2025:PHHC:134419

IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA AT CHANDIGARH

CRM-M-39132-2025 (O&M)
Pronounced on : 25.09.2025

Jatinder Kumar ...**Petitioner**

Versus

State of Punjab and others …**Respondents**

CORAM: HON'BLE MRS. JUSTICE MANISHA BATRA

Present:- Ms. Urvashi Dhugga, Advocate and
Ms. Khushi Satviki, Advocate
for the petitioner.

Mr. Chanchal K. Singla, Addl. A.G., Punjab
for respondent No. 1-State.

Mr. Ajay Kalra, Senior Standing Counsel with
Ms. Isha Januja, Advocate
for respondents No. 2 to 4.

MANISHA BATRA, J.

1. Prayer in this petition, filed under Section 482 of Bharatiya Nagarik Suraksha Sanhita, 2023 *(for short 'BNSS')*, has been made by the petitioner for grant of pre-arrest bail to him in pursuance to the summons issued against him by respondent No. 3 under Section 70 of the Central Goods & Service Tax Act, 2017 *(for short 'CGST Act').*

2. As per the allegations, an investigation/inquiry was conducted by respondent No. 2 against one M/s Sona Casting Private Limited *(for short '**M/s Sona**')* on 15.10.2024 and it was revealed that M/s Sona had availed fraudulent Input Tax Credit *(for short '**ITC**')* to the tune of Rs. 54.40 crores from some

non-operational/fictitious firms. It was revealed that M/s Manvi Steels *(for short '**M/s Manvi**')* was one of the major suppliers of M/s Sona, who had passed on fake ITC to the tune of Rs. 3.72 crores to M/s Sona. The address of M/s Manvi was found to be fake and it was also found to be a non-existent firm. The petitioner, who had registered himself as proprietor of M/s Manvi, was issued notices under Section 73 of the CGST Act. Apprehending his arrest, the petitioner moved an application for grant of pre-arrest bail, which was dismissed by the learned Additional Sessions Judge, Fatehgarh Sahib on 18.06.2025.

3. It is argued by learned counsel for the petitioner that he was the proprietor of a duly registered firm and was a regular tax payer. On receipt of summons under Section 70 of the CGST Act, he had appeared before the officers of the respondents. He had also filed reply to the show cause notice and had tendered a voluntary statement. Nonetheless, the registration of his firm was cancelled on the allegations of having claimed ITC in a fraudulent manner. The order of suspension of registration of his firm has been stayed by this Court in a separate writ petition filed by him. He has fully cooperated with the investigation conducted so far and has filed replies to the notices served upon him and is ready to join further inquiry. His custodial interrogation is not required. He is apprehending his arrest. It is, therefore, urged that he deserves to be extended benefit of pre-arrest bail.

4. *Per contra*, learned senior standing counsel for respondents No. 2 to 4 and learned State counsel have argued that the firm of the petitioner availed fraudulent ITC to the tune of Rs.14,69,94,129/- and Rs.14,70,59,558/-

and had passed on fake ITC to the tune of Rs.3.72 crores to M/s Sona. He had created a fictitious firm, which was actually non-existent. The documents collected by the respondents have revealed that there are material contradictions between the figures of inward and outward supplies made by the firm. Wrong account numbers had been provided in the GST portal by the petitioner. No actual movement of the vehicles shown in e-way bails has been found. He is shown to have rotated money from one bank account to another without any profit or margin. The list of suppliers of the firm of the petitioner was also having fictitious names. He has not cooperated with the inquiry and has not produced documents, which were required from him. He has caused loss of GST amount to the tune of Rs.70.19 crores on the taxable value of Rs. 389.90 crores. The matter is covered under the provisions of Section 132(1)(b) and (c) of the CGST Act. For conducting proper inquiry in the matter, his presence before the respondent is required. The allegations against him are serious in nature and do not make any case for grant of benefit of pre-arrest bail. Hence, it is urged that the petition is liable to be dismissed.

5. This Court has heard the rival submissions at considerable length, besides going through the material placed on record.

6. Certain paragraphs of the reply, filed by respondents No. 2 and 4, are relevant for the purpose and they are reproduced as under:

> "**<u>3.3</u>** M/s Manvi Steels is one of the major Suppliers of M/s Sona Casting Pvt Ltd who have passed on the fake ITC to the tune of Rs. 3.72 crores to M/s Sona Casting Pvt Ltd. The investigation against M/s Manvi Steel was initiated on 15.10.2024 under Section 67(2) of the CGST Act 2017. The

premises of M/s Manvi Steels was tried to be located at the registered premises Shop No. 23, Sector-1, Main Road, Vikas Nagar, Mandi Gobindgarh but neither such address was found nor such firm was located in Sector-1, Vikas Nagar, Mandi Gobindgarh. Enquiry about the said firm was also done from nearby shops in Sector-1, Vikas Nagar, but nobody was aware of firm M/s Manvi Steels or the said address. As such, proceedings have been recorded in a panchnama dated 15.10.2024 prepared on the spot. **The firm was found to be non-existent.**

