



2026:KER:15130

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE MR. JUSTICE A. BADHARUDEEN

THURSDAY, THE 19TH DAY OF FEBRUARY 2026 / 30TH MAGHA, 1947

BAIL APPL. NO. 552 OF 2026

CRIME NO.1032/2024 OF CRIME BRANCH, THIRUVANANTHAPURAM,

Thiruvananthapuram

PETITIONER/ACCUSED NO.1:

N. BASURANGAN
AGED 71 YEARS, S/O.NARAYANAN
RESIDING AT 'BHASURA', MARANALLOOR P.O., KOOVALASSERY,
THIRUVANANTHAPURAM DISTRICT, PIN - 695512
BY ADVS.
SHRI.ARUN KRISHNA DHAN
SRI.ARJUN SREEDHAR
SHRI.T.K.SANDEEP
SMT.SWETHA R.
SHRI.HARIKRISHNAN P.B.

RESPONDENT/COMPLAINANT & STATE:

STATE OF KERALA
REPRESENTED BY PUBLIC PROSECUTOR, HIGH COURT OF KERALA,
ERNAKULAM, PIN - 682031
BY SPL.PUBLIC PROSECUTOR SRI.RAJESH A,
SR.PUBLIC PROSECUTOR SMT.REKHA.S

THIS BAIL APPLICATION HAVING COME UP FOR ADMISSION ON
10.02.2026, THE COURT ON 19.02.2026 PASSED THE FOLLOWING:

CR

ORDER

Dated this the 19th day of February, 2026

This is an application for anticipatory bail filed by the petitioner, who is the 1st accused in Crime No.1032/2024 of Crime Branch, Thiruvananthapuram, where the prosecution alleges commission of offences punishable under Sections 120B, 201, 406, 409, 420, 465 and 475 of the Indian Penal Code and under Section 13(1)(a) r/w 13(2) of the Prevention of Corruption Act, 1988, by the accused persons.

2. The prosecution case, in brief, is that the 1st accused, being the elected President of Kandala Service Co-operative Society T No.197 of Thiruvananthapuram District, and accused Nos.2 to 5, who served as Secretaries of the bank during the period from 2005 to 2022, along with accused Nos.6 to 17, who were the elected members of the Board of Directors during the said period, being public

servants, with the intention to deceive the depositors, conspired together and floated various deposit schemes by offering exorbitant rates of interest without obtaining sanction from the Co-operative Registrar. Thereafter, in contravention of the existing statutory provisions, the accused indulged in unauthorised appointment of staff, unauthorised constructions, grant of loans to their henchmen without obtaining proper collateral securities, diversion of funds to Maranalloor Milk Co-operative Society, and other unauthorised acts. These overt acts resulted in bankruptcy of the Society, and consequently the deposits entrusted with the accused were misappropriated by them for their own use. The total amount eroded due to the acts of the accused comes to ₹1,01,00,67,858 (Rupees One hundred and one crore sixty-seven thousand eight hundred and fifty-eight only).

3. The learned counsel for the petitioner seeks

anticipatory bail on the submission that the petitioner is innocent and he is aged 71 years. According to the learned counsel, the petitioner got involved in 66 cases, and one among the same is a case registered by the ED. The petitioner had been in custody for a substantial period in the said crime, though he was granted regular bail later. Then, he was granted anticipatory bail by the Hon'ble Apex Court in some cases. Thus, by offering co-operation in the matter of investigation, the learned counsel counsel for the petitioner pressed for relief of pre-arrest bail to the petitioner.

4. The learned Public Prosecutor strongly opposed bail and zealously urged the necessity of custodial interrogation of the petitioner, in a case involving a very gigantic amount of misappropriation.

