

Reserved on 29.7.2026

Delivered on 05.8.2026



2026:AHC:163260-DB

**HIGH COURT OF JUDICATURE AT ALLAHABAD
HABEAS CORPUS WRIT PETITION No. - 913 of 2026**

Kumar Manish (Corpus)

.....Petitioner(s)

Versus

Union of India and 2 others

.....Respondent(s)

Counsel for Petitioner(s)	: Anand Mani Tripathi, Arun Kumar Shukla
Counsel for Respondent(s)	: A.S.G.I., Dhananjay Awasthi, Krishna Agarawal

Court No. - 43

**HON'BLE SIDDHARTH, J.
HON'BLE VINAI KUMAR DWIVEDI, J.**

(Delivered by Hon'ble Siddharth, J.)

1. Heard Sri Anand Mani Tripathi, learned counsel for the petitioner; Sri Atul Kumar Shahi, learned counsel for the respondents and perused the pleadings on record.

2. This habeas corpus writ petition has been filed praying for following reliefs:-

A. Issue a writ, order, or direction in the nature of habeas corpus declaring the detention, arrest, and subsequent remand and custody of

the Petitioner as illegal and arbitrary and consequently set aside the order dated 17.04.2026 passed by the Special Chief Judicial Magistrate, Meerut, in case no. 2122 of 2025 Under Section 132(1)(a), 132(1)(f) 132(1)(i) 132(1)(l) of the CGST Act, 2017 and Punishable under section 132(5), District- Ghaziabad, Department - DGGI Ghaziabad).

B. Direct the Respondents to release the Petitioner forthwith from judicial custody.

C. Pass any other or further order(s) as this Hon'ble Court may deem fit and proper in the facts and circumstances of the case.

3. The brief facts of the case are that the respondent authority called the petitioner to its office on 16.04.2026 through e-mail. The petitioner reached the office at about 02:00 P.M., where he was immediately taken into illegal custody. In the Arrest Memo dated 17.04.2026, the time of arrest of the petitioner is mentioned as 01:50 A.M. on 17.04.2026, and the place of arrest is shown as DGGI Ghaziabad Regional Unit, Sector-63, Noida. It is further submitted that, in the Arrest Memo dated 17.04.2026, it is specifically mentioned that the Grounds of Arrest, Arrest Memo, along with Jama Talasi and Reasons to Believe, were supplied to the wife of the petitioner at 03:05 A.M. on 17.04.2026. It is further submitted that the Arrest Memo clearly shows that the aforesaid documents were allegedly served upon the wife of the petitioner after effecting his arrest. On 17.04.2026, the petitioner was produced before the learned Magistrate, and the learned Magistrate passed the impugned Remand Order, whereby the petitioner was sent to District Jail, Meerut. Since then, the petitioner has been in illegal detention pursuant to the impugned Remand Order. The petitioner has been languishing in District Jail, Meerut, since 17.04.2026 in pursuance of the impugned Remand Order dated 17.04.2026 passed by the Special Chief Judicial Magistrate, Meerut, in Case No. 2122/2025 under Sections 132(1)(a), 132(1)(f), 132(1)(i), and 132(1)(l) of the CGST Act, 2017, punishable under Section 132(5), District Ghaziabad, Department – DGGI.

4. Learned counsel for the petitioner has submitted that the petitioner has been falsely implicated in connection with a case arising under Sections 132(1)(a), 132(1)(f), 132(1)(i), and 132(1)(l) of the CGST Act, 2017, registered by the Directorate General of GST Intelligence, Ghaziabad. There is no incriminating evidence directly linking him to the alleged offences.

5. On 17.04.2026, the petitioner was produced before the Special Chief Judicial Magistrate, and the prosecution/Intelligence Officer filed an application praying to remand the petitioner to judicial custody for 14 days, annexing copies of the Grounds of Arrest and Jama Talashi. The Grounds of Arrest and the Arrest Memo were neither supplied to the petitioner prior to his arrest nor after his arrest.

6. It is further submitted that the signature of the wife of the petitioner was obtained on the Grounds of Arrest and the Arrest Memo at the time when the application was moved by the prosecution before the Magistrate for granting remand, but copies of the same were neither supplied to the petitioner nor to his wife. A perusal of the Arrest Memo would demonstrate that even on the Arrest Memo carried by the complainant, the signature of the Additional Director General of DGGI was obtained after the arrest of the petitioner. As such, the Arrest Memo was prepared in clear violation of the guidelines issued by the authority and the provisions mentioned in the Act and the Rules framed thereunder.

7. Hence, the arrest of the petitioner is illegal and violative of Article 21 of the Constitution of India. The complainant, while arresting the petitioner, did not follow the mandatory provisions provided under Section 69 of the CGST Act and the provisions of the BNSS, 2023.