3.4. Further, Summons dated 19.10.2024 was issued to Sh. Jatinder Kumar, Prop. of M/s Manvi Steels to appear in the office to tender his statement. Shri Jatinder Kumar appeared on 24.10.2024 and his statement was recorded on 24.10.2024 wherein he, inter-alia, stated that he is proprietor of firm, M/s Manvi Steel which is registered with the GST Department vide GSTIN: 03BEWPK1733D1Z0 since Feb 2021; that the firm exact address is not known to him. He, himself only manage the firm's sales and purchases. He doesn't have his contact number of Accountant. All his purchase is through broker only, whose name and mobile number is not known to him.; that his major buyer is M/s Sona casting Pvt Ltd. Others buyers is not known to him. He doesn't have contact number or address of the brokers; that once he receives the vehicles for purchase, the same as it, is used to be sold by him. He never stores the scraps. That he doesn't remember the transportation charges. To the best of his knowledge, the freight value is included in the Invoice Value. He has not paid any extra freight charges apart from invoice value. He doesn't remember to whom he has sold for the past 3 months. He can see the records and can tell.

xxxx xxxx xxxx xxxx

3.6. Thereafter, another summons dated 25.10.2024 was issued to Sh. Jatinder Kumar to appear on 28.10.2024. The DGGI officers visited his residential premise to deliver summons dated 25.10.2024, however, he was not present at his house. On asking about his whereabouts, his father Sh. Ramanand told the visiting officers that he does not know his whereabouts and his mobile no. is switched off. The visiting officers asked his father about his shop at Vikas Nagar. His father Sh. Ramanand, then, led the visited officer to the business premise of M/s Manvi Steels. On visiting the premises, the shop was almost vacant wherein no documents were found regarding sales/purchase of M/s Manvi Steels. One computer was found in the shop which was very old and not in running condition. Thereafter, the visiting officers contacted Sh. Jatinder Kumar on his registered mobile number 92177-60590 and the same was found switched off. On the basis of the above-said proceedings and his statement dated 24.10.2024, it is clearly visible that Sh. Jatinder Kumar is dummy person, having no knowledge of the business activities of M/s Manvi Steels.

3.7. Inward Supply Chain of M/s Manvi Steels: on analysis of their inward chain, it was observed that that they have availed total ITC amounting to Rs. 14,70,25,501/ - and out of total ITC, they have availed ITC amounting to Rs 8,47,65,308/- from the cancelled suo-moto/suspended firms. The said ITC have been availed on the basis of invoices raised by non-existent/bogus/fake firms which were cancelled by the concerned jurisdictional authorities on the basis of reasons i.e. conducting PV and found non-existent/by reason of fraud/Returns etc.

3.8. **E-way bill analysis**: The e-way bill analysis was also done on test check basis and it was observed that there was no toll movement for the vehicles used for from Haryana/ Delhi to mandi Gobindgarh which shows that there was no actual movement of vehicle but the vehicle has been used on paper only. For example, during the course of e-way bill analysis in respect of Inward supply of M/s Manvi Steels, it was observed that Vehicle No. PB10G9411 used for their purchases from M/s AK INDUSTRISES (06HVHPK0123D1Z2) with e-way Bill No. 351324312561 on 10.06.2021 and the said vehicle was said to be transporting the goods from Solan, Himachal Pradesh to Mandi Gobindgarh, however, as per RFID data, there was no Toll Movement Record which indicates that no goods were received by M/s Manvi Steels.

3.9. **Bank Statement Analysis of M/s Manvi Steels**-Bank analysis was done for the suppliers of M/s Manvi Steels. As per GST BO Portal, it was observed that there were no bank account provided for some of the suppliers, and some of the suppliers they have provided the wrong account number. Further in in some cases, there were no bank transactions with M/s Manvi Steels."

7. On a perusal of the above, it is apparent that there are specific and serious allegations against the petitioner as he is not only alleged to have floated a fictitious firm but is also alleged to have passed on fake ITC to M/s Sona, availed ITC amounting to Rs.14,69,94,129/- and Rs.14,70,59,558/-, prepared false e-way bills to show fictitious inward supplies, provided his wrong bank account number, facilitated rotation of money from one bank

account to another without any profit or margin just to avoid payment of government exchequer and is also alleged to have given details of fictitious suppliers. The inquiry is at its nascent stage. The petitioner is alleged to have not cooperated in the investigation/inquiry conducted so far. Huge amount of exchequer is involved. Proper and thorough investigation is required to be conducted in the matter. There is possibility of the petitioner's misusing the concession of pre-arrest bail. Any latitude may enable him to avoid custodial interrogation, tamper with evidence or manipulate records by taking undue advantage of the legal and procedural loopholes. He may also influence the witnesses/employees, who are actually aware of the transactions and can also delay the investigation by avoiding his personal appearance. Keeping in view the aforesaid facts and circumstances, this Court is of the considered opinion that the petition does not deserve to be allowed. Accordingly, the same is dismissed.

8. It is made clear that the observations made herein above are only for the purpose of deciding the present petitions and the same shall not be construed as an expression of opinion by this Court on the merits of the case.

25.09.2025 **(MANISHA BATRA)**
Waseem Ansari **JUDGE**

Whether speaking/reasoned *Yes/No*

Whether reportable *Yes/No*