

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

2026:PHHC:027871



1. CRM-M-503-2026 (O&M)

Shivam Gupta

...Petitioner

Versus

State of Punjab and others

...Respondents

2. CRM-M-2739-2026 (O&M)

Vaishno Dass

...Petitioner

Versus

State of Punjab and others

...Respondents

Sr. No.	Particulars	Details
1	The date when the judgments are reserved	13.02.2026
2	The date when the judgment is pronounced	23.02.2026
3	The date when the judgment is uploaded on the website	23.02.2026
4	Whether only operative part of the judgment is pronounced or full judgment is pronounced	Full
5	The delay, if any, of the pronouncement of full judgment, and reasons thereof	Not applicable

CORAM: HON'BLE MRS. JUSTICE MANISHA BATRA

Present:- Mr. Vinod Ghai, Senior Advocate with
Mr. Arnav Ghai, Advocate and
Mr. R. S. Bagga, Advocate
for the petitioner in *CRM-M-503-2026*.

Mr. Anil Mehta, Advocate,
Mr. Karan Bhardwaj, Advocate and
Mr. Jaydeep Garg, Advocate
for the petitioner in *CRM-M-2739-2026*.

Mr. Roshandeep Singh, AAG, Punjab.

Mr. Sourabh Goyal, Senior Standing Counsel with
Ms. Himanshi Gautam, Advocate
for respondents No. 2 and 3.

MANISHA BATRA, J.

1. Both these petitions arise out of the same complaint and seek identical reliefs. With the consent of the respective parties, they have been heard analogously and are being disposed of by this common order.

2. Prayer in these petitions, filed under Section 483 of Bharatiya Nagarik Suraksha Sanhita, 2023, is for grant of regular bail to the petitioners in case arising out of Complaint case bearing No. COMA/58595/2025, dated 14.11.2025, titled as ***Superintendent (Anti-Evasion), CGST Commissionerate, Ludhiana v. Vaishno Dass and others***, filed under Section 132(1)(c)(i) of the Central Goods & Service Tax Act, 2017 (*for short 'CGST Act'*) and Punjab Goods and Services Tax, 2017 (*for short 'PGST Act'*), punishable under Section 132(1)(i) read with Section 20 of the Integrated Goods and Services Tax, 2017 (*for short 'IGST Act'*).

3. The present case emanates from an investigation conducted by the complainant department against three firms, namely M/s Vasu Multimetals Pvt. Ltd., M/s SVM Multimetals Pvt. Ltd. and M/s Ingottastic LLP, all having their principal places of business at Ludhiana. As per the prosecution, the said firms had availed Input Tax Credit (*for short 'ITC'*) on the basis of invoices issued by suppliers whose GST registrations were either cancelled *suo motu*, suspended or found to be non-existent or not operating from their registered places of business. It was alleged that fraudulent input tax credit to the tune of approximately ₹53 crores was availed. Pursuant to a search warrant dated 15.09.2025 issued by the Joint Commissioner, CGST Commissionerate, Ludhiana, search operations under Section 67(2) of the CGST Act were

conducted on 16.09.2025 at five locations pertaining to the business and residential premises of the aforesaid firms. M/s Vasu Multimetals Pvt. Ltd. and M/s SVM Multimetals Pvt. Ltd. are stated to be engaged in the business of melting scrap for the manufacture of ingots and in scrap trading. Petitioner Vaishno Dass was found to be a Director in both the said companies, whereas petitioner Shivam Gupta was found to be the Director in M/s Vasu Multimetals Pvt. Ltd. appointed on 22.09.2022 and in M/s SVM Multimetals Pvt. Ltd. appointed on 15.10.2021. Thereafter, statements of the present petitioners were recorded under Section 70 of the CGST Act. The petitioners were arrested on 17.09.2025. Complaint/chargesheet for commission of aforementioned offences has been filed against the petitioners after completion of usual formalities. The petitioners had moved applications for grant of bail, which have been dismissed by the Court of learned Chief Judicial Magistrate, Ludhiana on 29.10.2025 and then by the Court of learned Additional Sessions Judge, Ludhiana on 22.12.2025 and 06.01.2026, respectively.