5. The contentions raised by the prosecution as could be seen from paragraph Nos.4 to 14 of the statement

filed by the Investigating Officer are as under:

“4. Kandala Service Co-operative Bank Ltd No T.197 was registered under Kerala Co-operative Societies Act 1969 and is situated at Kandala in Neyyattinkara Taluk of Thiruvananthapuram District. Serious allegations of misappropriation and payment default to the investors led to the registration of 66 cases at Maranalloor Police Station within Thiruvananthapuram Rural District from 01/07/2023 to till date. All these cases are registered upon individual complaints of account holders except this case. This case was registered on 26/07/2024 at Maranalloor Police Station on the basis of the report of Joint Registrar (General) of Co-Operative Society. The Petitioner was the Elected President of the Kandala Co-Operative Bank for the last 30 years and he is the prime accused in all these cases.

5. State Police Chief vide Order No.D3-167265/2023/PHQ, dtd.09.10.2023 and Order No: D3-167265/2023/PHQ dated 04/07/2024, have transferred investigation of all these

cases to Crime Branch CID. Accordingly, all these cases are re-registered at Crime Branch Police Station (Headquarters) and thereafter forwarded to CBCU-IV, Thiruvananthapuram for investigation.

6. In consequences of the registration of crimes against the petitioner at Maranalloor P.S. during the year 2023, the petitioner approached the Hon. High Court of Kerala for filing anticipatory bail applications in Crime No.726/23,727/23,744/23,747/23,748/23 and 754/23 (Crime Branch Cr.3050/23,3051/23,3052/23,3053/23,3054/23 and 3055/23) and which came to be dismissed by a common order dated 21/12/2023, where upon the petitioner filed SLP (Special Leave Petition) (crl) No.403 to 408 of 2024 before the Honourable Supreme Court of India.

The Honourable Supreme Court of India by order dated 25/02/2025 granted anticipatory bail to the petitioner in the above six cases. On the basis of the bail conditions the petitioner appeared before the

Investigation Officer and arrest recorded and bailed the petitioner.

7. *Moreover, the Audit and Enquiries conducted by the Co-operative Department under The Kerala Co-operative Societies Act 1969 reveals that Rs. 101,00,67,858 were misappropriated by the accused together which results in bankruptcy. A1, Basurangan, the President of Society who was at the realms of Kandala Service Co-operative Bank Ltd No.197, with the connivance of other accused floated various schemes of deposits by offering exorbitant interest rates without the sanction of Co-operative Registrar. The money thus collected was siphoned to his relatives and friends by way of loans without proper collaterals. A1, without obtaining sanction from the Registrar and in contravention Circular No.18/91 of Registrar of Co-operative Society with regard to the recruitment for appointment of employees in Co-operative Institutions appointed his henchmen and paid them high salaries which also led to the downfall of Bank. Rupees 85*

Lakhs was diverted to Maranalloor Milk Co-operative Society in which Al is holding the post of President without sanction from Competent Authorities. Enquiries conducted U/s 65 & 68(1) of Kerala Co-operatives Societies Act 1969 reveals wide spread corruption, misappropriation, nepotism and diversion of funds.

8. In continuation of the Sec.65 Enquiry under the Co-operative Societies Act 1969, Surcharge under 68(1) of Co-operative Societies Act 1969 revealed that the wrongful actions and inactions from the part of the Petitioner has caused a loss of Rs.51,11,3621.64 to the Society and the same is imposed as the liability of the Petitioner.

9. The unauthorised appointments of his henchmen without the sanction of Co-operative Registrar, diversion of funds, issuance of multiple loans on single collaterals, non-recovery of dues from loanees and monthly deposit scheme defaulters are revealed from the part of Petitioner during enquiry.

10. *This case and other cases investigated in this unit are under investigation and the scam is around Rs. 101 crores dating back from 2002, there requires sufficient time to unearth the Mystery behind the scam.*

11. *There are 17 accused in this case, the first Accused is the petitioner. During the investigation in cr:- 3062/CB/CU-IV/TVM/R/2023 U/S 409,420 & 34 IPC & Sec. 3 r/w 21, 5 r/w 23 of Buds Act 2019 under this unit investigation officer Detective Inspector Sherry.A.K arrested the accused A3 & A5 on 16.12.2025 and produced before the Hon.Adh.Dist.sessions Court V, Thiruvananthapuram and they were remanded. In this case A3 and A5 are formal arrested on 20/12/2025 and obtained bail from the Hon.Adh.Dist.sessions Court V, Thiruvananthapuram. During the investigation A4 & A14 expired. The remaining accused are yet to be arrested.*

