



**HIGH COURT OF JUDICATURE FOR RAJASTHAN
BENCH AT JAIPUR**

S.B. Criminal Bail Cancellation Application No. 71/2025

Union Of India, Through The Intelligence Officer, Goods And Services Tax, Intelligence Department, Jaipur, Zonal Unit, Jaipur Office Address C-62 Sarojini Marg, C Scheme, Jaipur, Rajasthan

----Petitioner

Versus

Arun Jindal S/o Shri Ashok Kumar Jindal, Aged About 49 Years, R/o 34, Sukhadia Stadium, Near Atun Choraha, Kamla Enclave, Bhilwara, Rajasthan.

----Respondent

For Petitioner(s)	:	Mr. Ajatshatru Mina Mr. Rajat Choudhary Mr. Vikhyat Vijayvergiya
For Respondent(s)	:	Mr. Swadeep Singh Hora Mr. Hemanshu Agarwal Mr. Sahayveer Baweja

HON'BLE MR. JUSTICE PRAVEER BHATNAGAR

Order

1. Date of conclusion of arguments **20/01/2026**
2. Date on which the judgment was reserved **20/01/2026**
3. Whether the full judgment or only the operative part is pronounced: **Full Judgment**
4. Date of pronouncement **28/01/2026**

1. Union of India through the Intelligence Officer, Goods And Services Tax, Intelligence Department has submitted an application for cancelling the bail granted to the respondent- Arun Jindal vide impugned order dated 11.03.2025, whereby the respondent was enlarged on bail for the offences under Sections 132 (1) (a) (f) (h) and (1) of Central Goods and Service Tax Act, 2017 (hereinafter referred to as 'the CGST Act').



2. It is contended by learned counsel for the petitioner that the said order suffers from patent illegality and perversity as in para 22 of the impugned order, the trial court has observed that under Section 132 (1) (ii) read with Section 132 (4) of the CGST Act, the offences are compoundable and bailable and if the respondent wish to deposit the 50% of the amount quantified as Rs.9,39,79,589/- then the offence would come within the purview of Section 138 of the CGST Act, which is compoundable.

3. It is contended that the analogy drawn by learned Trial Court, while granting bail to the respondent is contrary to terms of Section 132 read with Section 138 of the CGST Act.

4. It is also contended that the allegations levelled against the respondent No.2 are grave. It is alleged against the respondent that he clandestinely supplied goods weighing 1,49,17,395 KG of Ingots without issuance of any invoices with the aid of one Manoj Vijay and his partners, having a taxable value of 52,21,08,825/-, thereby, evading the GST of Rs. 9,39,79,589/-, thus causing substantial loss to the public exchequer.

5. It is also contended that the grant of bail to the respondent, on the condition of depositing Rs. 5 Crore before the trial court is also against the law. The Hon'ble Apex Court in a much recent case of **Gajanan Dattaray Gore Vs. State of Maharashtra, 2025 INSC 913**, has held that no court shall grant regular or anticipatory bail on the basis of any undertaking or conditional deposit offered by the accused and bail must be decided strictly on merits in accordance with law.

6. Thus, the grant of regular bail to the respondent and giving him direction to deposit a particular amount is per se illegal. The



trial Court, without going into the merits of the case, granted bail to the respondent. The respondent by his action has transgressed and violated the law and caused a massive loss to the public exchequer in the tune of Rs. 9,39,79,589/-, which may further escalate, thus committed the offence under Section 132(1)(a)(f) (h) and (1) of the CGST Act.

7. Learned counsel for the petitioner has also referred to the judgment of **Mahipal Vs. Rajesh Kumar alias Polia & Anr., (2020) 2 SCC 118**, wherein, at para 12, the Court held that, before granting bail, numerous factors are to be taken into consideration, including the severity of the punishment and a prima facie view of the accused's involvement. It is also contended that in the matter of **YS Jagmohan Reddy Vs. Central Bureau of Investigation, (2013) 7 SCC 439**, it was held that economic offences constitute a class apart and require a different approach in matters of bail and include deep-rooted conspiracies involving huge loss of public funds. It was also observed in the said judgment that these offences need to be viewed seriously and considered as grave offences affecting the economic condition of the country as a whole and thereby posing a serious threat to the financial health of the country.

8. It is also argued that the Coordinate Bench has already dismissed the bail application of the co-accused Naveen Yadav and Manoj Vijay. The other two co-accused Manoj Vijay and Naveen Yadav facilitated the issuance of fake invoices, e-way bills, etc., to show the transportation of ingots, and the petitioner, by using such counterfeit invoices & e way bill, caused a massive loss of



tax; therefore, in light of the above, the bail granted to the respondent needs to be cancelled.

9. Contrarily, learned counsel for the respondent asserted that the bail was granted to the respondent because the respondent was ready to deposit Rs. 5 Crores before the trial court and the respondent, before being released, deposited the said amount in the trial court.

