

*** THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH**

AND

*** THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN**

+ WRIT PETITION No.6657 of 2026

% Dated: 23.03.2026

Shri Rishi Nand Kishore Gupta

...Petitioner

vs.

\$ Union of India,
Represented by its Secretary,
Department of Revenue Ministry,
Finance North Block, New Delhi 110001,
and another.

...Respondents

! Counsel for the petitioners: Dr. Abhishek Manu Singhvi,
learned Senior Counsel,
representing Mr. S. Abhijeeth Reddy

^ Counsel for respondent No.1: Mr. B.Narsimha Sharma,
learned Additional Solicitor General
of India,
representing Mr. N. Bhujanga Rao,
learned Deputy Solicitor General of
India

^ Counsel for respondent No.2: Mr. N. Venkataraman,
learned Additional Solicitor General
of India,
representing Mr. M.P. Kashyap,
learned Senior Standing Counsel for
Central Board of Indirect Taxes and
Customs

< Gist:

> Head Note:

? Cases referred

1. (1980) 2 SCC 559
2. 2024 SCC OnLine SC 240
3. 2025 SCC OnLine Bom 2508
4. Criminal Appeal Nos.2284-2285 of 2023, dated 07.08.2023
5. MANU/TN/0028/1983
6. Criminal Appeal Nos.3051-3052 of 2023, dated 03.10.2023

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH

AND

THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

WRIT PETITION No.6657 of 2026

Dated:23.03.2026

Between:

Shri Rishi Nand Kishore Gupta, S/o Sri Nand Kishore Gupta,
Aged 57 years, Occupation: MD & CDO, FNO Payments Bank,
Residing at A4701, 47th Floor, Raheja Imperia, 1, 45,
Shankar Rao Naram Path, Lower Parel, Mumbai-400013,
and another

...Petitioners

and

Union of India, rep. by its Secretary,
Department of Revenue, Ministry of Finance,
North Block, New Delhi 110001, and another.

...Respondents

JUDGMENT (Aparesh Kumar Singh, CJ):

Dr. Abhishek Manu Singhvi, learned Senior Counsel representing
Mr. S.Abhijeeth Reddy, learned counsel for the petitioners.

Mr. B.Narasimha Sharma, learned Additional Solicitor General of
India, representing Mr. N.Bhujanga Rao, learned Deputy Solicitor
General of India appears for respondent No.1.

Mr. N.Venkataraman, learned Additional Solicitor General of India (ASGI), representing Mr. M.P.Kashyap, learned Senior Standing Counsel for Central Board of Indirect Taxes and Customs (CBIC) appears for respondent No.2.

2. The present writ petition seeks a declaration that the action of arrest of petitioner No.1 by the respondent authorities in File No.DGGI/INT/INTL/11/2026-GR J is arbitrary, illegal, highhanded and violative of Articles 14, 19, 21 and 22(2) of the Constitution of India; a declaration that the remand order dated 01.03.2026 passed by the learned Special Judge for Trial of Economic Offences Cases, Hyderabad is illegal and consequentially release petitioner No.1 on bail in connection with the said case.

3. As per the averments made in the writ petition, the petitioner No.1 is the founding member of M/s.Fino Payments Bank Limited. He was appointed as Chief Operating Officer (COO) and Chief Financial Officer (CFO) of M/s.Fino Pay Tech Limited, holding company. The petitioner No.1 claims to be in the banking industry for three decades. Currently he is heading Fino Payments Bank as Chief Executive Officer (CEO). He is the recipient of a number of awards and is actively involved in industry forums. Petitioner No.1 contends that he was arrested on 27.02.2026 by

the officers of the Directorate General of Goods and Services Tax Intelligence (DGGI) for the alleged offence committed under Section 132(1)(i) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as 'CGST Act') in relation to operating illegal online gaming websites with assistance of associated fintech companies, including payment bank/aggregator, payment gateway and third party technology services providers. The petitioners have questioned the arrest *inter alia* on the basis of the following facts and sequence of events.