4. It is argued by learned Senior counsel appearing for petitioner Shivam Gupta as well as by learned counsel appearing for petitioner Vaishno Dass that they have been falsely implicated in this case without taking into account the true facts. It is further argued that M/s Vasu Multimetals Pvt. Ltd. and M/s SVM Multimetals Pvt. Ltd. are duly incorporated companies engaged in the legitimate business of melting scrap for manufacture of ingots and in scrap trading. The said business activities are lawful and have been carried on in the ordinary course of commercial operations. It is further argued that petitioner Vaishno Dass was serving as a Director in the aforesaid companies and petitioner Shivam Gupta was appointed as a Director in M/s Vasu Multimetals Pvt. Ltd. on 22.09.2022 and in M/s SVM Multimetals Pvt. Ltd. on

15.10.2021. Mere holding of the position of Director, in the absence of any specific role or overt act attributed to the petitioners, does not attract criminal liability. The petitioners were not involved in the day-to-day affairs or operational management giving rise to the alleged transactions and no material has been placed on record to show their direct participation, *mens rea* or conscious involvement in the commission of any alleged offence. With regard to M/s Ingottastic LLP, it is submitted that petitioner Vaishno Dass and Harshbir Singh Sokhi are partners therein. However, the said LLP is a separate legal entity and its business activities are independent and distinct from those of the respondent companies. No nexus has been established between the alleged acts and the petitioners merely on account of their association with the said LLP. The allegations levelled in the complaint, even if taken at face value, do not disclose the essential ingredients of the offences alleged against the petitioners. It is further argued that the procedural safeguards under Section 41(1) of the Code of Criminal Procedure were not complied with and as such, the arrest of the petitioners is in violation of Articles 14 and 21 of the Constitution of India. There was no circumstance appearing on record justifying the necessity of their arrest. The provisions of Section 73 and 74 of the CGST Act had not been followed. No reasonable satisfaction had been recorded. The prosecution case rests on vague and omnibus allegations without specific attribution of criminal conduct, rendering the continuation of proceedings against the petitioners an abuse of the process of law. They are in custody since long. The maximum punishment to be awarded to them in case of conviction is 05 years. They are ready to abide by the terms and conditions to be imposed upon them by this Court for grant of bail. It is, therefore, urged that the petitions deserve to be allowed and the petitioners deserve to be

released on bail. In support of their arguments, learned counsel for the petitioners have relied upon the authorities cited as *Ratnambar Kaushik vs. Union of India*, 2022 INSC 1254, *Ashutosh Garg vs. Union of India*, 2024 (105) GST 572, *Vipin Garg alias Bindu vs. State of Haryana*, 2023(69) GSTL 3, *Yash Goyal vs. Union of India*, Criminal Appeal No. 2784 of 2024, decided on 28.06.2024, *Deepak Sharma vs. State of Punjab*, 2024 NCPHHC 104729, *Parteek Das Gupta vs. State of Haryana*, 2024 NCPHHC 46670, *Amit Bansal vs. State of Haryana*, 2024 NCPHHC 19173, *Tejpal Singh vs. Director General of G.S.T. Intelligence*, 2024(83) GSTL 247, *Sunil Mahlawat vs. Central Goods and Services Tax*, 2023(68) GSTL 31, *Shamim Akhtar vs. Directorate General of GST Intelligence*, 2023 NCPHHC 66070, *Vineet Jain vs. Union of India*, Criminal Appeal No. 2269 of 2025, decided on 28.04.2025, *Radhika Aggarwal vs. Union of India and others*, (2025) 6 SCC 545, *Pawan Kumar vs. State of Punjab*, CRM-M-15013-2025, decided on 28.05.2025, *Dipanshu Anand, vs. Principal Commissioner, Central GST, Ludhiana*, CRM-M-44890-2025, decided on 27.10.2025, *Sovit Bansal vs. Directorate General of GST, Ludhiana*, CRM-M-38861-2025, decided on 29.09.2025, *Mohit Singla vs. Directorate General of Goods and Services Tax Intelligence*, CRM-M-400-2026, decided on 06.02.2026 and *Manish Kumar vs. Directorate General, Goods and Services Tax Intelligence, Zonal Unit, Ludhiana*, CRM-M-8675-2025, decided on 28.07.2025.

5. Separate replies have been filed by the respondents No. 2 and 3. Learned counsel for respondents No. 2 and 3, assisted by learned State counsel, has argued that the petitioners are key persons connected with the firms, who have played an active role in orchestrating a large-scale tax evasion racket by fraudulently availing Input Tax Credit on the basis of fake and non-

genuine invoices. It is further argued that the complaint has already been filed after completion of investigation and the seriousness of allegations, magnitude of the offence and role attributed to the petitioners disentitle them to the discretionary relief of bail. It is argued by the learned counsel for the respondent that the statute does not condition or circumscribe the exercise of power upon prior completion of adjudication proceedings under Sections 73 or 74 of the Act. Sections 73 and 74 operate in the realm of civil adjudication dealing with assessment, determination, and recovery of tax, interest, and penalty. In the present case, the fraudulent availment and utilization of ITC amounting to Rs. 71.86 crores, based on bogus invoices valuing Rs. 471.15 crores, has been established during investigation through documentary records, financial trail, GST returns, e-way bill analysis, and digital evidence, which is overwhelming in nature and sufficient to attract the provisions of Section 132 of the CGST Act and consequently to justify arrest under Section 69 of CGST Act, without awaiting completion of adjudication under Sections 73 or 74 of CGST Act.

