



2026:AHC-LKO:20610

**HIGH COURT OF JUDICATURE AT ALLAHABAD
LUCKNOW**

CRIMINAL MISC. BAIL APPLICATION No. - 1897 of 2026

Deepanshu Garg

.....Applicant(s)

Versus

Union Of India Thru. Deptt. Revenue Directorate
Lko.

.....Opposite
Party(s)

Counsel for Applicant(s)	:	Atul Verma, Mohd Agha Haider Rizvi, Vinod Kumar Yadav
Counsel for Opposite Party(s)	:	Digvijay Nath Dubey, Dheeraj Srivastava

Court No. - 15

HON'BLE KARUNESH SINGH PAWAR, J.

Counter affidavit filed by the learned counsel for the respondent is taken on record.

Heard Sri Atul Verma, learned counsel for the accused-applicant as well as Sri Dheeraj Srivastava, learned counsel for the respondent and perused the record.

In the prosecution case, it is alleged that the applicant created several firms with the intent to issue fake invoices and to route financial transactions without any actual supply of goods or services or legitimate business activity. By doing so, the applicant is alleged to have fraudulently passed on Input Tax Credit (hereinafter referred to as "ITC") amounting to Rs. 18.65 crore to M/s Fortune Signal and Technology, Shivam Telecom and Contractors. It is further alleged that fraudulent ITC amounting to Rs. 6.87 crore was passed on to M/s Hitech Signals and Engineering, M/s Maruti Signaling Contractors and M/s Tirupati Contractors. Thus, the applicant is alleged to have facilitated the wrongful availment of ITC to the tune of Rs. 25.52 crore to the aforesaid five beneficiary firms. Additionally, it is alleged that the applicant himself availed fraudulent ITC amounting to Rs. 8.08 crore through proprietorship firms created in the name of his driver. Accordingly, the total amount of fraudulent ITC attributable to the applicant is alleged to be Rs. 33.60 crore.

Submission of the learned counsel for the accused-applicant is that the applicant is innocent and has no criminal history. He has not committed any offence. According to the judicial remand application, the respondent has cited 20 places which were searched and where seizure operations were carried out on 16.02.2026, which continued till 17.02.2026. The first 15 places have no relation with the applicant. The 16th place mentioned in the application is an old house of the applicant, which his father had already sold in the year 2024. The 17th place raided by the respondent was the office-cum-residence of the applicant, and nothing incriminating was found at the said premises except the alleged confessional statement of the applicant. In fact, the applicant was coerced into making the statement and his signatures were obtained on blank papers. No such statements were voluntarily made by him.

The applicant was served with summons under Section 70 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the "Act of 2017") on 17.02.2026 at New Delhi and thereafter at Lucknow on 18.02.2026. It is the case of the prosecution itself that the applicant gave statements on both occasions and fully cooperated during the investigation/inquiry. However, the applicant has specifically forwarded his statement through jail authorities to the concerned Court, wherein he has denied having given any incriminating statement.

Regarding premises No. 18, it apparently belongs to one Puran Singh. Premises No. 19 is the residence of one Sonu, where nothing incriminating has been found. The 20th place mentioned in the application for judicial remand is also not linked with the applicant. In fact, the applicant was forcefully apprehended by the officers of the Directorate General of GST Intelligence, Lucknow Zonal Unit on 17.02.2026 at New Delhi, where he was served with summons to appear and give his statement on the same day. Thereafter, he was taken into custody and brought to Lucknow in illegal detention, which is evident from CCTV footage. The images of the CCTV footage are on record as Annexure No. 5 to the bail application. Three Toyota Innova Crysta cars bearing Registration Nos. UP78GV7992, UP80GT9039 and UP32NT0357 are seen at the New Delhi residence of the applicant in the said footage.

It is further alleged that the arrest memo dated 18.02.2026 shows that the applicant was brought to Lucknow; however, the exact date and time

mentioned therein indicate that the applicant was taken into custody on 17.02.2026 itself at about 01:30 PM, which renders the entire arrest in violation of the procedure established by law. It is submitted that these facts vitiate the arrest memo. The arrest memo also suffers from total non-application of mind, as it states that the applicant has committed offences specified in clause (a) or clause (b) or clause (c) or clause (d) of sub-section (1) of Section 132 of the Act of 2017, thereby showing that the prosecuting agency was not clear and could not specify the exact offence for which the applicant has been arrested.