12. *The Directorate of Enforcement registered ECIR bearing No.ECIR/KCZO/42/2023 against the*

petitioner alleging commission of offence under Prevention of Money Laundering Act, 2002 and arrested the petitioner on 21.11.2023, and the petitioner was granted bail by the Honourable High Court of Kerala on 16/01/2025

13. The petitioner N Basurangan, is an influential Politician who has been the President of Kandala Service Co-operative Bank for the last 30 years. In the event of petition being allowed it will certainly hamper effective investigation and the accused is served with an opportunity to conceal proceeds of crime which will jeopardize the efforts of investigating agencies to unearth the assets accumulated by the petitioner.

14. Interrogation is highly necessary to unravel the complete chain of transactions associated with Kandala Service Co-operative bank. As the economic offences involve a deep routed conspiracy, including huge loss of funds the presence of accused is inevitable for investigation.”

6. On perusal of the prosecution allegation in the present case, the allegation is confined to ₹1,01,00,67,858 (Rupees One hundred and one crore sixty-seven thousand eight hundred and fifty-eight only) and the prosecution case specifically is that the accused persons collected and siphoned money to his relatives and friends without proper collateral securities and without obtaining sanction from the Registrar of Co-operative Society. It is alleged further that in this case, the accused and other accused persons diverted ₹85 Lakh to Maranalloor Milk Co-operative Society where the 1st accused has been holding the post of President without sanction from the competent authorities. Enquiries conducted under Sections 65 and 68(1) of the Kerala Co-operative Societies Act, 1969 (for short, 'the Act, 1969' hereinafter) revealed wide spread corruption, misappropriation, nepotism and diversion of funds.

7. Similarly, after the enquiry under Sections 65 and

68(1) of the Act, 1969, it was found that due to wrongful actions and inaction on the part of the petitioner, a loss of ₹51,11,3621.64 (Rupees Fifty-one crore eleven lakh three thousand six hundred twenty-one and sixty-four paise only) is found as the liability of the petitioner. It is also alleged that unauthorized appointments of henchmen were made without the sanction of the Registrar of Co-operative Society, funds were diverted, multiple loans were issued on a single collateral, dues were not recovered from loanees, and defaults occurred in the monthly deposit scheme. In such a case, accused Nos.3 and 5 have been arrested and are in custody, but others are yet to be arrested.

8. It is noticeable from the report of the Investigating Officer that in six crimes, the Hon'ble Apex Court granted anticipatory bail to the petitioner, as submitted by the learned counsel for the petitioner. Annexure II is the order of the Hon'ble Apex Court.

9. Here, the allegations specifically is that ₹1,01,00,67,858 (Rupees One hundred and one crore sixty-seven thousand eight hundred and fifty-eight only) were misappropriated and the allegations are very serious. As held in the decision in **Serious Fraud Investigation Office v. Aditya Sarda** reported in [2025 INSC 477], economic offences are a class apart and require custodial interrogation/investigation and should not routinely attract anticipatory bail. Paragraph Nos.18 to 23 of the said decision read as follows:

*“18. Now, so far as anticipatory bail is concerned, this Court has consistently emphasized that anticipatory bail should not be granted as a matter of routine, particularly in serious economic offences, involving large scale fraud, public money or complex financial crimes. In **P. Chidambaram vs. Directorate of Enforcement**, it was observed as under: -*

Grant of anticipatory bail in exceptional cases

69. Ordinarily, arrest is a part of procedure of the investigation to secure not only the presence of the accused but several other purposes. Power under Section 438 CrPC is an extraordinary power and the same has to be exercised sparingly. The privilege of the pre-arrest bail should be granted only in exceptional cases. The judicial discretion conferred upon the court has to be properly exercised after application of mind as to the nature and gravity of the accusation; possibility of the applicant fleeing justice and other factors to decide whether it is a fit case for grant of anticipatory bail....

70.