6. It is further argued that the arrest of the petitioners was effected after collecting evidence and conducting thorough inquiry as well as after obtaining requisite sanction from the Principal Commissioner under Section 69(1) of the CGST Act. The grounds of arrest were duly communicated to them. All the constitutional and legal safeguards were complied with and, therefore, it is urged that there was compliance of all the mandatory provisions and the plea that the arrest was liable to be vitiated for want of proper adjudication is not tenable. Reliance has been placed upon ***Radhika Aggarwal's case (supra)***, wherein the Hon'ble Supreme Court observed that normally it would be mandatory to conclude assessment proceedings under

Sections 73 and 74 of the CGST Act before initiating criminal prosecution under Section 132. However, there can be cases where even without a formal order of assessment, the department or revenue, if certain that it is a case of offence under Section 132(1)(d) of the Act and that the amount of tax evaded, etc., falls within the ambit of Section 132 of the CGST Act with a sufficient degree of certainty, the Commissioner may authorize arrest when he is able to ascertain and record reasons to believe.

7. It is further argued that there are chances of the petitioners fleeing or tampering with the record, if extended benefit of bail. There is no illegality or infirmity in the orders passed by the Courts of learned Chief Judicial Magistrate, Ludhiana and learned Additional Sessions Judge, Ludhiana declining the prayer of the petitioners for grant of bail. It is, thus, argued that under the given circumstances, the petitioners are not entitled to get indulgence of bail by this Court and the petitions are liable to be dismissed.

8. This Court has heard the rival submissions.

9. Before proceeding to decide the prayer made by the petitioners for grant of bail, it would be apt to have a look at the relevant statutory provision contained in Section 132 of CGST Act, which read as under :

132. Punishment for certain offences.—

(1) Whoever commits any of the following offences, namely:—

(a) supplies any goods or services or both without issue of any invoice, in violation of the provisions of this Act or the rules made thereunder, with the intention to evade tax;

(b) issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act, or the rules made thereunder leading to wrongful availment or

utilisation of input tax credit or refund of tax;

(c) avails input tax credit using such invoice or bill referred to in clause (b); shall be punishable—

(i) in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds five hundred lakh rupees, with imprisonment for a term which may extend to five years and with fine.

(ii) in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds two hundred lakh rupees but does not exceed five hundred lakh rupees, with imprisonment for a term which may extend to three years and with fine;

(iii) in the case of any other offence where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds one hundred lakh rupees but does not exceed two hundred lakh rupees, with imprisonment for a term which may extend to one year and with fine;

10. A bare perusal of the above mentioned provision leaves no room to doubt that the offences alleged carry minimum punishment of 06 months and a maximum punishment of 05 years of imprisonment. Further, Section 138 of the CGST Act is relevant, as per which, the offences under Section 132 of the Act are compoundable.

11. The law regarding grant of bail has been discussed in several pronouncements of Hon'ble Supreme Court. It will be apposite to refer to some of them. Reference can firstly be made to *Dataram Singh vs. State of U.P. and another, (2018)3 SCC 22*, wherein Hon'ble Supreme Court had reiterated the law of bail as follows:

“2. A fundamental postulate of criminal jurisprudence is the

presumption of innocence, meaning thereby that a person is believed to be innocent until found guilty. However, there are instances in our criminal law where a reverse onus has been placed on an accused with regard to some specific offences but that is another matter and does not detract from the fundamental postulate in respect of other offences. Yet another important facet of our criminal jurisprudence is that **the grant of bail is the general rule and putting a person in jail or in a prison or in a correction home (whichever expression one may wish to use) is an exception.** Unfortunately, some of these basic principles appear to have been lost sight of with the result that more and more persons are being incarcerated and for longer periods. This does not do any good to our criminal jurisprudence or to our society.

