



BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT
DATED : 29.10.2018
CORAM:
THE HONOURABLE MR. JUSTICE N.ANAND VENKATESH

W.P.(MD).No.12654 of 2018

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Mannarpuram Finance Ltd,
Represented by its Area Head (Madurai Region),
Mannarpuram House,
Valapad Po.
Thrissur District,
Kerela - 680 567

...Petitioner

Vs.

1.The State of Tamil Nadu,
represented by its Secretary,
Department of Home Affairs,
Chennai -600 009.

2.The Superintendent of Police,
District Police Office
Ramnad,
Ramanathapuram District.

3.The Inspector of Police,
District Crime Branch,
Ramanathapuram District.

...Respondents

PRAYER: Petition filed under Article 226 of the Constitution of India, for issuance a Writ of Mandamus forbearing the respondents or their subordinate from in any way preventing the petitioner from disposing of the jewellery pledged as Security for the loans offered by the Petitioner Company, which have become non-performing assets / unclaimed accounts in light of the order made by this Court in W.P.(MD)No.18543 of 2017 dated 13.11.2017 within the time limit that may be stipulated by this Hon'ble Court.

For Petitioner :Mr.Mahaboob Athiff
For Respondents :Mr.B.Bhagawathi,
Government Advocate

O R D E R

This writ petition has been filed to forbear the respondent Police from in anyway preventing the petitioner from disposing of the jewellery pledged as security for the loans offered by the petitioner Bank.

2.The learned Counsel for the petitioner would submit that the petitioner is a non banking financing company registered under the provision of the RBI Act and is incorporated under the Companies Act.



3. According to the learned Counsel, a number loan accounts in various branches of the petitioner's bank, became non performing assets, since the jewellery that were given as security were not redeemed for a very long period and the principle amount and the other interest remained in default from the year 2013. The learned Counsel would further submit that the petitioner bank subjected themselves to the Committee that was constituted by this Court for the disposal of the pledged jewellery. Even after the Committee considered the claim of the petitioner bank, there were several jewellery, which remained without any claimants / takers. Therefore, the petitioner bank wanted to bring those jewellery for public auction, in order to redeem the non performing assets / unclaimed amounts. According to the petitioner this was stopped by the respondent Police and therefore, the petitioner bank have approached before this Court.

4. The learned Government Advocate representing the respondents would submit that one Selvi Gold Finance Limited had received various amounts from customers and did not redeem the jewels to the customers even though the loan amount was attempted to be paid. According the respondent Police, all those jewels belong to the Selvi Gold Finance Limited, have been re-pledged with the petitioner bank. The respondent Police has also registered an FIR against Selvi Gold Finance Limited in Crime No.24 of 2013 and the case is under investigation.

5. The learned Government Advocate would submit that the Police after investigation have also quantified the total amount of the jewellery that was pledged to the petitioner bank, which belong to the Selvi Gold Finance Limited. The report of the third respondent has been placed before this Court, which contains various developments that happened in the course of investigation by the third respondent.

6. The learned Counsel for the petitioner would submit that since the petitioner bank is bound by various requirements of the Reserve Bank of India, they have to necessarily redeem the jewellery, since they had already became non performing assets. Therefore, if the petitioner bank does not take any steps, the same will amount to violating the norms of the Reserve Bank of India. According to the learned Counsel for the petitioner, if the situation continues, the Reserve Bank of India may even cancel the licence of the petitioner. Therefore, the learned Counsel for the petitioner would submit that the petitioner bank is willing to subject themselves to any condition that may be imposed by this Court for the purpose of coming out from the present imbroglio.

7. This Court has carefully considered the submissions made on either side.

8. The only objection the respondent Police has is that the jewellery belongs to one Selvi Gold Finance Limited, which has been



pledged with the petitioner bank and therefore, if the petitioner bank is permitted to bring those jewels for public auction, the respondent Police will not be able to recover any amount from Selvi Gold Finance Limited and the depositors will be left in lurch. Therefore, the respondent Police only wants a mechanism, by which, the customers of Selvi Gold Finance Limited will get back their jewel after payment of amount due by them.

9.The learned Counsel for the petitioner also submitted that the so-called customers of the Selvi Gold Finance Limited are not direct customers of the petitioner bank and therefore, the petitioner bank will not be able to handle the customers belong to the Selvi Gold Finance Limited.

10.In the facts and circumstances of the case, this Court deems it fit, to direct reconstitution of the Committee consisting of (1) Chairman of the District Legal Services Authority, Ramanathapuram, as Chairman (2) An Officer not below the rank of Tahsildar, nominated by the District Collector, Ramanathapuram as Member (3) A Police Officer not below the rank of Inspect of Police, nominated by the Superintendent of Police, Ramanathapuram as Member and (4) The representatives from the petitioner's bank, where the jewels are re-pledged.

11.The Committee shall be constituted within a period of four weeks from the date of receipt of copy of this order. The Committee shall follow the guidelines issued by this Court in WP(MD)No.7380 of 2013, dated 24.07.2013.

12.The Committee shall complete the entire process within a period of three months from the date of its constitution.

13.After the entire exercise is completed by the Committee, all the other jewels that are left out /unclaimed, shall thereafter be brought for public auction by the petitioner company in accordance with law.

14.The writ petition is disposed of with the above directions.

Sd/-
Assistant Registrar(CS-II)

/True Copy/

Sub Assistant Registrar(CS-II)



To

1.The Chairman,
District Legal Services Authority,
Ramanathapuram,

2.The Secretary,
Department of Home Affairs,
Chennai -600 009.

3.The District Collector,
Ramanathapuram.

4.The Superintendent of Police,
District Police Office
Ramanathapuram,
Ramanathapuram District.

3.The Inspector of Police,
District Crime Branch,
Ramanathapuram District.

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