

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE MR. JUSTICE A. BADHARUDEEN

WEDNESDAY, THE 27<sup>TH</sup> DAY OF AUGUST 2025 / 5TH BHADRA,

1947

BAIL APPL. NO. 9746 OF 2025

CRIME NO.VC/06/2025/SIU-1/2025 OF VACB,

THIRUVANANTHAPURAM

PETITIONER/2ND ACCUSED:

PRAVEEN RAJ  
AGED 38 YEARS  
S/O. THANKARAJ, KOVILUVILA VEEDU,  
KOVILUVILA TOWN WARD, KANJIRAMKULAM,  
THIRUVANANTHAPURAM DISTRICT, PIN - 695133.

BY ADVS.  
SHRI.SREEJITH S. NAIR  
SHRI.SASTHAMANGALAM S. AJITHKUMAR (SR.)  
SRI.SATHEESH MOHANAN  
SMT.MAHIMA

RESPONDENT/COMPLAINANT:

STATE OF KERALA  
REPRESENTED BY THE PUBLIC PROSECUTOR,  
HIGH COURT OF KERALA, ERNAKULAM, PIN -  
682031.

ADV. SASTHAMANGALAM S.AJITH KUMAR (SR.)  
SPL PP FOR VACB ADV.RAJESH.A,  
SR. PP FOR VACB ADV.REKHA.S VACB

THIS BAIL APPLICATION HAVING COME UP FOR  
ADMISSION ON 12.08.2025, THE COURT ON 27.08.2025  
DELIVERED THE FOLLOWING:



2025:KER:65904

B.A.No.9746/2025

: 2 :

**“C.R”**

***A. BADHARUDEEN, J.***

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*B.A. No.9746 of 2025*

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*Dated this the 27<sup>th</sup> day of August, 2025*

**O R D E R**

This Bail Application has been filed by the 2<sup>nd</sup> accused in Crime No.VC/06/2025SIU-1 of 2025 of VACB, Thiruvananthapuram, seeking pre-arrest bail.

2. Heard the learned counsel for the petitioner and the learned Special Public Prosecutor representing the VACB.

3. Perused the records placed by the learned counsel for the petitioner and the records placed by the learned public prosecutor.

4. The prosecution case as per the FIR runs as under;

The 1<sup>st</sup> and 2<sup>nd</sup> accused while working as Industries Extension Officers (IEO) in the Industries Department who were responsible for implementing development schemes and are entrusted with the authority to grant loan subsidies to women under the BPL category (General) and the



implementing officers of the project No. SO, 760/22 of Thiruvananthapuram Corporation, entered into a criminal conspiracy among themselves and others for implementing the self employment beneficiary group scheme and with the intention to cheat and cause wrongful loss to the government, fraudulently prepared forged documents and misappropriated funds by creating false records, manipulated the list of eligible beneficiaries for the subsidy under the scheme, and created fake bills and other documents, disbursed subsidies to these fake beneficiaries, who were not entitled to receive any benefits, during the financial year 2021-2022. They were alleged to have misappropriated a total amount of Rs 1.14 Crores during the period of 1<sup>st</sup> accused from September 2021 to March 2022 and during the period of the 2<sup>nd</sup> accused from March 2021 to September 2021. Loans were granted to ineligible women who were not enlisted in the beneficiaries list approved by the Corporation Council and without verifying the authenticity of the documents submitted by them, violating the procedures and the guidelines of the scheme, by abusing their official position, dishonestly and fraudulently committed criminal misappropriation, breach of trust and by forging the documents, used such



documents as genuine and granted subsidy to those illegal beneficiaries. Subsequently, the officials caused disappearance of documents by willfully misplacing the original records from the said file which caused the issuance of the loan subsidy and thereby government had sustained a wrongful loss of Rs 1.14 Crore and corresponding gain to accused and thus thereby the accused are alleged to have committed the offences punishable U/s 13 (2) r/w 13 (1) (a) of PC (Amendment) Act 2018 and 409, 420, 468, 471, 120(B) & 34 IPC.