5. The historical background of the provision for bail has been elaborately and lucidly explained in a recent decision delivered in *Nikesh Tarachand Shah v. Union of India [(2018) 11 SCC 1]* going back to the days of the Magna Carta. In that decision, reference was made to *Gurbaksh Singh Sibbia v. State of Punjab [(1980) 2 SCC 565]* in which it is observed that it was held way back in *Nagendra v. King-Emperor [AIR 1924 Cal 476]* that bail is not to be withheld as a punishment. Reference was also made to *Emperor v. Hutchinson [AIR 1931 All 356]* wherein it was observed that grant of bail is the rule and refusal is the exception. The provision for bail is therefore age-old and the liberal interpretation to the provision for bail is almost a century old, going back to colonial days.”

12. It will also be proper to refer to *Sanjay Chandra vs. CBI, (2012) 1 SCC 40*, wherein Sessions Court and the High Court had refused the requests of the persons accused of committing offences of cheating and forgery and use of forged documents, for grant of bail on the grounds that offences alleged

against them were serious involving deep rooted planning, causing huge loss to the State exchequer and that there was possibility of the accused persons tampering with the evidence. The Hon'ble Supreme Court observed as under :

“The grant or refusal to grant bail lies within the discretion of the court. The grant or denial is regulated, to a large extent, by the facts and circumstances of each particular case. But at the same time, right to bail is not to be denied merely because of the sentiments of the community against the accused. The primary purposes of bail in a criminal case are to relieve the accused of imprisonment, to relieve the State of the burden of keeping him, pending the trial, and at the same time, to keep the accused constructively in the custody of the court, whether before or after conviction, to assure that he will submit to the jurisdiction of the court and be in attendance thereon whenever his presence is required.

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46. We are conscious of the fact that the accused are charged with economic offences of huge magnitude. We are also conscious of the fact that the offences alleged, if proved, may jeopardise the economy of the country. At the same time, we cannot lose sight of the fact that the investigating agency has already completed investigation and the charge-sheet is already filed before the Special Judge, CBI, New Delhi. Therefore, their presence in the custody may not be necessary for further investigation. We are of the view that the appellants are entitled to the grant of bail pending trial on stringent conditions in order to allay the apprehension expressed by CBI.”

13. Similar observations were made by Hon'ble Supreme Court in ***P. Chidambaram vs. Directorate of Enforcement, (2020) 13 SCC 791*** and ***Satender Kumar Antil vs. Central Bureau of Investigation and another, 2022 AIR (Supreme Court) 3386.***

14. In view of the above discussion, it emerges that the position of law regarding grant of bail is that the basic jurisprudence relating to bail in economic offences remains the same in as much as the grant of bail is the rule and its refusal is the exception, so as to ensure that an accused has the opportunity to get fair trial. However, at the same time, it is not advisable to categorize all the economic offences into one group and deny bail on that basis. While considering the question of grant of bail, the gravity of offences is an aspect, which is required to be taken into consideration. The gravity has to be gathered from the facts and circumstances having arisen in each case. One of such circumstances is also the term of sentence that is prescribed for the offence the accused is alleged to have committed. While considering the prayer for grant of bail in any offence, including economic offences, it is not a rule that bail should be denied in every case where the allegation is one of grave economic offences since there is not such bar created in the relevant enactment passed by the Legislature nor does the jurisprudence provide so. The broad parameters to be considered while deciding prayer of an accused for grant of bail can be enumerated as under :

- (i) whether there is any prima facie or reasonable ground to believe that the accused had committed the offence;
- (ii) nature and gravity of the charge;
- (iii) severity of the punishment in the event of conviction;
- (iv) danger of accused absconding or fleeing if released on bail;
- (v) character, behaviour, means, position and standing of the accused;
- (vi) likelihood of the offence being repeated;
- (vii) reasonable apprehension of the witnesses being tampered with; and
- (viii) danger, of course, of justice being thwarted by grant

of bail.

15. Reference may now be made to the citations relied upon by the petitioners in support of their prayer for grant of bail. In ***Ratnambar Kaushik***'s case (supra), the High Court had dismissed an application filed by the accused for grant of regular bail in the proceedings for the offences alleged against him under Sections 132(1) read with Section 132(5) of the CGST Act. While observing that the alleged evasion of tax by the accused was to the extent as provided under Section 132(1)(i) and the punishment provided was imprisonment which might extend to 05 years and fine, the fact that the accused had already undergone incarceration for 04 months and completion of trial was likely to take time and further that the evidence to be tendered was of documentary nature, the Hon'ble Supreme Court had passed an order for release of the accused on bail. In ***Ashutosh Garg***'s case (supra), the High Court of Judicature for Rajasthan at Jaipur had dismissed the prayer made by the petitioner, who was accused of creating and operating 294 fake firms and evaded tax liability of Rs.1032 crores. The Hon'ble Supreme Court allowed the Special Leave Petition filed by the accused by taking into consideration the fact that he was in custody for a period of 09 months and that the offence carried maximum punishment for 05 years of imprisonment. It was observed that it was not appropriate to keep him in custody any further.