4. At about 12:39 pm on 26.02.2026, about 12 officers entered the office of M/s.Fino Payments Bank and instructed the employees not to leave the office. Two officers guarded the office entry. They demanded to see the petitioner No.1. The respondents' team asked for petitioner No.1's chamber and at about 1:03 pm, they barged into his chamber. Immediately thereafter, their team and other employees of the company came to the adjoining board room. Snapshots of the Closed-Circuit Television (CCTV) footage are annexed as Exhibit P.6. The said team sought information in relation to the list of merchants and their details. Since petitioner No.1 was not physically aware of the said details, he immediately deputed his team to assist the respondents' team. He waited in his cabin. At about 6:00 pm, while he was ready to leave for home, the respondents' team reiterated their directions to remain with them and

served the summons under Section 70 of the CGST Act. The said summons is annexed as Exhibit P.7. Petitioner No.1 tried to reason with the respondents' team that the said information has already been provided by his team and he had no personal knowledge about it, the same could be recorded through a statement of the relevant/authorised employee of M/s.Fino Payments Bank. Respondents refused to accept his request. The recording of the statement continued till about 3:48 am on 27.02.2026. Immediately thereafter, the respondents' team handed over the grounds of arrest to petitioner No.1. The arrest memo showed the arrest at 5:50 am. Petitioner No.1's signature was taken on the grounds of arrest at 6:52 am, though it was served at 6:00 am. The respondents' team left the premises of M/s.Fino Payments Bank with petitioner No.1 at around 6:45 am on 27.02.2026 and thereafter he was brought to the GST Commissioner Office at Ballard Pier, Mumbai, whereafter he was produced before the learned Additional Chief Judicial Magistrate, Esplanade Court, Mumbai at 8:30 pm for transit remand. Thereafter, petitioner No.1 was produced before the learned Special Judge for Trial of Cases under Economic Offences, Hyderabad on 01.03.2026 and was remanded to judicial custody. The petitioner No.1 had sought a declaration that his arrest and remand is illegal and violative of his fundamental rights.

5. Learned Senior Counsel for the petitioners has *inter alia* asserted that the petitioner No.1 is the CEO of M/s.Fino Payments Bank, which is a 'Bank As a Payment Aggregator' (BAPA) having 126 branches. It has 20.5 lakh merchants including HDFC, ICICI etc. The petitioner company has undertaken all the KYC requirements. The petitioner No.1 has been arrested on the ground that he has not cooperated with the investigation. He has masterminded the transactions with shell entities thereby defrauded the Goods and Services Tax. Learned Senior Counsel has relied upon the decision of the apex court in **Niranjan Singh vs. Prabhakar Rajaram Kharote**¹ (para 7) in support of his contention that while he was in custody, he was under the physical control of an officer exercising coercive powers within the meaning under Section 439 of the Code of Criminal Procedure, 1973. He has also referred to the decision rendered by the Bombay High Court in **Hem Prabhakar Shah vs. State of Maharashtra**² (paras 15 and 27) on the same proposition that petitioner No.1's arrest commenced from 1:03 pm on 26.02.2026 when his right to move was restricted. The production of the petitioner No.1 before the learned Additional Chief Judicial Magistrate, Esplanade, Mumbai for obtaining transit remand at 8:30 pm on 27.02.2026 is beyond 24 hours timeline. As such, the arrest is illegal. He relies upon the case of

¹ (1980) 2 SCC 559

² 2024 SCC OnLine SC 240

Hanumant Jagganath Nazirkar vs. State of Maharashtra³ (paras 36, 37 and 38) to submit that the period during which he was medically examined cannot be excluded from 24 hours period mandated for production of the arrested person. Learned Senior Counsel for the petitioners, therefore, submits that the impugned arrest be declared as illegal and the petitioner No.1 may be released on bail on furnishing bail bonds with sureties as this Court may deem fit and proper.

6. A counter affidavit has been filed by the respondents. Learned Additional Solicitor General of India (ASGI) has taken this Court to the chronological dates and events. A letter dated 19.01.2026 was issued to the authorised signature of M/s.Fino Payments Bank by the DGGI on the subject of investigation with regard to GST evasion by certain entities with a request to provide data/details/documents pertaining to the entities, namely M/s.Oceanique Web Solutions Private Limited and M/s.Webwin IT Hub Solutions Private Limited. Since the said information was not provided till 25.01.2026, summons was issued to the authorised signatory on 09.02.2026. Still the required data was not supplied. Again data was called for vide letter dated 11.02.2026 in furtherance to the voluntary statement recorded on 09.02.2026 (Annexure R.3) during the course of inspection. However, the data was not submitted. Therefore, summons

