



2026:DHC:8308



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Date of Decision: 25.09.2026

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CNR No. DLHC010362432026

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BAIL APPLN. 3194/2026 & CRL.M.A. 24019/2026

ANURAG SINHA

.....Petitioner

Through: Mr. Arshdeep Singh Khurana, Mr.
Arjun Sawhney, Mr. Rohan Bhambri,
Mr. Arnav Gosain, Mr. Himanshu
Kasturi and Ms. Simran Khurana,
Advocates.

versus

DDGI, GURUGRAM ZONAL OFFICE

.....Respondent

Through: Ms. Vertika Sharma, Advocate.

CORAM: JUSTICE GIRISH KATHPALIA**J U D G M E N T (ORAL)**

1. The accused/applicant seeks enlargement on regular bail in File No. DGGI/124/2026-GR-O/o-ADG-DGGI-ZU-Gurugram for offence under Section 18(1)(a) of Health Security SE National Security Cess Act read with Section 9(1)(b) of Central Excise Act.

2. In furtherance of last order, learned counsel for accused/applicant



2026:DHC:8308



submits that the applicant was not successful in getting default bail.

3. I have heard learned counsel for accused/applicant and learned counsel for the respondent.

4. Broadly speaking, the circumstances relevant for present purposes are as follows.

4.1 From premises of the firm, in which the accused/applicant is a partner with his wife, certain machines and material were recovered in a raid conducted on the basis of secret information. According to the respondent, the recovered material shows that the accused/applicant was engaged in illegal production and sale of *pan masala* and *zarda*, and evaded cess and excise duty to the tune of approximately Rs. 66.55 crores, which is an offence under Section 19(1)(a) of the Health Security SE National Security Cess Act, 2025.

4.2 Initially, when this bail application was heard, learned Senior Counsel for accused/applicant had contended that the said Act has been declared unconstitutional by the Karnataka High Court in the case of ***Dhariwal Industries Pvt Ltd. & Ors. vs Union of India*** and it being a Central Enactment, the decision would prevail across the country, in view of ***Kusum Ingots & Alloys vs Union of India***, unless any other High Court takes a



2026:DHC:8308



contrary view or the said view is set aside by Karnataka High Court. But subsequently in the next hearing, it was informed by learned counsel for accused/applicant that by way of order dated 13.08.2026, a Division Bench of Karnataka High Court stayed operation of ***Dhariwal Industries*** (supra).

5. In the above backdrop, today it is submitted by learned counsel for accused/applicant that he is in custody since 10.07.2026 and the alleged offence is punishable with only five years imprisonment under Section 19(1)(a) of the Act. However, at the same time, learned counsel for accused/applicant, in all fairness, also points out that the offence under Section 9(1)(b) of the Central Excise Act also has been levelled against the accused/applicant and the same is punishable with imprisonment for a period of seven years.

6. Learned counsel for respondent opposes the bail application, submitting that it being the offence of evasion of cess and duty, the accused/applicant does not deserve bail. It is also submitted that if granted bail, the accused/applicant shall again indulge in same offence. However, it is also submitted by learned counsel for respondent that they have already seized the concerned machinery and have filed complaint which will take its due course.

7. I am of the *prima facie* view that merely by recovery and seizure of



2026:DHC:8308



machinery, it would not be scientific to compute the suspected evasion of cess and/or duty. On this aspect, learned counsel for respondent submits that the relevant rule, being Rule 32 of the HSNS Cess Rules, 2026, stipulates the computation formula, where the machinery is found to have been installed without getting the same registered. I am conscious that validity of the said Rule has not been challenged. But for the present limited purposes of ascertaining any justification to deprive the accused/applicant liberty in the case of the present nature, I am unable to convince myself about the rationale behind the mode of computation solely connected with the recovery of the machinery. However, at request of learned counsel for respondent, it is made clear that this is only a *prima facie* view, as the validity of the said Rule has not so far been challenged before the court of competent jurisdiction. It is also made clear that at the stage of framing charge or conclusion of trial, the learned trial court shall take an independent view on the basis of evidence adduced.

8. Then comes the apprehension of the respondent that once released on bail, the accused/applicant shall indulge again in a similar activity. To say the least, on the basis of such apprehension without any explicit basis and the admitted position of no antecedents, coupled with the already effected seizure of machinery the apprehension expressed cannot be a justified ground to deny liberty to the accused/applicant.



2026:DHC:8308



9. Considering the above circumstances, I find no reason to deprive the accused/applicant further liberty. Therefore, the bail application is allowed and accused/applicant is directed to be released on bail subject to his furnishing a personal bond in the sum of Rs.50,000/- with one surety in the like amount to the satisfaction of the Trial Court/Duty Magistrate. Accompanying application also stands disposed of.

10. A copy of this order be immediately transmitted to the concerned Jail Superintendent for informing the accused/applicant.

**GIRISH KATHPALIA
(JUDGE)**

SEPTEMBER 25, 2026/dr