16. Further, in ***Vipin Garg alias Bindu***'s case (supra), there was allegation of misuse of ITC leading to loss of State exchequer. Chargesheet had been submitted. It was observed by Hon'ble Supreme Court that though heavy loss to the exchequer was alleged to be caused by the accused and no recovery had been effected but further detention of the accused during trial was not necessary and he was extended benefit of bail. In ***Yash Goyal***'s case

(supra), the petitioner was in custody for a period of 06 months for commission of offence punishable under Section 132 of the CGST Act. While considering that the maximum sentence which would be awarded was 05 years and that the trial was likely to take time, Hon'ble Supreme Court directed the appellant to be released on bail. Reliance can also be placed upon a recent pronouncement of Hon'ble Supreme Court in **Vineet Jain's** case (supra), wherein a person accused of committing offence under Section 132(1) of the CGST Act was denied grant of bail. The Hon'ble Supreme Court allowed the appeal filed by the accused by taking into consideration the fact that he was in custody for a period of 07 months, charge sheet had been filed and that the offence carried maximum punishment for 05 years of imprisonment. While granting bail to the accused, the Hon'ble Supreme Court had made following observations:

“We are surprised to note that in a case like this, the appellant has been denied the benefit of bail at all levels, including the High Court and ultimately, he was forced to approach this Court. These are the cases where in normal course, before the Trial Courts, the accused should get bail unless there are some extra ordinary circumstances.”

17. Similar observations were made by this Court in **Deepak Sharma's** case, **Parteek Das Gupta's** case, **Amit Bansal's** case, **Tejpal Singh's** case and **Sunil Mahlawat's** case, **Pawan's** case, **Dipanshu Anand's** case, **Sovit's** case, **Mohit Singla's** case and **Manish Kumar's** case (supra).

18. Now adverting to the present case. The allegations against the petitioners are that while being Directors/partners of M/s Vasu Multimetals Pvt. Ltd., M/s SVM Multimetals Pvt. Ltd. and M/s Ingottastic LLP, they had knowingly availed and utilized fraudulent Input Tax Credit to the tune of ₹53

crores on the basis of invoices issued by suppliers whose GST registrations were cancelled, suspended or who were found to be non-existent or not operating from their registered places of business. However, these claims are yet to be determined by the competent authority of the respondent by making proper assessment/adjudication. As such, it is only after assessment/adjudication that the liability of the petitioners with regard to exact amount of evasion of tax is to be determined under the relevant provisions of CGST Act. A complaint has already been filed against the petitioners. They are in custody since 17.09.2025. Nothing has been shown to this Court which may justify the further detention of the petitioners in prison.

19. On consideration of the above discussed facts and circumstances and also considering that the alleged offences are punishable with maximum punishment up to 05 years and also keeping in view that in such circumstances, the further detention of the petitioners may not at all be justified since in case of this nature, the evidence to be rendered by the respondent would essentially be documentary and electronic, which will be through official witnesses, due to which, there cannot be any apprehension of tampering, intimidating or influencing the witnesses and further as it appears justified to strike a fine balance between the need for further detention of the petitioner when no custodial interrogation has been claimed at all by the department, this Court considers that the petitioners are entitled to be released on bail but subject to certain conditions.

20. As a result of above discussion, the petitions moved by both the petitioners are hereby allowed and they are ordered to be released on regular bail on their furnishing personal bonds with two sureties in the like amount each to the satisfaction of the Court concerned/Duty Magistrate. The

concession of bail granted to the petitioners shall be further subject to following conditions:

- (a) They shall deposit their passports, if any, before the learned trial Court;
- (b) They shall cooperate in trial without seeking any unnecessary adjournments;
- (c) They shall not tamper with the prosecution evidence by intimidating or pressurizing the witnesses during trial;
- (d) They shall not dispose of any of their property or of the firms/companies in which they have substantial interest and which are also under investigation;
- (e) They shall not indulge in any criminal activity or in commission of any crime after being released on bail.
- (f) They shall provide the details of their Aadhar Card as well as their contact numbers to the trial Court.

21. Breach of any of the above conditions shall be a ground for cancellation of bail granted to the petitioners.

22. 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.

23. Let a photocopy of this order be placed on the file of the connected case.

23.02.2026

Waseem Ansari

(MANISHA BATRA)
JUDGE

Whether speaking/reasoned

Yes/No

Whether reportable

Yes/No