71. Article 21 of the Constitution of India states that no person shall be deprived of his life or personal liberty except according to procedure prescribed by law. However, the power conferred by Article 21 of the Constitution of India is not unfettered and is qualified by the later part of the Article i.e. "...except according to a procedure prescribed by law". In *State of M.P. v. Ram Kishna Balothia* [*State of M.P. v.*

Ram Kishna Balothia, (1995) 3 SCC 221: 1995 SCC (Cri) 439] , the Supreme Court held that the right of anticipatory bail is not a part of Article 21 of the Constitution of India and held as under: (SCC p. 226, para 7)

7. ... 'We find it difficult to accept the contention that Section 438 of the Code of Criminal Procedure is an integral part of Article 21. In the first place, there was no provision similar to Section 438 in the old Criminal Procedure Code. The Law Commission in its 41st Report recommended introduction of a provision for grant of anticipatory bail. It observed:

We agree that this would be a useful advantage. Though we must add that it is in very exceptional cases that such power should be exercised.

In the light of this recommendation, Section 438 was incorporated, for the first time, in the Criminal Procedure Code of 1973. Looking to the cautious

recommendation of the Law Commission, the power to grant anticipatory bail is conferred only on a Court of Session or the High Court. Also, anticipatory bail cannot be granted as a matter of right. It is essentially a statutory right conferred long after the coming into force of the Constitution. It cannot be considered as an essential ingredient of Article 21 of the Constitution. And its non-application to a certain special category of offences cannot be considered as violative of Article 21.

(emphasis supplied)

72. *We are conscious of the fact that the legislative intent behind the introduction of Section 438 CrPC is to safeguard the individual's personal liberty and to protect him from the possibility of being humiliated and from being subjected to unnecessary police custody. However, the court must also keep in view that a criminal offence is not just an offence against an individual, rather the larger*

societal interest is at stake. Therefore, a delicate balance is required to be established between the two rights—safeguarding the personal liberty of an individual and the societal interest. It cannot be said that refusal to grant anticipatory bail would amount to denial of the rights conferred upon the appellant under Article 21 of the Constitution of India.

73. to 76.....

77. After referring to *Siddharam Satlingappa Mhetre [Siddharam Satlingappa Mhetre v. State of Maharashtra, (2011) 1 SCC 694 : (2011) 1 SCC (Cri) 514]* and other judgments and observing that anticipatory bail can be granted only in exceptional circumstances, in *Jai Prakash Singh v. State of Bihar [Jai Prakash Singh v. State of Bihar, (2012) 4 SCC 379 : (2012) 2 SCC (Cri) 468]*, the Supreme Court held as under: (SCC p. 386, para 19)

19. Parameters for grant of anticipatory bail in a serious offence are required to be satisfied and further while granting such relief, the court must record the reasons

therefor. Anticipatory bail can be granted only in exceptional circumstances where the court is prima facie of the view that the applicant has falsely been enroped in the crime and would not misuse his liberty. (See D.K. Ganesh Babu v. P.T. Manokaran [D.K. Ganesh Babu v. P.T. Manokaran, (2007) 4 SCC 434: (2007) 2 SCC (Cri) 345], State of Maharashtra v. Mohd. Sajid Husain Mohd. S. Husain [State of Maharashtra v. Mohd. Sajid Husain Mohd. S. Husain, (2008) 1 SCC 213: (2008) 1 SCC (Cri) 176] and Union of India v. Padam Narain Aggarwal [Union of India v. Padam Narain Aggarwal, (2008) 13 SCC 305: (2009) 1 SCC (Cri) 1].)

Economic offences

78. Power under Section 438 CrPC being an extraordinary remedy, has to be exercised sparingly; more so, in cases of economic offences. Economic offences stand as a different class as they affect the economic fabric of the society. In Directorate of Enforcement v. Ashok Kumar Jain

[Directorate of Enforcement v. Ashok Kumar Jain, (1998) 2 SCC 105: 1998 SCC (Cri) 510], it was held that in economic offences, the accused is not entitled to anticipatory bail.

