IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HONOURABLE SRI JUSTICE N.TUKARAMJI

CRIMINAL PETITION No.10448 OF 2026

DATE: 23.07.2026

Between :

Shri Amir Mohammed Haq
… Petitioner/Accused

AND

The State of Telangana
Through Special Public Prosecutor P.S. GST Commissionarate, Hyderabad
… Respondent.

ORDER

This Criminal Petition is filed under Section 482 of *Bharatiya Nagarik Suraksha Sanhita, 2023* (for short, "BNSS"), seeking the relief of pre-arrest bail.

2. The petitioner is arrayed as Accused in connection with summons issued under Section 13 of the Health Security & National Security Cess Act, 2025 (for short "HSNS Act").

3. Heard Ms. Barkha Bhalla, learned Counsel for the petitioner and Mr. D.S. Raghavender Rao, learned senior standing Counsel for CBIC representing the respondent.

4.1. The petitioner claims that he is engaged in the business of real estate under the name and style of *Cyber Towers* and through *Sanali Housing Projects Private Limited*, a duly incorporated company. It is the petitioner's case that the summons issued by the Goods and Services Tax (GST) authorities do not disclose the nature of the allegations, the subject matter of the enquiry, or the specific documents required to be produced. According to the petitioner, he has not been shown as an accused in any disclosed offence, yet he has been subjected to an enquiry, giving rise to a reasonable apprehension that he may be arrested during the course of the investigation.

4.2. The petitioner further submits that he is a permanent resident of Hyderabad with well-established business interests. He contends that, despite the absence of any disclosed incriminating material against him, he apprehends arrest and other coercive action by the investigating authorities. Consequently, the present petition has been filed seeking the relief of anticipatory bail. The petitioner undertakes to cooperate with the investigation and to abide by any conditions that may be imposed by this Court.

4.3. Learned counsel for the petitioner contends that the summons issued by the GST authorities fail to disclose even the subject matter of the enquiry or the alleged role of the petitioner, rendering the proceedings vague and arbitrary. It is submitted that the petitioner is innocent and has been unnecessarily implicated without there being any disclosed incriminating material against him. It is further contended that the summons do not specify the documents or information required to be produced, thereby depriving the petitioner of an effective opportunity to respond.

4.4. According to the petitioner, although no offence has been disclosed against him, the manner in which the summons have been issued gives rise to a genuine apprehension that he may be arrested during the course of the enquiry. Learned counsel further submits that there is no likelihood of the petitioner absconding or evading the process of law and that he is ready and willing to cooperate with the investigating authorities. Emphasizing the petitioner's right to personal liberty, learned counsel argues that custodial interrogation is wholly unwarranted in the facts and circumstances of the case. It is, therefore, submitted that the petitioner is entitled to the discretionary relief of anticipatory bail, subject to such conditions as this Court may deem fit to impose.

5.1. Learned Standing Counsel for the Central Board of Indirect Taxes and Customs (CBIC), appearing for the respondent, vehemently opposed the grant of anticipatory bail, contending that the present petition is devoid of merit and has been filed solely with a view to obstruct the ongoing investigation into a case involving large-scale tax evasion under the provisions of the HSNS Act.

5.2. It is submitted that, acting upon specific intelligence, the Anti-Evasion Wing unearthed an organized syndicate clandestinely engaged in the manufacture of *Kalakaar Pan Masala* by using unregistered packing machines without obtaining registration under the HSNS Act and by evading payment of the statutory cess. It is further submitted that coordinated searches conducted at the premises in Hyderabad resulted in the seizure of four unregistered packing machines, a huge quantity of pan masala, and substantial quantities of raw materials and packing materials.

5.3. According to the respondent, the investigation has, thus far, disclosed evasion of HSNS cess amounting to approximately Rs.12 crores, constituting offences punishable under Section 19(1)(a) of the HSNS Act, which are cognizable and non-bailable. It is further submitted that a co-accused, in his statement, disclosed that the petitioner was the mastermind, principal financier, and overall supervisor of the clandestine manufacturing operations.

5.4. The respondent further contends that the petitioner had allegedly invested Rs.5 crores in the illegal business and that the financial records and bank transactions collected during the investigation prima facie establish his financial involvement with the syndicate. It is also pleaded that, despite the issuance of summons on three occasions, the petitioner failed to appear before the investigating authority, produced misleading medical certificates, and travelled to Dubai during the relevant period with a view to evading the investigation.