10. It is also contended that the Special Public Prosecutor appearing on behalf of the department has consented to the order passed by the trial court. The trial court has passed the order after considering the judgment of **Satender Kumar Antil vs Central Bureau Of Investigation, (2021) 10 SCC 773**, wherein it was held that it is not as if economic offences are entirely taken out of the aforesaid guidelines, but do form a different nature of offences. Thus, the seriousness of the charge must be taken into account, but the severity of the punishment imposed by the statute is also a factor.

11. It is also contended that the maximum punishment provided under Section 132 of the CGST Act is of 5 years and the respondent has remained in custody from 19.02.2025 up to 11.03.2025. It is also contended that the amount of GST has yet not finally been determined. It is also argued that the Hon'ble Apex Court in the matter of **C. Pradeep Vs Commissioner of GST & Central Excise & Anr, (2021) 19 SCC 547**, protected the petitioner against whom liability of Rs. 19 Crores was assessed. Similarly, in **Gulam Fareed Vs. State of Rajasthan (Criminal Appeal No.4962/2025)**, dated



20.11.2025, the Hon'ble Apex released the appellant on bail after considering the period of custody.

12. Heard and Perused the record and law cited by the counsels for both the parties.

13. The provision of Section 132 & 138 of the CGST are reproduced as under:-

"Section 132. Punishment for certain offences.-

(1) 1[Whoever commits, or causes to commit and retain the benefits arising out of, 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) 2[avails input tax credit using the invoice or bill referred to in clause (b) or fraudulently avails input tax credit without any invoice or bill;]

(d) collects any amount as tax but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due;

(e) evades tax 3[**]or fraudulently obtains refund and where such offence is not covered under clauses (a) to (d);

(f) falsifies or substitutes financial records or produces fake accounts or documents or



furnishes any false information with an intention to evade payment of tax due under this Act;

(g) 4[**];

(h) acquires possession of, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with, any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules made thereunder;

(i) receives or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the rules made thereunder;

(j) 5[**];

(k) 6[**]; or

(l) attempts to commit, or abets the commission of any of the offences mentioned in 7[clauses (a) to (f) and clauses (h) and (i)] of this section, 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 8[an offence specified in clause (b),] 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;

(iv) in cases where he commits or abets the commission of an offence specified in clause (f) 9[**], he shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.

(2) Where any person convicted of an offence under this section is again convicted of an offence under this section, then, he shall be punishable for the second and for every subsequent offence with imprisonment for a term which may extend to five years and with fine."

"Section 138. Compounding of offences.-

(1) Any offence under this Act may, either before or after the institution of prosecution, be compounded by the Commissioner on payment, by the person accused of the offence, to the Central Government or the State Government, as the case be, of such compounding amount in such manner as may be prescribed: Provided that nothing contained in this section shall apply to-

1[(a) a person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f), (h), (i) and (l) of sub-section (1) of section 132;]

(b) 2[**];



3[(c) a person who has been accused of committing an offence under clause (b) of sub-section (1) of section 132;]

(d) a person who has been convicted for an offence under this Act by a court;

(e) 4[**] and

(f) any other class of persons or offences as may be prescribed:

Provided further that any compounding allowed under the provisions of this section shall not affect the proceedings, if any, instituted under any other law:

Provided also that compounding shall be allowed only after making payment of tax, interest and penalty involved in such offences.

(2) The amount for compounding of offences under this section shall be such as may be prescribed, subject to the minimum amount not being less than 5[twenty-five per cent. of the tax involved and the maximum amount not being more than one hundred per cent. of the tax involved].

(3) On payment of such compounding amount as may be determined by the Commissioner, no further proceedings shall be initiated under this Act against the accused person in respect of the same offence and any criminal proceedings, if already initiated in respect of the said offence, shall stand abated.”

14. The provisions outlined in section 132 of the act clearly specify that if the tax violation amount is up to Rs.5 Crores, the offence is non-cognizable. However, once the violation exceeds Rs.5 Crores, the offence becomes both cognizable and non-bailable. In this case, the deposit of Rs.5 Crores from an allegedly



evaded Rs.9,39,79,589/- does not alter the classification of the offence as either non-cognisable or bailable. Additionally, under section 138 of the act, tax evasion up to 5 crores is compoundable, whereas amounts above 5 crores are not compoundable. Therefore, the analogy used by the trial court is flawed and cannot justify granting bail to the respondent.

15. Nevertheless, beyond this analogy, the court also found that the respondent intends to deposit 50 per cent of the alleged evasion amount. The department's counsel has agreed to this and in accordance with the court's order, the respondent has already deposited five crores in the trial court.

16. Furthermore, it is noteworthy that other co-accused, such as Gulam Fareed and Yash Chandani, have been granted bail by the Hon'ble Apex Court. The maximum punishment for the offence is five years, a term a magistrate can impose. There's little risk of witness intimidation, as most witnesses are officials, and there are no prior criminal records or allegations that the respondent has misused bail or violated conditions.

17. The judgment of the Hon'ble Apex Court in the matter **Gajanan Dattaray Gore (Supra)**, the directions were passed after the grant of bail. In this case the respondents' grant of bail on the ground of depositing the money is not the sole consideration.

18. Therefore, the instant application to cancel bail is dismissed.

(PRAVEER BHATNAGAR),J