5. The learned counsel for the petitioner urged the following grounds while seeking anticipatory bail to the petitioner.

*“A. It is pertinent to note that Annexure A2 is the treasury bill book, and if the petitioner authorises any loans during the alleged relevant period, there will be an entry by his name. No transactions were made by the petitioner during the alleged period of time. As there were no funds, the scheme was not implemented during the relevant period.*

*B. Another allegation against the petitioner that he implemented the scheme and authorised beneficiaries who are not approved by the corporation*



*counsel is false. Anx. A3 is the list of beneficiaries, and the petitioner only implemented the scheme as per the list.*

*C. There is no iota of evidence stated in Annexure A5 remand report against the petitioner.*

*D. The petitioner is totally innocent of the offences alleged against him, and the same could be proved at the time of trial.*

*E. It is submitted that the FIR was registered on 14.05.2025 and the Investigating Officer had sufficient time to investigate the same, and there also does not arise any scope for custodial interrogation of the petitioner or to affect any recovery from the petitioner.*

*F. It is further submitted that the petitioner himself appeared before the investigating Officer on receiving notice, which shows his good intent to cooperate with the investigation, and there is no chance of his absconding even if the petitioner is enlarged on bail.*

*G. It is submitted that on perusal of the allegations mentioned in the FIR, there is no criminal misconduct on the part of the petitioner and there is*



only a violation of departmental norms.

*H. The petitioner is ready to abide any conditions that may be imposed by this Honourable Court for bail and is also ready to produce solvent sureties to the satisfaction of this Honourable Court.*

*I. The petitioner has not filed any other bail application before this Hon'ble Court or any other Court. The petitioner will not file any other application for bail during the pendency of this application, and no bail application filed by the petitioner is pending consideration before any court or the Honourable High Court other than this petition for bail."*

6. According to the learned counsel for the petitioner, for the above reasons if the petitioner would be released on anticipatory bail, he would co-operate with the investigation and he is ready to abide by any condition as a pre-requisite for grant of pre-arrest bail that may be imposed, while granting anticipatory bail.

7. Whereas the learned Public Prosecutor strongly opposed grant of bail on the submission that petitioner's role in this crime is well established, *prima facie*, as he did not interview the beneficiaries in each group. Further without verifying the authenticity of the documents by physically



verifying the same and also without physically verifying whether the group ventures were started and whether they had availed any loan from banks for starting the ventures and thereby they have alleged to be misappropriated a total amount of Rs.1.14 crores during the period of 1<sup>st</sup> accused from September, 2021 to March, 2022 and during the period of the 2<sup>nd</sup> accused from March, 2021 to September, 2021, as per project No.SO. 760/2022 of Thiruvananthapuram Corporation. In the report filed by the investigating officer, the role of the petitioner has been narrated in paragraphs 8, 9, 11 and 12, which read as under:

*“8. As per Project Number SO 760/22 of Thiruvananthapuram Corporation, Rs.1.20 crore was allocated in the financial year 2021-22 and it spent a total of Rs.1.14 crore, distributing Rs.3 lakh each to 38 groups. It has come out during investigation that the Groups were identified and selected by the then IEO Sri Praveenraj (A2/petitioner herein) without interviewing the beneficiaries in each groups, without verifying the authenticity of the documents, without physically verifying whether the group ventures were started and whether they had availed any loan from bank for starting the ventures etc.. During the Preliminary Enquiry it has come to light that the members of the groups in SO 760/22 had also received self-employment benefits under Project Number SO 46/21 in the 2020-21 financial year and that even JLG groups which were not included in the beneficiary*



*list were selected for the project.*

*9. It is submitted that as project implementation officer, it is the 2<sup>nd</sup> accused who selected the beneficiaries illegally as part of the criminal conspiracy with A3 Sindhu (former SC Promoter Thiruvananthapuram Corporation, A2 in VC 01/2024/SIU-1) and A4 Ajitha (A3 in VC 01/2024/SIU-1) which paved the way for the transaction of the government money to the SB accounts of the JLGs who were not listed in the authorized beneficiary list of the Thiruvananthapuram Corporation. On the contrary, the beneficiaries in various JLGs of the Thiruvananthapuram Corporation are not matching with the beneficiaries of the respective groups in the Bank. It is for the implementing officer to ensure that the projects are properly monitored, verified, whether loans were given by the bank and the group ventures have been initiated or not. It is for the 2<sup>nd</sup> accused/petitioner to verify the genuineness of the documents submitted by the beneficiaries for the project at the 1<sup>st</sup> instance itself. With a common intent to obtain unlawful gain for himself and for A3 and A4 they entered into a criminal conspiracy and thereby misappropriated the Government money, based on the fraudulent documents and against the existing government procedures and guidelines. This resulted in the transfer of money from Thiruvananthapuram Corporation into the hands of the fake beneficiaries who had only opened SB accounts in the bank and later into the hands of A3 Sindhu through her firm named Aswathy suppliers. The investigation revealed that there was no such firm and was actually a paper created one for the alleged purpose.*