8. No specific grounds of arrest have been mentioned in the Arrest Memo. It merely records that the grounds of arrest were explained to the arrestee. However, there is no recital therein to indicate that the Grounds of Arrest were supplied to the petitioner as an annexure to the Arrest

Memo. Further, Columns (i) to (iv) of the Jama Talashi were kept blank, and the signatures of the petitioner were obtained thereon.

9. The learned Remand Magistrate failed to consider the aforesaid discrepancies and illegally granted the remand of the petitioner. Hence, the arrest and detention of the petitioner are illegal and liable to be declared illegal and arbitrary, and the petitioner is entitled to be released forthwith.

10. A perusal of the provisions of Section 132 of the CGST Act, 2017, provides punishment for contravention of the provisions enumerated therein. However, the case of the petitioner is not covered by any of the definitions or acts mentioned under Section 132 of the Act.

11. The complainant recorded the statement of the petitioner while he was in custody, which amounts to an extra-judicial confession under the BNSS, and such statements are not admissible in evidence, being contrary to the mandatory provisions of the Act. The alleged offences are triable by a Magistrate, and the maximum punishment prescribed is up to five years.

12. The complainant should have issued a notice under Section 74 of the CGST Act to the aforesaid companies. Thereafter, the complainant was required to recover the amount from the said companies. However, without following the mandatory provisions of the Act and without any cogent reason, the complainant directly arrested the petitioner, who was not involved, which is contrary to law.

13. The petitioner is a peace-loving person engaged in business and has no criminal antecedents. The prosecution relies on statements allegedly recorded from the petitioner under Section 70 of the CGST Act, claiming certain admissions. The petitioner submits that all such statements were obtained under coercion, pressure, and threats, and that he was compelled to sign blank papers, which were later converted into a Panchanama.

14. The Proper Officer of the DGGI initiated an inquiry under Sections 70(1) and 70(2) of the CGST Act. Every such inquiry is deemed to be a judicial proceeding. It is submitted that the above-mentioned detention itself is in violation of the petitioner's fundamental rights as well as the provisions of the BNSS (earlier Cr.P.C.) relating to arrest and remand.

15. It is further submitted that the petitioner was not medically examined either prior to or immediately after his arrest, in clear violation of the mandatory provisions of law. The DGGI officers did not follow the provisions of the BNSS and acted contrary to Section 35 of the BNSS (Recording of Evidence), Section 36 of the BNSS (Administering Oath), and Sections 103 and 105 of the BNSS (Search and Seizure Procedure). Thus, the statements and search proceedings are legally defective.

16. The offences alleged against the petitioner are under Sections 132(1) (a), 132(1)(f), 132(1)(i), and 132(1)(l) of the Central Goods and Services Tax Act, 2017. The maximum sentence prescribed is five years' imprisonment with fine. A charge-sheet has been filed. The petitioner has been in custody for more than two months. The case is triable by a Judicial Magistrate. The sentence prescribed is limited, and in any event, the prosecution is based on documentary evidence.

17. As per Circular No. 02 of 2022-2023 dated 17.08.2022 issued by the CGST Department, the conditions precedent to arrest are mentioned hereinafter:

3.1 Sub-section (1) of Section 132 of CGST Act, 2017 deals with the punishment for offences specified therein. Sub-section (1) of Section 69 gives the power to the 1 Commissioner to arrest a person where he has reason to believe that the alleged offender has committed any offence specified in clause (a) or clause (b) or clause (c) or clause (d) of sub-section (1) of Section 132 which is punishable under clause (i) or clause (ii) of subsection (1), or sub-section (2) of the Section 132 of CGST Act, 2017. Therefore, before placing a person under arrest, the legal requirements must be fulfilled. The reasons to believe to arrive H

COURT at a decision to place an alleged offender under arrest must be unambiguous and amply clear. The reasons to believe must be based on credible material.

3.2 Since arrest impinges on the personal liberty of an individual, the power to arrest must be exercised carefully. The arrest should not be made in routine and mechanical manner. Even if all the legal conditions precedent to arrest mentioned in Section 132 of the CGST Act, 2017 are fulfilled, that will not, ipso facto, mean that an arrest must be made. Once the legal ingredients of the offence are made out, the Commissioner or the competent authority must then determine if the answer to any or some of the following questions is in the affirmative:

3.2.1 Whether the person was concerned in the non-bailable offence or credible information has been received, or a reasonable suspicion exists, of his having been so concerned?

3.2.2 Whether arrest is necessary to ensure proper investigation of the offence?

3.2.3 Whether the person, if not restricted, is likely to tamper the course of further investigation or is likely to tamper with evidence or intimidate or influence witnesses?

3.2.4 Whether person is mastermind or key operator effecting proxy/ benami transaction in the name of dummy GSTIN or non-existent persons, etc. for passing fraudulent input tax credit etc.?