19. In Y.S. Jagan Mohan Reddy vs. Central Bureau of Investigation, it was observed as under: -

34. Economic offences constitute a class apart and need to be visited with a different approach in the matter of bail. The economic offences having deep-rooted conspiracies and involving huge loss of public funds need to be viewed seriously and considered as grave offences affecting the economy of the country as a whole and thereby posing serious threat to the financial health of the country.

35. While granting bail, the court has to keep in mind the nature of accusations, the nature of evidence in support thereof, the severity of the punishment which conviction will entail, the character of the accused, circumstances which are peculiar to the accused, reasonable possibility of securing the presence of the accused at the trial, reasonable apprehension

of the witnesses being tampered with, the larger interests of the public/State and other similar considerations.

20. *In **Nimmagadda Prasad vs. Central Bureau of Investigation**, it was observed as under: -*

23. *Unfortunately, in the last few years, the country has been seeing an alarming rise in white-collar crimes, which has affected the fibre of the country's economic structure. Incontrovertibly, economic offences have serious repercussions on the development of the country as a whole. In State of Gujarat v. Mohanlal Jitamalji Porwal [(1987) 2 SCC 364: 1987 SCC (Cri) 364] this Court, while considering a request of the prosecution for adducing additional evidence, inter alia, observed as under: (SCC p. 371, para 5)*

5. ... The entire community is aggrieved if the economic offenders who ruin the economy of the State are not brought to book. A murder may be committed in the heat of moment upon passions being aroused. An economic offence is

committed with cool calculation and deliberate design with an eye on personal profit regardless of the consequence to the community. A disregard for the interest of the community can be manifested only at the cost of forfeiting the trust and faith of the community in the system to administer justice in an even-handed manner without fear of criticism from the quarters which view whitecollar crimes with a permissive eye unmindful of the damage done to the national economy and national interest.

21. Recently in **Srikant Upadhyay and Others vs. State of Bihar and Another**, a very pertinent observations have been made with regard to the powers of the Court to grant anticipatory bail under Section 438 of CrPC. It has been observed that -

9. It is thus obvious from the catena of decisions dealing with bail that even while clarifying that arrest should be the last option and it should be restricted to cases where arrest is imperative in the facts and

circumstances of a case, the consistent view is that the grant of anticipatory bail shall be restricted to exceptional circumstances. In other words, the position is that the power to grant anticipatory bail under Section 438, Cr. PC is an exceptional power and should be exercised only in exceptional cases and not as a matter of course. Its object is to ensure that a person should not be harassed or humiliated in order to satisfy the grudge or personal vendetta of the complainant. (See the decision of this Court in HDFC Bank Ltd. v. J.J.Mannan & Anr.4).

10. When a Court grants anticipatory bail what it actually does is only to make an order that in the event of arrest, the arrestee shall be released on bail, subject to the terms and conditions. Taking note of the fact the said power is to be exercised in exceptional circumstances and that it may cause some hindrance to the normal flow of investigation method when called upon to exercise the power under Section 438 Cr.PC, courts must keep reminded of the position that law aides

only the abiding and certainly not its resistant. By saying so, we mean that a person, having subjected to investigation on a serious offence and upon making out a case, is included in a charge sheet or even after filing of a refer report, later, in accordance with law, the Court issues a summons to a person, he is bound to submit himself to the authority of law. It only means that though he will still be at liberty, rather, in his right, to take recourse to the legal remedies available only in accordance with law, but not in its defiance. We will dilate this discussion with reference to the factual matrix of this case. However, we think that before dealing with the same, a small deviation to have a glance at the scope and application of the provisions under Section 82, Cr.PC will not be inappropriate.

11 to 24.....