³ 2025 SCC OnLine Bom 2508

was issued to the petitioner No.1 on his official email address on 14.02.2026 to provide information and to appear before the Senior Intelligence Officer, Hyderabad Zonal Unit on 17.02.2026, at 12.30 pm. However, said data was not submitted. The summons was again issued on petitioner No.1 on 18.02.2026 on his official email address. Further email was sent on 23.02.2026 to the authorised signatory amongst others to provide information and to appear in person on 25.02.2026. Since the petitioner No.1 was not cooperating, authorisation for search was issued on 26.02.2026 in Form GST INS-01 under Section 67(2) of the CGST Act by the Additional Commissioner/Additional Director on the business/residential premises of petitioner No.1. On the same day, i.e., 26.02.2026, summons was issued upon the petitioner No.1 to appear before the Senior Intelligence Officer at 6.30 pm on the same day. However, the answer given by the petitioner No.1 was evasive. Learned ASGI submits that the team of DGGI, therefore, conducted a search on the premises of the company which ended at 3:45 hours in the early morning on 27.02.2026. The statements given by the petitioner No.1 were evasive. Since he was not cooperating with the investigation, and the evidence gathered during investigation showed the involvement of the petitioner No.1 in an organized syndicate in operating illegal online gaming websites with the assistance of associated fintech companies, a

decision was taken to arrest the petitioner No.1. He was arrested at 5:50 am on 27.02.2026. The arrest memo was prepared and signed by the petitioner on 27.02.2026. The petitioner was also communicated the grounds of arrest at 6:00 am on 27.02.2026. The intimation of arrest was communicated to the petitioner No.2, wife of petitioner No.1, on 27.02.2026. Thereafter petitioner No.1 was produced before the Chief Medical Officer, St. George Hospital, Mumbai on 27.02.2026. He was under medical examination upto 11:45 am, and thereafter he was under medical examination at J.J.Hospital, Mumbai, upto 6.30 pm. After his medical check-up, a transit remand application was made on 27.02.2026 before the learned Additional Chief Judicial Magistrate, Esplanade, Mumbai. The petitioner No.1, who was arrested at 5:50 am on 27.02.2026, was produced before the learned Additional Chief Judicial Magistrate, Esplanade, Mumbai at 8:30 pm on 27.02.2026, within 24 hours. Vide order dated 27.02.2026, 72 hours transit remand was granted till 8:30 pm of 02.03.2026 by the said Court, for production of the petitioner No.1 before the learned Special Judge for Trial of Cases under Economic Offences, Hyderabad. Thereafter, he was produced before the learned Special Judge for Trial of Cases under Economic Offences, Hyderabad on 01.03.2026 under Section 187(1) of the Bharatiya Nagarik Suraksha Sanhita, 2023. The learned ASGI has referred to the

Panchanama prepared upon search which concluded at 03:45 hours in the early hours of 27.02.2026. It is submitted that the specific averments made in the counter affidavit on these facts have remained untraversed by petitioner Nos.1 and 2. Thereby they are deemed to have been admitted. He submits that the arrest was preceded by search cum summons upon the business/residential premises of the petitioner No.1. It was only on account of his non-cooperation and evasive answers during recording of statements and that the competent authority after recording his reasons to believe authorized his arrest. Learned ASGI further submits that the Special Judge for Trial of Cases under Economic Offences, Hyderabad has accepted the request of the investigating agency to undertake custodial interrogation. It is further submitted that thereafter summons have been issued on top three officials of M/s.Fino Payments Bank to appear before the DGGI so that their statements can be taken to confront the petitioner No.1 during custodial interrogation. However, they have refused to appear. It is further submitted that as per the data collected by the DGGI, transactions of about Rs.10,000 crores have been found to be conducted without proper invoices. If the rate of tax on such transactions is computed, the amount of tax evasion discovered would come to about Rs.2,800 crores. He has specifically referred to Section 14A of the CGST Act, as per which the petitioner would be treated as service provider for

all the persons whose location is outside India. Learned ASGI has referred to the judgment of the apex court in **V.Senthil Balaji vs. the State, rep. by Deputy Director**⁴ where case of economic offences has been excluded under Section 35(3) of the BNSS, 2023. It is submitted that the competent authority has recorded sufficient grounds to arrest petitioner No.1 based on cogent reasons which cannot be found fault with. Therefore, there is no illegality in the arrest of the petitioner No.1 intended for carrying out effective investigation in case of a huge fraudulent evasion of tax by the petitioner No.1 company which is the main aggregator operating online gaming platform where online gaming transactions are being performed through the platform provided by the petitioner company. He has relied upon the Full Bench decision of the Madras High Court in **Roshan Beevi vs. Joint Secretary to Government of Tamil Nadu**⁵ (para 29).