3.2.5 As unless such person is arrested, his presence before investigating officer cannot be ensured.

3.3 Approval to arrest should be granted only where the intent to evade tax or commit acts leading to availment or utilization of wrongful Input Tax Credit or fraudulent refund of tax or failure to pay amount collected as tax as specified in sub-section (1) of Section 132 of the CGST Act 2017, is evident and element of mens rea / guilty mind is palpable.

3.4 Thus, the relevant factors before deciding to arrest a person, apart from fulfillment of the legal requirements, must be that the need to ensure proper investigation and prevent the possibility of tampering with evidence or intimidating or influencing witnesses exists.

3.5 Arrest should, however, not be resorted to in cases of technical nature i.e. where the demand of tax is based on a difference of opinion regarding interpretation of Law. The prevalent practice of assessment could also be one of the determining factors while ascribing intention to evade tax to the alleged offender. Other factors influencing the decision to arrest could be if the alleged offender is co-operating in the investigation, viz. compliance to summons, furnishing of documents called for, not giving evasive replies, voluntary payment of tax etc.

18. A counter affidavit has been filed on behalf of respondent nos. 2 & 3 stating that the bank accounts of these dummy entities, opened solely to receive such payments, were not linked with the GST registration and were deliberately created to evade GST and other taxes. These entities wrongly declared unrelated HSN codes (for example, IT design, online content, goods) instead of the applicable code for online gaming, and discharged GST at 18% on nominal/arbitrary commission value instead of 28% on the full face value (total pay-in amount), causing substantial revenue loss to the Government.

19. In the inquiry, it was found that the petitioner had bypassed the RBI regulations regarding the agreement with the gateway company and had camouflaged the transactions as commerce/software technical services. The petitioner was the main shareholder of the aforesaid company, namely M/s SRS Life Technologies Private Limited, and was the main person controlling the payment gateway. The petitioner was charging additional cash commission from the gaming companies, who were the masterminds, over and above the officially booked commission.

20. In this connection, during the inquiry, a number of documents were perused, and the authorities revealed that a total of 47 companies had

received Rs. 16,44,96,47,476/- through the payment gateway "SabPaisa", which was received from customers on the basis of online gaming. Details of the 47 companies have been stated, wherein the total tax liability was found to be Rs. 4,60,59,01,293/-, while the total tax paid by the said fake entities was Rs. 15,40,03,888/-. In this way, fake entities were created, resulting in substantial revenue loss to the Government exchequer.

21. The applicant was exercising effective control over the company and had knowingly facilitated and supervised the onboarding of non-existent entities through dummy entities and the "SabPaisa" payment gateway to route online money gaming transactions while GST was suppressed by declaring an artificially reduced commission value instead of the full face value mandated by law. The investigation revealed deliberate concealment of transaction value, manipulation of the contact point verification mechanism, layered routing of funds, and diversion of proceeds to entities linked with the applicant and ultimately to his personal bank accounts, constituting willful tax evasion exceeding the statutory threshold under Section 132 of the CGST Act, 2017.

22. After the investigation, a summons under Section 70 of the CGST Act, 2017 was issued to the petitioner on 08.04.2026 directing him to appear before the department. Even after due service of the summons, the petitioner did not appear before the department. However, he appeared before the DGGI office at 2:42 P.M. on 16.04.2026, and his entry was also recorded in the daily visitor pass dated 16.04.2026. A summons under Section 70 of the CGST Act, 2017 was issued, and his statement dated 16.04.2026 was recorded.

23. The investigation has prima facie disclosed conscious facilitation of the routing of online money gaming transactions through fictitious entities, suppression of the actual taxable value, structured layering of funds, and retention of financial benefits arising therefrom. Such material clearly disclosed the commission of cognizable and non-bailable offences under Section 132 of the CGST Act, and accordingly,

valid reasons to believe were formed by the competent authority before effecting the arrest under Section 69.

24. Thereafter, petitioner was taken into judicial custody on 17.04.2026, for which the arrest memo was prepared, and he was informed about the grounds of his arrest. Information regarding his arrest was given to his wife at 3:00 A.M. on her mobile phone from the mobile number of the investigating officer. It is also pertinent to mention that, after the intimation was given, she arrived at the respondent's office, where she was provided with a copy of the arrest memo on 17.04.2026 at 4:00 A.M. The wife of the petitioner arrived at the office, and her entry was also made in the visitor register. In this connection, the deponent brings on record a copy of the relevant portion of the visitor register evidencing the fact that the wife of the petitioner arrived at the respondent's office on 17.04.2026 at 4:00 A.M.

25. The petitioner also moved a bail application before the Additional District and Sessions Judge, which was rejected on 21.05.2026. Thereafter, he filed a Criminal Misc. Bail Application before this Hon'ble Court, bearing Bail Application No. 21215 of 2026, on 04.06.2026, and for the same cause, the present Habeas Corpus petition was also filed on 30.06.2026. Therefore, for the reasons stated above, the present Habeas Corpus petition is not maintainable before this Hon'ble Court.