25. We have already held that the power to grant anticipatory bail is an extraordinary power. Though in many cases it was held that bail is said to be a rule, it cannot, by

any stretch of imagination, be said that anticipatory bail is the rule. It cannot be the rule and the question of its grant should be left to the cautious and judicious discretion by the Court depending on the facts and circumstances of each case. While called upon to exercise the said power, the Court concerned has to be very cautious as the grant of interim protection or protection to the accused in serious cases may lead to miscarriage of justice and may hamper the investigation to a great extent as it may sometimes lead to tampering or distraction of the evidence. We shall not be understood to have held that the Court shall not pass an interim protection pending consideration of such application as the Section is destined to safeguard the freedom of an individual against unwarranted arrest and we say that such orders shall be passed in eminently fit cases. At any rate, when warrant of arrest or proclamation is issued, the applicant is not entitled to invoke the extraordinary power. Certainly, this will

not deprive the power of the Court to grant pre-arrest bail in extreme, exceptional cases in the interest of justice. But then, person(s) continuously, defying orders and keep absconding is not entitled to such grant.

22. In **Prem Shankar Prasad vs. State of Bihar and Another**, this Court, disapproving the Order passed by the High Court granting anticipatory bail to the accused though the proceedings under Section 82/83 CrPC were initiated, observed as under: -

10.....

10.1.....

10.2. Despite the above observations on merits and despite the fact that it was brought to the notice of the High Court that Respondent 2- accused is absconding and even the proceedings under Sections 82/83CrPC have been initiated as far back as on 10-1-2019, the High Court has just ignored the aforesaid relevant aspects and has granted anticipatory bail to Respondent 2-accused by observing that the nature of accusation is arising out of a business transaction. The

specific allegations of cheating, etc. which came to be considered by the learned Additional Sessions Judge has not at all been considered by the High Court. Even the High Court has just ignored the factum of initiation of proceedings under Sections 82/83CrPC by simply observing that “be that as it may”. The aforesaid relevant aspect on grant of anticipatory bail ought not to have been ignored by the High Court and ought to have been considered by the High Court very seriously and not casually.

10.3.....

11. Thus, the High Court has committed an error in granting anticipatory bail to Respondent 2- accused ignoring the proceedings under Sections 82/83 Code of Criminal Procedure.

ANALYSIS:

23. *In view of the above settled legal position, it is no more res integra that economic offences constitute a class apart, as they have deep rooted conspiracies involving huge loss of public funds, and therefore such offences need to be viewed seriously. They are*

considered as grave and serious offences affecting the economy of the country as a whole and thereby posing serious threats to the financial health of the country. The law aids only the abiding and certainly not its resistants. When after the investigation, a chargesheet is submitted in the court, or in a complaint case, summons or warrant is issued to the accused, he is bound to submit himself to the authority of law. If he is creating hindrances in the execution of warrants or is concealing himself and does not submit to the authority of law, he must not be granted the privilege of anticipatory bail, particularly when the Court taking cognizance has found him prima facie involved in serious economic offences or heinous offences. In such cases when the court has reason to believe that the person against whom the warrant has been issued has absconded or is concealing himself so that warrant could not be executed, the concerned court would be perfectly justified in initiating the proclamation proceedings against him under Section 82 Cr.P.C. The High Courts should also consider the factum of issuance of non-bailable warrants and initiation of proclamation proceedings seriously and not casually, while considering the anticipatory bail application of such

accused.”

10. Economic offences of this nature are of special significance, and the specific need of the prosecution and the investigating agency to conduct custodial interrogation of the petitioner for the purposes espoused is significant, as stated in paragraph 14 of the statement filed by the Investigating Officer. Most importantly, the facts of this particular case would *prima facie* show misappropriation of more than **Hundred Crores**, where the petitioner is the prime accused. If the prime accused involved in a huge scam/economic offence is granted anticipatory bail, effective investigation could not be materialised, as apprehended by the prosecution.

11. In such a case, the grant of anticipatory bail would definitely hamper the investigation. In view of the particular facts of the case, this Court is not inclined to grant anticipatory bail to the petitioner, since the same would

destroy the investigation. Therefore, this petition is liable to fail and is accordingly dismissed.

There shall be a direction to the petitioner to surrender before the Investigating Officer forthwith, and on failure to do so, the Investigating Officer shall proceed against the petitioner in accordance with law to effectuate meaningful investigation with a view to accomplish successful prosecution.

Sd/-
A. BADHARUDEEN
JUDGE

Bb