7. Learned Senior Counsel for the petitioners, in reply, submits that the approach of the DGGI to frame the petitioner No.1 on alleged grounds of non-cooperation is not tenable in law. He has referred to emails dated 14/15.02.2026 and 18.02.2026 where the trail mail shows undelivered upon the petitioner No.1. He has also referred to the decision

⁴ Criminal Appeal Nos.2284-2285 of 2023, dated 07.08.2023

⁵ MANU/TN/0028/1983

of **Pankaj Bansal vs. Union of India**⁶ (para 25), wherein it has been held that mere non-cooperation of a witness in response to the summons would not be enough to render him/her liable to be arrested under Section 19 of the Prevention of Money Laundering Act, 2002 (hereinafter referred to as 'PMLA Act'). The respondents have failed to show as to how the replies given by the petitioner No.1 were characterised as evasive. It is not expected of the investigating agency to expect an admission of guilt from the person summoned and anything short of such admission would be an 'evasive reply'. In such circumstances, the whole edifice for framing the grounds of arrest is untenable in law. It is submitted that the petitioner No.1 has cooperated in providing data and information about the relevant active program managers with contact numbers with whom the relevant queries can be made by the investigating team of DGGI.

8. Learned ASGI has further submitted that none of the submissions in reply are borne from the averments made in the writ petitions nor any reply has been filed to the counter affidavit. He has referred to the summons dated 26.02.2026, which contains the list of merchants. The petitioner No.1 however completely evaded replies to specific queries made during recording of statements on summons. Since the arrest has

⁶ Criminal Appeal Nos.3051-3052 of 2023, dated 03.10.2023

been made at 5:30 hours in the morning of 27.02.2026 after the search cum seizure ended at 3:45 hours in the early morning of 27.02.2026, the petitioner No.1 has been produced for obtaining transit permit within the period of 24 hours as per the provisions contained under Article 22(2) of the Constitution of India. Therefore, the writ petition may be dismissed.

9. We have considered the submissions of learned counsel for the parties and taken note of the materials placed on record. We have also perused the decisions relied upon by them.

10. The narration of dates and events as borne out from the pleadings on record indicates that the matter pertains to evasion of GST by M/s.Fino Payments Bank, of which the petitioner No.1 is the CEO. The company provides BAPA services. The evidence gathered during investigation pointed out to identification of an organized syndicate involved in operating illegal online gaming websites with the assistance of associated fintech companies, including payment bank/aggregator, payment gateway and third party technology service providers. A letter, dated 19.01.2026 was issued to the authorised signatory of the M/s.Fino Payments Bank to provide data/details/documents pertaining to the entities, namely M/s.Oceanique Web Solutions Private Limited and M/s.Webwin IT Hub Solutions Private Limited. Thereafter, summons

was issued upon authorised signatory of the company on 25.01.2026, followed by summons dated 09.02.2026 to give evidence and to produce documents/things of the description in his possession; to produce documents related to partner/resellers along with associated merchants and details of merchants like KYC, e-mail ids, contact details, address, GSTIN, PAN and transaction volume details of each merchant and partner; to provide mapping of merchants with their respective reseller/partner and to depose statement. The statement of the authorised signatory, i.e., Shri Anup Amar Agarwal, was recorded on 09.02.2026. Still the required data was not being supplied. Again data was called for vide letter dated 11.02.2026. Even after the statement recorded on 09.02.2026, the required data was not submitted. Thereafter, summons was issued upon the petitioner No.1 on his official email address on 14.02.2026 to provide information and to appear before the Senior Intelligence Officer on 17.02.2026, which the petitioner No.1 disputes as having not received. Thereafter, another summons was issued on the petitioner No.1 on 18.02.2026, which again he claims to have not received. However, the documents of delivery failure have not been brought on record by way of any reply affidavit. Further email was served on 23.02.2026 to the authorised signatory to provide information and to appear in person on 25.02.2026. Thereafter, the authorisation for search