26. The petitioner was arrested legally under the provisions of CGST Act, 2017, the arrest memo was prepared on 17th of April, 2026, about which the wife of the petitioner was duly informed, and she visited to the respondent office. Therefore, there is no illegality in the arrest memo or the remand order.

27. The petitioner has intentionally committed offences that attract the provisions of the CGST Act, 2017 relating to tax evasion. It is submitted that the petitioner is intentionally attempting to suppress the actual scope and language of Section 132 of the Act. It is further submitted that

Section 132 of the Act does not restrict liability only to the person directly issuing invoices or directly conducting taxable transactions, but also covers every person who "commits", causes to commit, or "retains the benefit arising out of the offences specified therein." The petitioner has deliberately avoided referring to this statutory position in an attempt to mislead this Hon'ble Court. It is further submitted that the investigation has prima facie revealed that the petitioner, being the person exercising effective control over the onboarding, settlement, compliance, and operational functions of the "SabPaisa" payment gateway, knowingly facilitated and enabled multiple dummy and non-existent entities to route online money gaming transactions through the platform despite adverse verification findings and repeated internal red flags. The investigation has further revealed manipulation of verification mechanisms, routing of funds through non-escrow channels, and deliberate structuring of layered transactions to conceal the actual nature and value of supplies. Further, financial trail analysis has revealed that funds originating from such gaming entities were routed through intermediary accounts and ultimately transferred to entities linked with the applicant and thereafter to his personal bank account, thereby clearly establishing that the applicant not only facilitated and caused the commission of the offences but also retained and derived financial benefit arising out of such illicit transactions. The attempt of the applicant to portray himself as a mere intermediary or unrelated service provider is, therefore, wholly false and contrary to the material collected during the investigation. The grounds of arrest and the reasons to believe are fully supported by substantial documentary, oral, and financial evidence disclosing the prima facie commission of cognizable and non-bailable offences under Section 132 of the CGST Act, 2017.

28. The petitioner has not approached this Hon'ble Court with clean hands and has suppressed and distorted material facts, thereby attempting to obtain relief by misleading this Hon'ble Court. Such conduct deserves to be viewed with the utmost seriousness. It is submitted that the grounds of arrest, arrest memo, and *jama talashi* were

duly served upon the petitioner at the time of his arrest, and the petitioner himself acknowledged the same by affixing his signatures thereon. The petitioner was fully aware of the grounds and basis of his arrest and had also informed his wife telephonically from the mobile phone of the Investigating Officer (IO) immediately after the arrest proceedings. Further, as submitted in paragraph 7 above, the wife of the petitioner arrived at the office of the respondent authority, where she was provided with the arrest memo, grounds of arrest, and *jama talashi* by hand. It is further submitted that the entire arrest proceedings were conducted in the presence of independent witnesses and were duly recorded through a video recording device. The said video recording can be produced before this Hon'ble Court, if so required, which would completely demolish the false and afterthought allegations now being raised by the petitioner. The present plea has been taken solely to create a technical challenge to an otherwise lawful arrest and valid judicial custody.

29. Neither Section 69 of the CGST Act, 2017 nor any prescribed procedure mandates the signature of the Additional Director General on the arrest memo itself. The arrest memo is required to be prepared and executed by the authorized officer arresting the person, pursuant to the approval and authorization of the competent authority. In the present case, the Investigating Officer, after obtaining all the necessary authorization, proceeded to arrest the petitioner and prepare the arrest memo. It is further submitted that the petitioner was duly informed about the grounds of arrest, and all procedural safeguards were complied with, including informing his wife, namely Smt. Aditi Bhardwaj, about the grounds of arrest. A copy of the arrest memo was also handed over to her on 17.04.2026 when she visited the office of the DGGI. It is further submitted that, after the arrest of the petitioner, the Investigating Officer produced him before the Magistrate, whereafter the remand order was passed.

30. The learned Remand Magistrate passed the remand order after considering the material placed before the Court, including the arrest memo, grounds of arrest, and the application for judicial custody. The learned Remand Court specifically recorded that the grounds of arrest were mentioned in the arrest memo and annexed thereto. Once the petitioner was remanded to judicial custody by a competent Court after due application of judicial mind, his custody cannot be termed illegal or arbitrary in the present habeas corpus proceedings. Therefore, no case for issuance of a writ of habeas corpus is made out.