*11. A1 and A2 who are government officials and were entrusted with the implementation of the government projects are duty bound to act in accordance with the government guidelines, issued from time to time. The other accused were private persons who colluded with the A1 and A2 with their common intention to misappropriate the government fund.*

*12. It is submitted that A2 Praveenraj was arrested on 30.07.2025 and was produced before the Enquiry Commissioner and Special Judge (Vigilance) Court and was enlarged on interim bail on the said day which was made absolute on the next day stating that the procedures of arrest were not properly complied with. It is submitted that during the time of arrest itself, grounds of arrest were communicated and A2 and he had acknowledged the same. The learned Special Judge has observed that the copy of remand report was not served on the accused and the arrested persons were granted with interim bail on the said day. It is submitted that the remand report was not served on to all accused except three only due to some technical reasons. Three copies were kept for the reference for the defense counsel, but they insisted copies for all the accused which could not be issued on the date of arrest since the accused persons were produced before the Court during night hours. It is also submitted that the Special Judge on a finding that since the arrest of the accused is by not following the procedures/guidelines of arrest, there is no necessity to enlarge the accused on bail and they were set free. The Special Judge has given liberty to the Investigating agency to arrest the accused persons*



*following the mandatory guidelines.”*

8. It is specifically submitted by the learned Public Prosecutor relying on the report that the petitioner has involvement in multiple crimes and in this regard the learned Special Public Prosecutor pointed out the narration in paragraphs 13, 14 and 15 of the report of the investigating officer, which read as under:

*“13. It is submitted that aggrieved by the said order, the petitioner/2<sup>nd</sup> accused herein approached this Hon'ble Court with a prayer to release him on anticipatory bail. It is submitted that the petitioner/2<sup>nd</sup> accused Praveenraj was arrayed as 1<sup>st</sup> accused in Crime No 721/2022 registered by the Museum Police Station. He was arrested by Museum police and was remanded to judicial custody. Later, this case was transferred to Vigilance and is re-registered in this unit as VC 01/2024/SIU-1 for offences U/s 13 (2) r/w 13. (1) (a) of PC (Amendment) Act 2018 and 409, 420, 468, 471, 120(B) & 34 IPC against the implementation of Project No 38/2021 & 1054/21 of Thiruvananthapuram Corporation, for an amount of Rs 1,26,00000 and the case is under investigation.*

*14. It is submitted further that the 2<sup>nd</sup> accused/petitioner Praveenraj is arrayed as 3<sup>rd</sup> accused in Vizhinjam PS Crime 1975/2024, U/S 406, 465, 468, 471, 420 and 34 IPC against the implementation of the Thiruvananthapuram Corporation Project.*

*15. Further, he is also a Suspect Officer in the Vigilance Enquiry (VE 02/2025/SIU-1) regarding the implementation*



*of project No 46/21, 613/22 of Rs 4.32 Crore of Thiruvananthapuram Corporation which pending enquiry with this unit.”*

9. Thus the sum and substance of the argument tendered by the learned Special Public Prosecutor is that in this case, misappropriation of a total amount of Rs.1.14 crores was done by the petitioner/2<sup>nd</sup> accused and the 1<sup>st</sup> accused together. Therefore, the arrest and custodial interrogation of the petitioner/2<sup>nd</sup> accused are necessary to investigate the case properly. According to the learned Special Public Prosecutor, even though the petitioner was arrested earlier and produced before the Special Court, the Special Court found fault with the procedure of arrest and thereby the accused was not remanded to judicial custody. Accordingly, earlier interim bail granted to the petitioner was made absolute with liberty to the investigating officer to arrest the petitioner following the ratio in [2025 (2) KLT 817 : 2025 (3) KHC 221], ***Babu M v. State of Kerala & Anr.***

10. First of all, I shall address, whether the petitioner herein would deserve anticipatory bail? Going by the prosecution allegation as could be gathered from the records, including the report of the investigating officer, the petitioner has involvement in the



misappropriation of Rs.1.14 crores, which he alleged to have allotted illegally to the group ventures without interviewing the beneficiaries, without verifying the authenticity of the documents by physically verifying the same and without verifying whether they had availed any loan for starting the ventures from any bank. Even though it is argued by the learned counsel for the petitioner that there is no iota of evidence to see that the petitioner has implemented the scheme and authorised the beneficiaries, who were not approved by the corporation, the petitioner would admit that there are violation of department norms as stated in Ground 'G' of the bail application. That apart, the records would show that the petitioner has involvement in this crime, where 1.14 Crores alleged to be misappropriated. In addition to that, as per the report of the investigating officer, the petitioner, though a public officer, has involvement in multiple crimes, as stated in paragraphs 13, 12, 14 and 15 extracted herein above.