5.5. It is, therefore, contended that custodial interrogation is required for tracing the financial trail, identifying the beneficiaries of the illegal transactions, examining the electronic and other tangible evidence, ascertaining the petitioner's precise role in the conspiracy, and unearthing the larger network involved in the commission of the offences. Learned Standing Counsel further submits that the investigation is at a crucial stage and that, if protected by an order of anticipatory bail, the petitioner is likely to influence witnesses and hamper the investigation. Having regard to the nature of the alleged economic offences, which involve a deep-rooted conspiracy, it is prayed that the petition be dismissed.

6. I have carefully considered the submissions and perused the material available on record.

7.1. Section 13 of the HSNS Act empowers the proper officer to summon any person whose attendance is considered necessary during the course of an enquiry for the purpose of giving evidence or producing books of account, electronic records, or any other documents relevant to the enquiry. The provision further stipulates that every such enquiry shall be deemed to be a judicial proceeding within the meaning of Sections 193 and 228 of the BNSS. Consequently, a person summoned under the said provision is under a legal obligation to appear before the authority and cooperate with the enquiry, and failure to comply with a lawful summons may entail the consequences prescribed under law.

7.2. Section 19(1)(a) of the HSNS Act provides that where the amount of cess allegedly evaded exceeds the prescribed statutory threshold of Rs.5 crores, the offence becomes cognizable and non-bailable and is punishable with imprisonment which may extend to five years, or with fine, or with both. In the present case, the respondent asserts that the alleged evasion of HSNS Cess is approximately Rs.12 crores, thereby attracting the rigour of the aforesaid provision.

7.3. Further, Section 26(1) of the HSNS Act empowers the Principal Commissioner or any officer duly authorized by him to authorize the arrest of a person where there are reasonable grounds to believe that such person has committed a cognizable and non-bailable offence under the Act.

8. It is in the backdrop of the said statutory provision that the petitioner seeks the extraordinary relief of anticipatory bail, apprehending arrest pursuant to the summons issued under Section 13 of the Act.

9. The respondent, on the other hand, contends that the petitioner deliberately failed to comply with the summons issued on three occasions, sought to evade the investigation, and has been identified as the mastermind behind the syndicate engaged in large-scale evasion of HSNS Cess. Reliance has been placed upon the statement of a co-accused, bank transactions, financial records, and other materials collected during the course of investigation to prima facie establish the petitioner's involvement in the alleged conspiracy.

10. At this stage, however, this Court is not required to undertake a meticulous appreciation of the evidentiary value of the material collected during the investigation or record any finding regarding the guilt or innocence of the petitioner. Whether the statements recorded, financial transactions, and other documentary evidence ultimately establish the prosecution case are matters that must necessarily be examined during the course of investigation and, if warranted, at the stage of trial.

11. The Supreme Court has consistently held that while considering an application for anticipatory bail, the Court is not expected to conduct a mini-trial or evaluate the evidence as if adjudicating the case on merits. In *Siddharam Satlingappa Mhetre v. State of Maharashtra*, (2011) 1 SCC 694, the Supreme Court observed that the power under Section 438 of the Code of Criminal Procedure,1973 (for short, "CrPC") (now Section 482 of the BNSS) is intended to safeguard individual liberty and must be exercised in an appropriate case depending upon the facts and circumstances of each case. In *Arnesh Kumar v. State of Bihar*, (2014) 8 SCC 273, the Hon'ble Supreme Court emphatically held that the power to arrest cannot be exercised merely because it is lawful to do so. Arrest must be justified by necessity, and the investigating agency must demonstrate that custodial arrest is indispensable for the purposes of investigation. The Court cautioned that deprivation of personal liberty should not become a routine or mechanical consequence of the registration of an offence.

12. In the present case, the summons issued to the petitioner merely state that an enquiry is being conducted under the provisions of the HSNS Act and require his attendance for the purpose of giving evidence and producing documents or other articles in his possession or control. Beyond the said recital, the summons do not disclose the subject matter of the enquiry, the nature of the allegations, the

petitioner's alleged role, or the specific documents sought to be produced. The reasons for withholding such particulars have also not been explained.

13. Interestingly, the detailed response filed by the respondent indicates that the petitioner is alleged to be the principal accused and mastermind of the alleged syndicate. If that be so, the summons issued merely requiring the petitioner to appear and make a statement, without disclosing the nature of the allegations, create an apparent ambiguity regarding the status in which his attendance has been sought.