31. The applicant is repeatedly attempting to isolate the individual clauses of Section 132 while deliberately ignoring the overall fraudulent mechanism revealed during the investigation and the wider statutory scope of liability under the CGST Act. The investigation has prima facie disclosed conscious facilitation of the routing of online money gaming transactions through fictitious entities, suppression of the actual taxable value, structured layering of funds, and retention of financial benefits arising therefrom. Such material clearly discloses the commission of cognizable and non-bailable offences under Section 132 of the CGST Act, and accordingly, valid reasons to believe were formed by the competent authority before effecting the arrest under Section 69. It is further submitted that the applicant is selectively attempting to reinterpret the observations of the learned Court while ignoring the cumulative incriminating material collected during the investigation. Financial trail analysis has additionally disclosed the routing of funds to entities connected with the applicant and thereafter to his personal bank account. Such material clearly establishes his direct financial interest and retention of benefits arising from the transactions under investigation and prima facie attracts cognizable and non-bailable offences under Section 132 of the CGST Act.

32. The statements of the petitioner were recorded under Section 70 of the CGST Act, 2017 during the course of the inquiry, which is a statutory proceeding under the Act. The statements were made voluntarily without

any coercion, threat, or inducement and were duly signed by the petitioner. The proceedings relating to the recording of the statements were also recorded through a video recording device. The petitioner never retracted the said statements at any stage. Therefore, the allegation that the statements are inadmissible or involuntary is wholly baseless and contrary to the record.

33. Proceedings under Section 74 of the CGST Act, 2017 and prosecution/arrest proceedings under Sections 69 and 132 of the CGST Act operate independently, and there is no legal requirement that adjudication proceedings under Section 74 must necessarily precede arrest in every case. The investigation conducted in the present matter revealed deliberate suppression of taxable turnover, routing of online money gaming proceeds amounting to hundreds of crores through multiple entities and bank accounts, operation through dummy directors, and substantial evasion of GST, thereby attracting cognizable and non-bailable offences under Section 132 of the CGST Act, 2017. Accordingly, the petitioner was lawfully arrested on the basis of credible material collected during the investigation.

34. The grounds of arrest were duly furnished to the petitioner at the time of arrest itself, and the same were acknowledged by him. The petitioner was fully informed of the basis and grounds of his arrest in compliance with Section 69 of the CGST Act, 2017 and the applicable legal requirements. The allegation that neither the grounds of arrest nor the reasons to believe were furnished is wholly contrary to the record.

35. The petitioner was duly medically examined in accordance with the applicable procedure, and the relevant medical examination documents form part of the record. Therefore, no violation of any mandatory provision of law has occurred, as alleged.

36. The arrest of the petitioner was effected strictly in accordance with Section 69 of the CGST Act, 2017 after the formation of reasons to believe on the basis of credible material collected during the

investigation regarding the commission of cognizable and non-bailable offences under Section 132 of the CGST Act, 2017. Therefore, all statutory jurisdictional requirements for arrest stood duly satisfied.

37. The reasons to believe for arresting the petitioner were duly formed by the competent authority on the basis of credible material collected during the investigation, including bank account analysis, payment gateway data, statements recorded under Section 70 of the CGST Act, physical verification reports, and other documentary material revealing the involvement of the petitioner in cognizable and non-bailable offences under Section 132 of the CGST Act, 2017. It is further submitted that due authorization for the arrest of the petitioner was duly recorded by the competent authority in accordance with the prescribed procedure before effecting the arrest. The grounds/reasons for arrest were also supplied to the petitioner along with the arrest memo and were duly acknowledged by him. Therefore, the allegation that the respondents failed to demonstrate or furnish the "reasons to believe" is wholly baseless and contrary to the official record.

38. The inquiry conducted under Section 70 of the CGST Act, 2017 is a statutory proceeding governed by the provisions of the CGST Act itself. Section 70(2) of the CGST Act expressly provides that every such inquiry shall be deemed to be a "judicial proceeding" within the meaning of Sections 193 and 228 of the Bharatiya Nyaya Sanhita, 2023. Neither the CGST Act nor any provision of the BNSS mandates that statements recorded under Section 70 of the CGST Act must be on oath. The petitioner's reliance upon Section 2(m) of the BNSS is wholly misconceived, as the said provision merely defines the expression "judicial proceeding" and does not prescribe the procedure for recording statements under special statutes. The procedure prescribed under the CGST Act, being a complete code in itself, the contention that the BNSS procedure automatically applies to inquiries under Section 70 of the CGST Act is legally untenable and deserves to be rejected.

39. The petitioner has not been arrested merely on the basis of statements of third parties. The arrest was effected after the formation of reasons to believe by the competent authority on the basis of credible material collected during the investigation, including the petitioner's own statements recorded under Section 70 of the CGST Act, 2017, bank account analysis, payment gateway data, physical verification reports, statements of various persons connected with the transactions, and other documentary evidence. The allegations against the petitioner are thus supported by independent documentary and electronic evidence and not merely by statements of third parties.