11. On scrutiny of the prosecution materials on par with the decision of the Apex Court referred to in the report of the investigating officer, viz., [2025 KHC 6219], *Devinder Kumar Bansal v. State of*



**Punjab**, the parameters for grant of anticipatory bail in a serious offence like corruption are required to be satisfied. Anticipatory bail can be granted only in exceptional circumstances where the Court is, *prima facie*, of the view that the applicant has been falsely enroped in the crime or the allegations are politically motivated or are frivolous. So far as the case at hand is concerned, it cannot be said that any exceptional circumstances have been made out by the petitioner accused for grant of anticipatory bail and there is no frivolity in the prosecution, this is not a fit case to grant anticipatory bail. Therefore, the plea of anticipatory bail would definitely fail.

12. Before parting, it is necessary to address the patent illegalities in the order in CrI.M.P.No.1092 of 2025, 1093 of 2025 and 1097 of 2025 passed by the learned Special Judge, Vigilance on 31.07.2025. In order to address the same, paragraph 32 of the order required to be extracted and the same reads as under:

*“32. Point. No.2:- Given the findings on point No.1, this court passed the following order.*

*1. The arrest of accused Nos. 1 to 4 is not in accordance with the procedure established by law, and so they cannot be remanded to judicial custody.*



*2. The order passed yesterday releasing the accused Nos. 1 to 4 to interim bail is made absolute, and they are set free. They are released from custody.*

*3. However, it is made clear that in view of the principles referred to in Babu M's case, this order would not prevent the Investigating agency from arresting the accused following the law.*

*4. Since the arrest is found to be illegal, and they are set free, there is no necessity to grant bail to them. The bail applications are disposed of accordingly.”*

13. On perusal of the above order, it could be gathered that the Special Judge found that arrest of accused 1 to 4 (including the petitioner) was not in accordance with the procedure established by law. So they could not be remanded to judicial custody. After holding so, the learned Special Judge made the interim bail granted to accused 1 to 4 absolute and they were set at free. Thereafter the learned Special Judge ordered that following the principles referred to in **Babu M's** case (*supra*), the order would not prevent the investigating agency from arresting the accused following the procedure of law. Going through the order, once the learned Special Judge found that the arrest was not in accordance with



law, automatically the arrest and custody of the accused by the police came to an end and thereby the accused would be relegated to the stage before his arrest, in view of the finding that the arrest was illegal. To be more explicit, when it is found that the arrest was illegal, the accused is free from custody of the police as well as the Court, and the question of execution of bail bond doesn't arise. In such a case, there is no necessity for the Special Judge to make the interim bail absolute. By making the interim bail absolute, the learned Special Judge held that the accused were set at free. It is noticed that the Special Judge went wrong in making the interim bail absolute instead of holding that the accused were set free to the stage before their arrest. Then comes another illegality. If the bail bond continues in view of the order passed by the learned Special Judge, because he made the order absolute, it is not possible for the investigating agency to arrest the petitioner, who is on bail, deemed to be in judicial custody at the hands of the sureties without cancelling the bail. To put it otherwise, arrest of an accused, whose interim bail was made absolute and continues without cancellation of bail, doesn't arise. If so, the same is another illegality. Thus the illegality has to be addressed holding that the



order passed by the learned Special Judge, making the interim bail absolute, is wrong and has no legal effect and the accused are free before the stage of arrest.

14. In the result, this petition is found to be meritless and is accordingly dismissed.

The petitioner is directed to surrender before the investigating officer forthwith and to co-operate with the investigation, failing which the Investigating Officer is at liberty to proceed as per law, without fail.

Sd/-

***A.BADHARUDEEN, JUDGE***

*rtr/*





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APPENDIX OF BAIL APPL. 9746/2025

**PETITIONER' S ANNEXURES**

<b>Annexure A1</b>	<b>THE TRUE COPY OF THE FIR IN CRIME NO.VC/06/2025/SIU-1 OF V&amp;ACB, SIU-1, THIRUVANANTHAPURAM.</b>
<b>Annexure A2</b>	<b>THE TREASURY BILL BOOK BETWEEN THE PERIOD 2021-2022.</b>
<b>Annexure A3</b>	<b>THE LIST OF BENEFICIARIES AUTHORISED BY THE TRIVANDRUM CORPORATION COUNSEL.</b>
<b>Annexure A4</b>	<b>THE TRUE COPY OF THE NOTICE U/S. 35(3) OF BNSS</b>
<b>Annexure A5</b>	<b>THE TRUE COPY OF THE REMAND REPORT</b>