



## **Supreme Court Daily Digest**

**19 August 2025**

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**Disclaimer:** We have made these notes based on our understanding of the Supreme Court judgments. You are requested to read original judgments before they use our notes for any purpose. You can click on the case names below to access original judgment. A few more judgments delivered today will be covered in our next digest.

**A.K. Jayaprakash (D) v. S.S. Mallikarjuna Rao 2025 INSC 1003**  
**- Contempt Of Court**

**Contempt of Court** - Contempt jurisdiction is intended to uphold the majesty of law and not to settle personal grievances - While such circumstances cannot justify laxity in complying with orders of this Court, the element of mens rea, essential for sustaining a charge of civil contempt, cannot be inferred merely from the factum of delay- Contempt jurisdiction is not a forum for asserting new claims or seeking substantive reliefs which were neither raised nor granted earlier- contempt proceedings cannot be used to circumvent proper adjudication mechanisms. (Para 17-19)

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**Sunil Sharma v. Hero Fincorp Limited 2025 INSC 1001 - S.405**  
**IPC - Loan Transactions**

**Indian Penal Code 1860 - Section 405** - The section would not normally cover the case of a loan where the lender advances money to the borrower who intends to use or utilise the money, for the time being, till he is in possession of it, although he may have to return an equivalent amount later on to the lender with or without interest or compensation for the use thereof. The position could be otherwise if a different intention appears in the relevant loan agreement. (Para 10) When a loan is advanced, a relationship of creditor and debtor is created and the money lent is generally to be utilised by the borrower for the purpose it is handed over. If, however, a breach of the direction as to how the money is to be utilised appearing from the relevant loan agreement occasions not because the borrower dishonestly misappropriates the same or converts it for his own use with the intention of causing wrongful gain to

himself or wrongful loss to the lender, but because the borrower is forced by circumstances beyond his control to act in violation of the stipulations therein and, violates the same, no offence is committed punishable under Section 406, IPC. (Para 12)

**Indian Penal Code 1860 - Section 405** - The term “entrusted” in Section 405, IPC is crucial and governs both “with property” immediately following it as well as “with any dominion over property” occurring thereafter. Since the word “entrusted” is used, the same implies that there is a trust involving an obligation tied to ownership of the property. This means, a confidence is placed in and accepted by the owner - or declared and accepted by him – for the benefit of another person, or for both that person and the owner. Creation of the trust means the person to whom the property is handed over does not become its beneficial owner even when he is not using it according to the given directions at the time of entrustment of the property- The property, which is entrusted, or in respect of which dominion is passed over, to another person does not even become such person’s property, even temporarily, for him to use as he wishes. (Para 10-11)

**Code of Criminal Procedure 1973 - Section 154, 156(3)** - Commercial offences’ is one such case where preliminary inquiry being permissible. (Para 17)

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**SD. Shabuddin v. State of Telangana 2025 INSC 999 - S.411 IPC - Dishonestly Receiving Stolen Property**

**Indian Penal Code 1860 - Section 411** - Dishonestly receiving stolen property- To base a conviction under Section 411 IPC solely on the ground that both the accused were unable to account for being in

possession of huge amount of cash is both incorrect and untenable - To establish culpability under Section 411 IPC, it must be proved that the accused had dishonestly received or retained the stolen property and in doing so, he either had knowledge or reason to believe that the same is a stolen property- In order to uphold conviction under Section 411 IPC, it is sine qua non that the property in the possession of accused is a stolen property. If the property is not a stolen property, the charge under Section 411 IPC cannot be sustained. (Para 14-15)

**Indian Evidence Act 1872 - Section 114 - Illustration (a)** - This illustration would only apply where the prosecution establishes the foundational fact of the theft of goods and the possession thereof by the accused soon after the incident. (Para 14)

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**K. Prabhakar Hegde vs Bank of Baroda 2025 INSC 997 - Disciplinary Proceedings - Preliminary Inquiry**

**Disciplinary Proceedings - Natural Justice** - Violation of a mandatory provision of law relating to fair hearing is in itself prejudice to the person proceeded against and no need to demonstrate prejudice would arise- "It ill comes from a person who has denied justice that the person who has been denied justice is not prejudiced."- It is indeed paradoxical for someone who has denied justice to a person to claim that that person, who was denied justice, is not prejudiced. (Para 44)

**Disciplinary Proceedings - Preliminary Inquiry** - i. A preliminary inquiry is conducted for the purposes of determining whether regular disciplinary proceedings are called for or not; ii. A preliminary inquiry report is an internal document; iii. A preliminary inquiry report or the findings therein cannot be used to come to conclusions recorded in the

report of inquiry if such preliminary inquiry report/findings are based on oral and/or documentary evidence which are obtained behind the back of the charged employee and such oral/documentary evidence are not presented in the inquiry in the presence of such employee; iv. If a preliminary inquiry report or the findings therein are sought to be relied on, the witnesses whose evidence was relied on in preparing the same ought to be brought before the inquiry officer and the charged officer afforded an opportunity to cross-examine them; v. If a preliminary inquiry report is sought to be relied upon in the inquiry report, then such preliminary inquiry report must be provided to the delinquent employee; vi. Once a chargesheet is drawn up and has been provided to the charged officer detailing the charges, the preliminary inquiry report is of no consequence and need not be provided to him. (Para 25) [**Context:** In this case, the appellant contended that non- furnishing of the preliminary inquiry report has caused prejudice to the appellant because such non-furnishing of the report disabled him to effectively cross-examine the witness- SC Held: since the appellant was duly provided with the deposition of the witness as per the rules, was allowed to cross-examine the witness on the basis of the statements made by him and the inquiry officer placed no reliance upon the preliminary inquiry report, but only upon the statements of such witness recorded during chief examination and cross-examination.]

**Interpretation of Statutes** - The use of 'may' and 'shall' in the same provision - Use of the word 'shall', in our opinion, is deliberate to denote that it is not interchangeable with 'may'; if it were so, the framers would have straightaway used 'may' instead of 'shall' having known that 'may' has been used in the first part. Couching of the provision in such language with 'may' and 'shall' having distinct connotations and

consequences and bringing about different outcomes in the course of one and the same. (Para 54)

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**Vijaya Bank Officer Employees' (Discipline and Appeal) Regulations, 1981 - Regulation 6(17)** - While the first part of Regulation 6(17) is directory, the second part thereof is mandatory - Inquiry Officer by not generally questioning the appellant on the circumstances available in the evidence, which were unfavourable or adverse to such officer, failed to perform a mandatory duty. Any such circumstance, which was unfavourable or adverse to the appellant, should have been excluded from the Inquiry Officer's consideration. (Para 54-55)

**Indian Evidence Act 1872 - Section 123** - The overriding interest must be of a public nature and only in such cases can the claim of privilege be sustained. The claim of privilege cannot be invoked as a matter of reflexive recourse but must be limited to instances wherein an actual concern to public interest is envisaged. Each instance must be evaluated on a case-by-case basis and the State must be wholly convinced that the disclosure of the documents would cause grave harm and injury to public interest. (Para 66)

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