40. The respondents have acted strictly in accordance with the provisions of Sections 69 and 132 of the CGST Act, 2017, as well as the Circular dated 17.08.2022. The reasons to believe were formed by the competent authority on the basis of credible material collected during the investigation, and due approval for arrest was obtained before effecting the arrest. The arrest was neither routine nor mechanical but was considered necessary having regard to the gravity of the offence, the petitioner's active role in the evasion, the requirement of proper investigation, the possibility of tampering with evidence, and influencing witnesses. Thus, all the conditions contemplated in the Circular stood duly satisfied.

41. The grounds of arrest were duly supplied to the petitioner as an annexure to the Arrest Memo, and the petitioner acknowledged the same by affixing his signatures thereon. The Arrest Memo itself specifically records that the grounds of arrest had been explained to the petitioner. The learned Magistrate has also recorded that the grounds of arrest were mentioned in the Arrest Memo and annexed thereto. The place of arrest is specifically mentioned in the Arrest Memo, and the arrest proceedings were conducted in the presence of independent witnesses. Further, the entire arrest proceedings were also video recorded. The allegations regarding non-supply of grounds of arrest and defects in the *Jama Talashi* are, therefore, wholly baseless and contrary to the

contemporaneous official records. The petitioner has himself acknowledged the same in writing under his dated signatures. It is further submitted that no incriminating or recordable articles were found on the person of the petitioner at the time of personal search, and therefore, the petitioner cannot draw any adverse inference from the entries made in the *Jama Talashi Memo*.

42. After hearing the rival submissions, this Court finds that regarding the arrest, Circular No. 02 of 2022-2023 dated 17.08.2022 issued by the CGST Department has been placed before this Court by learned counsel for the corpus-petitioner. Circular shows that the powder of arrest impinges on the personal liberty of an individual and therefore, it should not be made in routine and mechanical manner. Even if legal ingredients of the offence are made out, the Commissioner or the competent authority must consider. Whether there is credible information regarding the commission of non-bailable offence by the individual and his arrest is necessary for proper investigation. It should also consider whether the person is likely to tamper the course of further investigation or is likely to tamper with evidence or intimidate or influence witnesses. Whether the person is the mastermind or the key operator cannot be ascertained without his arrest and investigation of the case is not possible. In the present case, we find that the details of the 'grounds of arrest' of the corpus-petitioner were served upon him. The 'grounds of arrest' of the petitioner are as follows:-

वस्तु एवं सेवा कर आसूचना महानिदेशालय गाज़ियाबाद क्षेत्रीय इकाई पंचम तल, भूखंड संख्या-38, ब्लॉक-जे, सेक्टर-63, नोएडा, उत्तर प्रदेश-201307 ई-मेल: gsti-gru@gov.in दूरभाष : 0120-297-50-47/48/49	DGGI	DIRECTORATE GENERAL OF GST INTELLIGENCE GHAZIABAD REGIONAL UNIT 5th Floor, Plot No.-38, Block-J, Sec.-63, Noida, U.P.- 201307 E-mail: gsti-gru@gov.in Tele.:0120-297-50-47/48/49
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F. No. DGGI/INV/GST/2122/2025-Gr B-O/ DD-DGGI-RU-GHAZIABAD Date: 17.04.2026

CHIC DIN: 202604DNN400007757F6

ANNEXURE TO THE ARREST MEMO DATED 17.04.2026 ISSUED IN The

NAME OF SH. KUMAR MANISH**A. Grounds of Arrest of Shri Kumar Manish under Section 69 of the CGST Act, 2017**

(1) Intelligence was gathered that certain online money gaming firms/companies were floated in the names of dummy persons but are in fact controlled and operated by different masterminds/controllers. It was also gathered that these firms are discharging GST at 18% on a nominal/declared value (commission decided arbitrarily by them) instead of paying 28% GST on the full-face value of online gaming money (i.e. total pay-in amount deposited by players on their platform).

(ii) Investigation has revealed that an amount of approximately 16,44,96,47,476/- has been routed through the SabPaisa gateway into the bank accounts of 47 such entities. These receipts represent the full-face value, which constitutes the taxable value under Rule 31B of the CGST Rules, 2017.

(iii) The said 47 companies/firms, with the facilitation of SabPaisa, discharged GST only on an arbitrarily declared commission value and paid GST on mere amount @18%, instead of paying GST @28% on the full-face value, resulting in GST liability not paid/short paid. This clearly establishes deliberate undervaluation and contravention of provisions of CGST, Act, 2017.

(iv) Statement dated 02.09.2025, 03.09.2025 and 04.09.2025 of Shri Brajeshwar Prasad, Manager (Merchant Service Delivery), M/s SRS Live Technologies Pvt. Ltd., revealed that he was responsible for handling merchant accounts and was in regular contact with the persons operating such entities. He categorically stated that a large number of such entities were transacting in high-volume, low-value transactions (mostly ₹100 denomination), which raised suspicion of online money gaming activity. Despite such knowledge, these entities continued to operate on the SabPaisa platform.

