exchequer, and the requirement of

[2] (1987) 2 SCC 364
[3] (2019) 9 SCC 165

custodial interrogation, the petitioner was not entitled to the discretionary relief of anticipatory bail. Therefore, he prayed the Court to dismiss the criminal petition.

11. In the light of the submissions made by both the learned counsel and on a perusal of the material available on record, it appears that the petitioners were arrayed as accused Nos.2 and 3. The primary contention of the learned senior counsel appearing for the petitioners is that custodial interrogation is not necessary in the present case. It is the specific contention of the learned Senior Counsel appearing on behalf of the petitioners that the Income Tax Department had already seized all the relevant documents pertaining to the LLP, and the allegations against the petitioners were confined to issuance of tax invoices and e-way bills for supply of goods without any actual movement of such goods. The investigation was largely based on data collected from the National Highway Authority of India and toll plazas, which indicated that vehicles were moving empty without carrying goods. It was also alleged by the Commercial Tax Department that the petitioners raised fake invoices and e-way bills and thereby facilitated wrongful claims of Input Tax Credit, causing huge

loss to the State exchequer. The petitioners, apprehending arrest, relied on the judgment of the Delhi High Court in **Tarun Jain** (cited supra), wherein it was held that offences under the CGST Act, though economic in nature, did not warrant custodial interrogation as the punishment prescribed was not severe and the evidence was primarily documentary. Further, the judgments of the Hon'ble Supreme Court and various High Courts in the cases of **P. Chidambaram**, **Shravan A. Mehra**, **Raghav Agrawal**, **Sapna Jain**, and **Hanumanthappa Pathrera Lakshmana** (cited supra), wherein anticipatory bail was granted in similar GST-related cases on the ground that custodial interrogation was unnecessary.

12. Further, it is a settled principle of law that economic offences are serious in nature and need to be dealt with sternly, as observed in **State of Gujarat** and **Serious Fraud Investigation Office** (cited supra). However, it is equally well-settled that the grant or refusal of anticipatory bail must depend on the facts of each case. In the present cases, the allegations are primarily based on documentary and digital evidence such as GST returns, e-way bills, invoices, toll gate data and related financial records, all of which have already

been seized by the concerned authorities. The prosecution has not demonstrated any specific necessity for custodial interrogation of the petitioners, nor shown that the petitioners' custodial presence is indispensable for collection of further evidence. On the contrary, the material on record suggests that the investigation can proceed effectively with the petitioners being available for interrogation without subjecting them to arrest.

13. In view of the above, and applying the principles laid down by the Hon'ble Supreme Court and various High Courts in similar cases, this Court is of the considered view that custodial interrogation of the petitioners is neither warranted nor justified at this stage. Accordingly, the petitioners are entitled to the relief of anticipatory bail, subject to the following conditions:

i. The petitioners shall surrender before the Station House Officer, Central Crime Police Station, Hyderabad, within two weeks from today, and on such surrender, the said Station House Officer shall release them on bail on executing a personal bond for Rs.5,00,000/- with two sureties, for the like sum each.

ii. The petitioners shall abide by the other conditions stipulated in Section 482(2) of Bharatiya Nagarik Suraksha Sanhita, 2023 and co-operate with the Investigating Officer in investigating the case.

iii. The petitioners shall appear before the concerned Investigating Officer on every Monday between 09:00 a.m, and 05:00 p.m., till the filing of the charge sheet and thereafter, as and when required

7. Accordingly, this Criminal Petition is allowed.

Miscellaneous applications, if any pending, shall stand closed.

K. SUJANA, J

Date: 22.08.2025
SAI

THE HONOURABLE SMT JUSTICE K. SUJANA

CRIMINAL PETITION Nos.10076 & 10318 of 2025

Date: 22.08.2025
SAI