was issued in Form GST INS-01 under Section 67(2) of the CGST Act on the business/residential premises of the company by the Additional Commissioner/Additional Director, DGGI recording his reasons to believe that goods or documents or other things relevant to the proceedings under the Act. A summons was issued upon the petitioner No.1 on 26.02.2026 to appear before the Senior Intelligence Officer at 6.30 pm on the same day. It appears that thereafter a team of DGGI started to conduct search on the premises of the company, which ended at 3.45 hours in the early morning on 27.02.2026. In para 13 of the writ affidavit, a categorical statement has been made by petitioner No.1 that the respondents initiated the process of recording of petitioner No.1's statement at 6.45 pm which continued till about 3.48 am on 27.02.2026 and immediately thereafter the respondents handed over the grounds of arrest to the petitioner No.1. The arrest memo shows the arrest at 5.50 am. The panchanama prepared upon the search also shows that it concluded at 3.45 hours in the early morning of 27.02.2026. Therefore, it is clear that after conclusion of the search at 3.45 hours in the early hours of 27.02.2026 and recording of the statement of the petitioner No.1 till about 3.48 am on 27.02.2026, the petitioner was put on arrest at 5.50 am on 27.02.2026. The intimation of arrest was also sent to the petitioner No.2, who is the wife of petitioner No.1. The same has also been received

by her on the same day. He was produced for medical examination at St. George Hospital and then J.J.Hospital, Mumbai. Thereafter, he was produced before the learned Additional Chief Judicial Magistrate, Esplanade, Mumbai at 8.30 pm for transit remand. Petitioner No.1 also made the said statement at para 14 of the writ petition. However, it is contended on behalf of the petitioners that relying upon the judgment of **Niranjan Singh** (supra) that he was effectively in custody since around 12.39 pm on 26.02.2026. As per paragraph 9 of the writ petition, the officers of DGGI entered the office of the company at 12.30 pm on 26.02.2026 and after enquiring about him, entered the adjoining board room at 1.03 pm. Therefore, the petitioner was kept in duress by the investigating agency which amounts to custody. However, the contention of the petitioner No.1 does not merit acceptance since the officials of the DGGI had entered the premises of the company on the basis of authorisation for search dated 26.02.2026 and also a summons of the same date upon the petitioner No.1 to give statements to appear and give statement at 6.30 pm. The petitioner No.1 also stated at para 13 of the writ affidavit that the recording of voluntary statement continued from 6.45 pm on 26.02.2026 till 3.48 am on 27.02.2026. According to the petitioner No.1, thereafter he was handed over the grounds of arrest. The search on the premises of the company concluded at 3.45 hours in the

early morning of 27.02.2026. Therefore, the contention of the petitioner No.1 that his movements were restricted amounts to arrest from 1.03 pm on 26.02.2026 is not correct. Even accepting the statement of the petitioner No.1, if the arrest was made after 3.48 am on 27.02.2026, his production before the learned Additional Chief Judicial Magistrate, Esplanade, Mumbai at 8.30 pm on 27.02.2026 for obtaining transit remand for his production before the learned Special Judge for Trial of Cases under Economic Offences, Hyderabad was well within 24 hours period required under Article 22(2) of the Constitution of India. The respondents were granted transit permit for 72 hours till 8.30 pm on 02.03.2026 for his production before the learned Special Judge for Trial of Cases under Economic Offences, Hyderabad. Thereafter, the petitioner No.1 was produced before the learned Special Judge for Trial of Cases under Economic Offences, Hyderabad on 01.03.2026 under Section 187(1) of the BNSS, 2023. Learned Special Judge has thereafter granted custodial interrogation of the petitioner No.1. The sequence of dates and events regarding the issuance of summons upon the authorized signatory of the company, authorisation for search, summons dated 26.02.2026 upon the petitioner No.1 and the consequent search on the premises of the company and recording of his statement as stated in the counter affidavit have not been refuted by filing any reply affidavit. The reliance on the

judgment in **Hem Prabhakar Shah** (supra) is of no help to the petitioner No.1. Even as per the case of **Hanumant Nazirkar** (supra), including the period of medical examination at Mumbai, the petitioner No.1 was produced before the learned Additional Chief Judicial Magistrate, Esplanade, Mumbai much before the expiry of 24 hours period. The arrest memo also shows that the petitioner No.1 was arrested at 5.50 am on 27.02.2026. The petitioner No.1 has also attested his signature on the arrest memo and receipt copy of it.