(v) Statement dated 17.03.2026 of Smt. Rajvir Kaur, Director of M/s Tasdeek Solutions Pvt. Ltd. (third-party verification agency), revealed that physical verification of merchants was conducted by her company; however, on the instructions of officials of M/s SRS Live Technologies Pvt. Ltd., adverse findings such as non-existence of entities were not reported as "Red" category but were deliberately downgraded to "Yellow" category. This manipulation of verification reports enabled non-existent entities to continue operating on the platform.

(vi) Evidence on record, including statements of third-party verification agency, M/s Tasdeek Solutions Pvt. Ltd., establishes that verification reports were manipulated to avoid classification of non-existent entities as high-risk ("Red"), and instead such entities were categorized as "Yellow" to enable their continued operation. This indicates conscious and deliberate dilution of compliance norms.

(vii) Investigation has revealed that several non-existent and fictitious entities were deliberately onboarded on the SabPaisa platform despite mandatory due diligence requirements. Such onboarding was carried out under the supervision and control of Shri Kumar Manish, thereby enabling the creation of a network of shell entities used for tax evasion.

(viii) It has been established that funds collected from customers were diverted from escrow accounts to non-escrow accounts and thereafter routed to merchant entities, in violation of RBI guidelines. This deliberate structuring of fund flow facilitated breaking of audit trail, co-mingling of funds, and layering of transactions to conceal the true nature of activities.

(ix) As per the information and financial trail analysis reveals that certain funds originating from gaming companies/firms were routed through multiple layers of companies and eventually transferred to the companies linked with Shri Kumar Manish and also further to his personal saving account. This establishes his direct involvement and financial benefit arising from such illicit transactions.

(x) It has been established during the course of investigation that funds amounting to Rs. 75,50,93,160/-, collected from customers/players were initially credited into escrow accounts maintained by M/s SRS Live Technologies Pvt. Ltd. (SabPaisa) and were thereafter diverted to non-escrow current accounts, including but not limited to Account No. 347505000009 maintained with ICICI, in contravention of RBI guidelines governing payment aggregators. Subsequently, such funds were routed to merchant entities such as M/s Dotone Infotech Pvt. Ltd., M/s Rishi Enterprises, M/s Progressfin Payment Technologies Pvt. Ltd., M/s Envirowheels Technologies Pvt. Ltd. and other similarly placed entities. This deliberate structuring of fund flow facilitated breaking of the audit trail, co-mingling of funds, and layering of transactions, thereby concealing the true nature and source of the transactions.

(xi) Further, analysis of financial records and bank statements has revealed that funds originating from the aforesaid gaming entities were layered through multiple intermediary entities and accounts, and were ultimately transferred to entities linked with Shri Kumar Manish, including M/s Forty Two Parks Technologies LLP (A/c No.

347505001050), and subsequently to his personal bank account No. 054101504429 maintained with ICICI Bank. The trail of funds clearly establishes that Shri Kumar Manish had direct control over and financial interest in such transactions, thereby evidencing his active involvement as well as financial benefit derived from the illicit routing of funds connected with online gaming activities.

(xii) The repeated pattern of onboarding high-risk entities, misclassification of business activities, manipulation of verification reports, and structuring of financial transactions clearly establishes that the acts were carried out with full knowledge and intent, and not due to any inadvertent error or omission.

(xiii) Shri Kumar Manish has failed to fully cooperate with the investigation and has not provided complete and truthful disclosures regarding the actual nature of transactions, identity of ultimate beneficiaries, and routing of funds. Such conduct raises apprehension of obstruction of investigation.

(xiv) Considering his position and control over the company and associated companies/firms, there exists a reasonable apprehension that Shri Kumar Manish may tamper with material evidence, manipulate digital records, or influence witnesses if not taken into custody.

(xv) The investigation is at a crucial stage and involves complex financial transactions, multiple layered entities, and identification of ultimate beneficiaries. Custodial interrogation of Shri Kumar Manish is necessary to uncover the complete modus operandi, identify all associated entities and persons involved, ascertain the full extent of tax evasion and trace the end utilization of funds.

(xvi) From the above, it is established that Shri Kumar Manish, in his capacity as Director of M/s SRS Live Technologies Pvt. Ltd., has knowingly facilitated the routing of funds amounting to 16,44,96,47,476/-, related to online money gaming through multiple dummy entities, resulting in evasion of GST amounting to approximately ₹4,60,59,01,293/- @ 28% on full face value. The said evasion has been carried out by suppressing the actual taxable value and misclassifying the nature of supply.