14. Another significant circumstance which cannot be ignored is that even if the allegations are ultimately established, the maximum punishment prescribed under Section 19(1)(a) of the HSNS Act is imprisonment extending up to five years. The Supreme Court in *Arnesh Kumar* (supra) has laid considerable emphasis on the principle that where the maximum punishment does not exceed seven years, arrest should ordinarily not be resorted to unless the statutory conditions justifying such arrest are satisfied. The said principle, though evolved in the context of the Code of Criminal Procedure, embodies the broader constitutional mandate against unnecessary arrest and indiscriminate curtailment of personal liberty.

15. Further, the very issuance of summons requiring the petitioner to appear and cooperate with the enquiry prima facie indicates that the investigating authority initially intended to secure his cooperation through the process contemplated under Section 13 of the Act rather than by immediate custodial detention. Had custodial interrogation been considered indispensable from the very inception, the investigating agency could have proceeded in accordance with law by invoking the power of arrest available under Section 26 of the Act upon satisfaction of the statutory requirements.

16. The object of arrest during investigation is to facilitate a fair, effective, and lawful investigation wherever custodial interrogation is genuinely necessary. Arrest cannot be employed as a punitive measure before the guilt of the accused is established. Equally, the investigating agency cannot secure statements from an accused under the constant threat of arrest and subsequently characterize such statements as voluntary disclosures. Such an approach would be inconsistent with the constitutional guarantee of fairness embedded in Article 20(3) and 21.

17. Needless to observe, if during the course of investigation any subsequent circumstances arise demonstrating that custodial interrogation has become indispensable, or if the petitioner fails to cooperate with the investigation or attempts to influence witnesses or

tamper with evidence, it shall always be open to the investigating agency to invoke the powers available under Section 26 of the HSNS Act or under BNSS to seek appropriate orders from the jurisdictional Court in accordance with law.

18. Having regard to the totality of the facts and circumstances, this Court notices that, according to the respondent itself, the investigating authorities have already seized the alleged packing machinery, manufactured goods, raw materials, and other incriminating articles. The investigation concerning financial transactions, electronic records, bank accounts, and digital evidence is largely documentary in nature and can continue effectively even while extending the protection of anticipatory bail to the petitioner, subject to his full cooperation with the investigating agency.

19. Further, the object of anticipatory bail is neither to shield an accused from investigation nor to obstruct the administration of criminal justice. Rather, it is intended to ensure that a person is not subjected to unnecessary humiliation or deprivation of liberty while simultaneously securing the interests of a fair and effective investigation. Appropriate conditions can adequately safeguard the investigation by ensuring the petitioner's continuous cooperation, availability for interrogation whenever required, and non-interference with witnesses or evidence.

20. Therefore, balancing the competing interests of an effective investigation on the one hand and the petitioner's fundamental right to personal liberty under Article 21 of the Constitution on the other, this Court is of the considered opinion that the ends of justice would be adequately served by extending the protection of anticipatory bail to the petitioner, subject to appropriate conditions safeguarding the investigation.

21. Accordingly, the Criminal Petition is allowed, subject to the following conditions:

a) The petitioner/Accused shall surrender before the Superintendent, (Anti-evasion) Central Tax, Hyderabad GST Commissionarate, on or before 06.08.2026. Upon such surrender, or in the event of his arrest, the Superintendent shall release him on bail upon executing a personal bond for a sum of Rs.5,00,000/- (Rupees Five lakhs only), with two sureties for a like sum each, to the satisfaction of the said officer.

b) The petitioner shall appear before the Superintendent every Tuesday and Thursday between 10:00 a.m. and 3:00 p.m. for a period of ten (10) weeks from the date of his release on bail and shall cooperate with the investigation in all respects.

c) The petitioner shall furnish their complete residential addresses and contact details to the Investigating Officer and shall keep the same updated throughout the proceedings before the trial court.

d) Additionally, the petitioner shall remain available as and when required by the investigating officer during the course of investigation.

e) The petitioner shall not leave India without prior intimation to the investigating authority and permission of the Court concerned.

e) The petitioner shall neither directly nor indirectly induce, threaten, influence, nor contact any prosecution witness, nor shall they tamper with the prosecution evidence in any manner whatsoever.

f) Any willful breach or violation of any of the aforesaid conditions shall render the petitioner liable to appropriate proceedings before the jurisdictional Court, including cancellation of bail, in accordance with the provisions of the BNSS and other applicable laws.

22. It is made clear that any observations made herein are confined solely to the adjudication of the present application for anticipatory bail and shall not be construed as an expression on the merits of the case.

Pending miscellaneous applications, if any, shall stand closed.

N.TUKARAMJI, J

Date: 23.07.2026
MRKR

THE HONOURABLE SRI JUSTICE N.TUKARAMJI

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