It is submitted that the offence in question under Section 132 of the Act of 2017 carries a maximum punishment of five years' imprisonment. No credible reason has been assigned by the respondent in the application for judicial remand. The first reason refers to Section 35 of the BNSS read with Section 69(3) of the Act of 2017. It is submitted that both provisions deal with the power of arrest and not with the necessity of continued detention of the accused. They have no relevance to the justification for judicial remand. The second reason given by the respondent is that since the investigation is still in progress, judicial remand is necessary to prevent the applicant from influencing the investigation. This is merely an apprehension and not a legitimate ground for continued detention. It is their own case that the applicant has complied with the inquiry/investigation and that his statements have already been recorded under Section 70 of the Act of 2017. Almost all evidence is documentary or electronic in nature and already in possession of the respondent.

According to the prosecution, the applicant gave his first statement in New Delhi on 17.02.2026 and thereafter appeared on 18.02.2026 at Lucknow to give his second statement. There is no averment in the judicial remand application that the applicant has hampered the investigation. There is no need for custodial interrogation of the applicant, and in fact, from the date of arrest till the filing of the application, no custody remand was sought.

It is submitted that except for the alleged confessional statement, there is no documentary, electronic or forensic material to suggest that the applicant created or operated the alleged dummy firms. The applicant has a permanent residence and place of business, and there is no likelihood of his absconding. The applicant has been in jail since 18.02.2026 and has no criminal history. From a perusal of the arrest memo, it appears that the prosecuting agency

itself is not certain whether the alleged offences are compoundable or non-compoundable.

Per contra, Sri Dheeraj Srivastava, learned counsel for the respondent has vehemently opposed the bail application. He submits that the arrest memo is in a printed proforma available on the Department's portal. He further submits that along with the arrest memo, the "grounds of arrest" and "reasons to believe" were duly served upon the applicant on the same day, i.e., 18.02.2026. He submits that the offences under Section 132(1)(b), (c) and other relevant clauses of the Act of 2017 are non-compoundable, non-bailable and cognizable.

With regard to the contention of illegal arrest on 17.02.2026, he submits that the same is incorrect. The applicant was arrested on 18.02.2026 following due procedure and was produced before the learned trial Court on the same day along with all relevant documents. He further submits that during the pendency of the bail application before the trial Court, the applicant had filed a Habeas Corpus Writ Petition No. 70 of 2026, which has been withdrawn. No prejudice has been caused to the applicant, as the grounds of arrest and reasons to believe were duly communicated.

Perused the records and the law on the issue.

During the course of arguments, certain judgments/orders were placed before the Court by both sides.

In **Vineet Jain vs. Union of India (Criminal Appeal No. 4349 of 2025)**, where the offences alleged were under clauses (c), (f) and (h) of Section 132(1) of the Act of 2017, the Hon'ble Supreme Court observed that in such cases, bail should ordinarily be granted before trial Courts unless there are exceptional circumstances.

It is not disputed that no custodial remand of the applicant has been taken. The material appears to be primarily documentary in nature. The presence of the accused can be secured during trial. The applicant has no criminal antecedents, and the offence is punishable with imprisonment up to five years.

On due consideration of the law laid down by the Hon'ble Supreme Court in **Sanjay Chandra vs. CBI, (2012) 1 SCC 40 (with emphasis on paragraph 19), Satender Kumar Antil vs. Central Bureau of Investigation [2026**

LiveLaw (SC) 114], and Vineet Jain (supra), and considering the facts and circumstances of the case, particularly that the applicant has no criminal history, has been languishing in jail since 18.02.2026, no custodial remand has been taken, the evidence is primarily documentary in nature, and the applicant has undertaken to cooperate in the investigation, this Court finds it to be a fit case for enlarging the applicant on bail.

Accordingly, the bail application is **allowed**.

Let the applicant-**Deepanshu Garg**, involved in Case Crime/FIR No. 183 of 2026, under Sections 132(1)(b)(c) & 1 of CGST Act, 2017, Police Station-DGGI, District-Lucknow, be released on bail on furnishing a personal bond and two sureties each in the like amount to the satisfaction of Magistrate/Court concerned, subject to following conditions:-

- (i) the applicant shall not tamper with the prosecution evidence;
- (ii) the applicant shall not pressurize the prosecution witnesses;
- (iii) the applicant shall appear on each and every date fixed by the trial Court.
- (iv) the applicant shall deposit his passport, if any, before the learned trial Court concerned.
- (v) the applicant shall not leave the territorial limits of District Lucknow without prior permission of the learned trial Court concerned.

Any other condition(s) which the trial court/concerned court may deem fit and proper, in the circumstances of the case, may also be imposed in the interest of justice.

It is clarified that the observations made in this order are confined to the present bail application and shall have no bearing on the merits of the trial.

March 20, 2026

Vinay/-

(Karunesh Singh Pawar,J.)