(xvii) The acts of wilful misstatement, suppression of facts, and intentional tax evasion committed by Shri Kumar Manish constitute offences under Section 132 (1) (a), 132 (1)(f), 132 (1)(i) & 132 (1)(1) of the CGST ACT 2017. Since the quantum of GST evasion in the instant case is exceeding Rs. 5 Crore and thus the same is categorized as cognizable and non-bailable offence under Section 132 (5) of CGST Act 2017.

(xviii) In view of the magnitude of fraud, the deliberate and conscious role of Shri Kumar Manish as the mastermind, his wilful destruction of evidence, risk of flight, and the necessity of custodial interrogation to identify the complete network of beneficiaries and financial trails, the arrest of Shri Kumar Manish under Section 69 of the CGST Act, 2017 is fully justified and warranted.

B. REASONS TO BELIEVE THAT SH. KUMAR MANISH HAS COMMITTED NON-BAILABLE AND COGNIZABLE OFFENCE

(1) In view of the modus operandi being adopted in this case and quantum of GST evasion exceeding Rs. 5 Crore involved in this case, the offences committed by Sh. Kumar Manish is categorised as cognizable and non-bailable offence and by virtue of Section 69(1) of the CGST Act, 2017 which stipulates that where the officer making the arrest is satisfied that it is necessary in the following circumstances;

(a) to prevent Shri Kumar Manish from committing any further offence

(b) for fair and impartial investigation of the offence,

(c) to prevent such person from causing the evidence of the offence to disappear or tampering with such evidence in any manner further, and

(d) to prevent him from making any inducement, threat or promise to any person acquainted with the facts of the case so as to dissuade him from disclosing such facts to the Court or to the investigating officer, free movement of Shri Kumar Manish may adversely affect the ongoing investigation,

(ii) Shri Kumar Manish may adversely affect the investigation of the case in as much as he may tamper with the evidence or induce, threat or promise to any person acquainted with the facts of the case so as to dissuade him from disclosing such facts to the investigating officials investigating further against the persons involved in the nexus of deliberately and wilfully in non-payment/short payment of the applicable tax as well as falsification, substitution of financial records, production of fake accounts, documents, furnishing of false information with the intention of evading due tax. Therefore, for the offences committed by Shri Kumar Manish, ought to be placed under arrest to ensure a fair and impartial investigation and to avoid tempering of evidences.

(iii) Shri Kumar Manish emerges out to be the mastermind, and the brain behind this episode of suppressing and evading the huge amount of GST and has thus committed offences specified under Section 132 (1)(a), 132 (1)(f), 132 (1)(i) & 132 (1)(1) of the

CGST Act, 2017 which is liable for punishment under Section 132 (i) of CGST Act, 2017, and is a cognizable and non-bailable offence under section 132 (5) of the CGST Act, 2017.

(iv) Accordingly, Shri Kumar Manish is placed under arrest u/s 69 of CGST Act, 2017 under authorization by the Additional Director General, DCCI, Meerut Zonal Unit.

Sd/

कुमार सौरव जयंत // *Kumar Saurav Jayant*
आसूचना अधिकारी/ *intelligence Officer*
वस्तु एवं सेवा कर आसूचना महानिदेशालय/
Directorate General of GST Intelligence,
Ghaziabad, Regional Unit.

43. A perusal of the grounds of arrest shows that the arrest of the petitioner is in conformity with the circular issued by the Department of CGST mentioned hereinabove. Therefore, it cannot be said that the arrest of the petitioner is illegal.

44. The argument that the punishment prescribed under the Act for the alleged offences is only up to five years and, therefore, in view of the judgment of the Apex Court in ***Satender Kumar Antil v. Central Bureau of Investigation and Another, 2022 (10) SCC 51***, the arrest of the petitioner is illegal, does not appear to be correct.

45. In the aforesaid judgment, the Apex Court made four categories of offences. The offences under CGST Act were covered under Special Acts. Regarding the offences category "C", it was held that the bail application shall be decided as per the provisions of "Special Act". The Apex Court in paragraph no. 23 of the aforesaid judgment has held that when the offences committed were cognizable and punishable with imprisonment for a term which may be less than seven years or which may extend to the said period, with or without fine, an arrest could only follow when authority is satisfied that there is a reason to believe or suspect that the said person has committed an offence and there is a necessity of his arrest. Such necessity is drawn to prevent him from committing any further offence, for a proper investigation and to prevent

him/her from either disappearing or tampering with the evidence. He/she can also be arrested to prevent such person from making any inducement, threat or promise to the witness. In paragraph no. 24, it was held that the arrestee officer should record the reasons for arrest in writing. In this case we find that in the 'grounds of arrest', adequate reasons have been recorded justifying the arrest of the petitioner.

46. In view of the above, reliefs prayed by corpus-petitioner are, hereby, declined.

47. The above noted habeas corpus writ petition is **dismissed**.

(Vinai Kumar Dwivedi,J.) (Siddharth,J.)

August 05, 2026
Ruchi Agrahari