11. The authorisation of arrest dated 27.02.2026 shows that on the basis of evidence gathered during the investigation the company was found involved in operating illegal online gaming websites with the assistance of fintech companies including payment bank/aggregator, payment gateway and third party technology service providers of whom the petitioner No.1 is alleged to be the masterminded involved in the syndicate. An amount of Rs.3,000 crores approximately is involved. The tax involved is Rs.840 crores approximately. Therefore, the offence was committed by the petitioner No.1 under Section 132(1)(a) and 132(1)(i) of the CGST/SGST Act, 2017, which is cognizable and non-bailable offence, punishable with an imprisonment of a term that may extend upto 5 years and with fine, in terms of Section 132(5) of the said Act. Three programme managers/resellers with whom the company was associated

were found to be non-functioning and dummy during the process of investigation. It alleges that the company with the assistance of these programme managers/resellers opened bank accounts of large number of shell entities for movement of money from online gaming without payment of appropriate GST. As per the agreement signed between the company and its programme managers/resellers, the company was responsible for periodic inspections and audits of its merchant for associated risk monitoring. However, investigation revealed that no such inspections or audits were conducted by the company to identify risky merchants or shell entities involved in online money gaming syndicate which appeared to be a systemic failure on the part of the company due to involvement of petitioner No.1, who is the CEO of the company, in the online gaming syndicate. His recent visits abroad including foreign jurisdiction from where online gaming syndicate is operating, indicated his close association with the syndicate. Further, for onboarding of merchants, the Company has utilised the services of M/s.Adsum Advisory Services Private Limited, which was found to be involved in online gaming syndicate. Based on the aforesaid records the Additional Director General, DGGI, had reasons to believe that the petitioner No.1 is the mastermind of online real money gaming racket involving several shell entities and persons operating from foreign jurisdiction. He had

failed to cooperate in the ongoing investigation. Therefore, the authorisation of arrest was issued.

12. The grounds of arrest, which is annexed to the arrest memo, dated 27.02.2026, reads as under:

- Shri Rishi Gupta, CEO, M/s.Fino Payments Bank Limited is one of the masterminds involved in provision of online real money gaming services without issuance of invoices through various gaming websites/mobile apps and various shell entities under the disguise as merchant entities, program manager/resellers and evaded tax by not declaring the actual turnovers in the GST Returns of the merchant entities.

- In response to this office letter dated 19.01.2026 M/s.Fino Payments bank submitted invoices issued to two of the merchants viz., M/s.Oceanique Web Solutions Private Limited (in short 'M/s.Oceanique') and M/s.Webwin IT Hub Solutions Private Limited (in short 'M/s.Webwin').

- The entities M/s.Oceanique and M/s.Webwin were verified and found to be non-existent and a Panchanama in this regard has been drawn on 05.01.2026. Further, it was found that the said entities were involved in routing of funds by establishing platforms involved in providing taxable services (online money gaming) without issuance of invoices through the website/mobile apps 1. <https://funinmatch360.com/> and 2.Racejett.

- During inspection of M/s.Fino Payments Bank Limited dated 09.02.2026 they have provided details of program managers/resellers working with M/s.Fino Payments Bank Limited. Out of these, three resellers/program managers viz., M/s.PS Rao Digital Solutions (OPC) Private Limited, M/s.Billexpress Solutions Private Limited and M/s.Powerfin Technology Private Limited were found to be non operational/dummy entities established for routing of funds for online money gaming based on evidence obtained during proceedings.

- These program managers/resellers have onboarded around 36 shell entities through BAPA service of M/s.Fino Payments Bank Limited. Based on the evidences gathered it appears that they are involved in routing of money linked with online gaming.

- Upon analysis of GSTRI of M/s.Fino Payments Bank Limited, based on the taxable value of services provided by

M/s.Fino Payments Bank Limited to the above said merchants onboarded to M/s.Fino Payments Bank Limited through the three non-operation entities mentioned above, it is noticed that the taxable value is approximately Rs.28 crores during the period (01.10.2023 to 30.09.2025). If the service fees is assumed as 0.75% then the total amount received by those entities will be approximately Rs.3000 crores. Accordingly, the total amount of money routed through merchants linked to the online gaming resellers/program managers with M/s.Fino Payments Bank appears to be around 2500 crores. Evidence gathered during investigation pointed to identification of an organized syndicate involved in operating illegal online gaming websites with assistance of associated fintech companies including payment bank/aggregator, payment gateway and third party technology service providers, wherein Shri Rishi Gupta is one of the masterminds involved in this syndicate and the amount of tax involved is approximately Rs.840 crores (840 crores i.e., 28% of Rs.3,000 crores approx). Accordingly, it appears that the offence committed by Shri Rishi Gupta attracts the provisions of Section 132(1)(a) and 132(1)(i) of CGST/SGST Act, 2017 which caused huge loss to the Government Exchequer which is a cognizable and non-bailable offence and the same is punishable with an imprisonment of a term that may extend upto 5 years and with fine, in terms of Section 132(5) of the said Act.

- Three programme managers/resellers with whom M/s.Fino Payments Bank was associated were found to be non functioning and dummy during the process of investigation. Fino Payment Bank with the assistance of these program managers/resellers routed funds to large number of shell entities of online gaming without payment of appropriate GST. As per the agreement signed between Fino Payments Bank and its program manager/resellers, M/s.Fino Payments Bank was responsible for periodic inspections and audits of its merchant for associated risk monitoring. However, they have failed in their duty and it appears to be a systemic failure on part of M/s.Fino Payments Bank Limited in online gaming syndicate with involvement of top executive of the Bank i.e., CEO.

- Evidence gathered during investigation pointed to identification of an organized syndicate involved in operating illegal online gaming websites with assistance of associated fintech companies including payment aggregator, payment gateway, third party service provider and technology service providers, wherein Shri Rishi Gupta is one of the masterminds involved in this syndicate of Rs.3,000 crores and the amount of tax involved is Rs.840 crores approx (GST @28% on Rs.3000 crores approx). Accordingly the offence committed by Shri Rishi Gupta attracts the provisions of Section 132(1)(a) and 132(1)(i) of the CGST/SGST Act, 2017, which caused huge loss to the Government Exchequer

which is a cognizable and non-bailable offence and the same is punishable with an imprisonment of a term that may extend upto 5 years and with fine, in terms of Section 132(5) of the said Act.

13. The grounds of arrest shows that there were sufficient materials collected during investigation showing petitioner No.1 as one of the masterminds involved in the syndicate causing tax evasion of approximately Rs.840 crores (i.e., 28% of Rs.3,000 crores approximately) which attracted the provisions of Sections 132(1)(a) and 132(1)(i) of the CGST/SGST Act, 2017, which is a cognizable and non-bailable offence. It further indicates that the company was found to be associated with non-functioning and dummy program managers/ resellers. The company routed funds to a large number of shell entities of online gaming without payment of appropriate GST. It is pertinent to refer to provisions of Section 14A of the CGST Act, which provides that the company would be treated as a service provider for all the persons whose location is situated outside India. In **V.Senthil Balaji** (supra) relied upon by the respondents, it was observed that the requirement of Section 41A of the Code of Criminal Procedure, 1973 was not meant to apply to case involving economic offences. The same observation would apply to Section 35(3) of BNSS, 2023 i.e., certain categories of offences including economic offences like the present one.

14. Therefore, we are of the considered opinion that the petitioners have failed to make out any grounds to interfere in the matter. The allegation of violation of Article 22(2) of the Constitution of India is not made out. The grounds of arrest communicated to the petitioner No.1, shows that sufficient material were collected during investigation showing the involvement of petitioner No.1 in the offence under Section 132(1)(a) and 132(1)(i) of the CGST/SGST Act, 2017.

15. The writ petition being without merit, is, therefore, dismissed. There shall be no order as to costs.

Miscellaneous applications pending, if any, shall stand closed.

APARESH KUMAR SINGH, CJ

G.M.MOHIUDDIN, J

23.03.2026

Note: LR Copy be marked
(By order)
Pln