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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 25.03.2022

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THE HONOURABLE MR.JUSTICE M.GOVINDARAJ

W.P.NO.37251 OF 2004

AND

M.P.NO.44708 OF 2004

K.Govindarajulu

... Petitioner

Vs.

1. The Governor,
Reserve Bank of India,
Chennai.
2. The District Collector,
Kanchipuram District, Kanchipuram.
3. The Tahsildar,
Tambaram Taluk,
Tambaram, Chennai - 600 045.
4. M/s.Samarasa Mutual Benefit Fund Ltd.,
Rep. by Mr.K.Ganapathy,
106, Station Road, Radha Nagar,
Chrompet, Chennai - 600 044.

... Respondents

(R1 is not a necessary party vide
order dated 10.02.2022 made in
W.P.No.37251 of 2004 by MGRJ)

PRAYER: The Writ Petition has been filed under Article 226 of the Constitution of India praying to issue a Writ of Mandamus, to direct the respondents 1 to 3 to take necessary action against the 4th respondent company as per the Pawn Brokers Act, since the 4th respondent company is continuously advancing the jewel loan, without any valid licence and also take necessary action and prosecute all the directors in-charge of the day-to-day administration of the 4th respondent company.



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For Petitioner	:	M/s.P.C.Hari Kumar
For Respondent No.1	:	M/s.T.Poornam
For Respondent Nos.2 & 3	:	M/s.Tippu Sultan Government Advocate
For Respondent No.4	:	M/s.Naveen Kumar Murthi for M/s.G.V.Mohan Kumar

O R D E R

The petitioner is an erstwhile Director of the 4th respondent Nidhi Limited. He has come out with the grievance that the Nidhi Company is advancing loans against gold without taking proper licence under Pawn Brokers Act. Therefore, he made a representation to the second and third respondents dated 11.11.2002 and 03.01.2004 to take action as per Pawn Brokers Act, for advancing jewel loan without any valid licence and also to take necessary action and to prosecute all the directors, who are in-charge of the day-to-day administration of the 4th respondent company.

2. A perusal of the Notification dated 26.07.2001, issued by the Ministry of Law, Justice and Company Affairs, Government of India, had authorised Nidhi Company to give loan to its share holders and members against gold, silver and jewellery. Therefore, the allegation made by the petitioner has no valid substance. A subsequent notification dated 31.03.2014 issued by the Ministry of Corporate Affairs under sub-section (1) of Section 406 read with sub-sections (1) and (2) of Section 469 of the Companies Act, 2013, also empowers the Nidhi Company to advance jewel loan against securities, namely, gold, silver and jewellery.

3. Therefore, the fourth respondent is entitled to do their business for advancing jewel loan against securities viz., gold, silver and jewellery. This allegation of the Writ Petitioner is without basis and hence, the Writ Petition merits no consideration and accordingly, the same is dismissed. There



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shall be no order as to costs. Consequently, connected miscellaneous petition is closed.

Sd/-

Assistant Registrar(CS-II)

//True Copy//

Sub Assistant Registrar

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To

1. The Governor,
Reserve Bank of India,
Chennai.
2. The District Collector,
Kanchipuram District,
Kanchipuram.
3. The Tahsildar,
Tambaram Taluk,
Tambaram, Chennai - 600 045.

+1cc to M/s.G.V.Mohan Kumar, Advocate, S.R.No.20310

+1cc to M/s.P.C.Hari Kumar Associates, Advocate, S.R.No.20420

+1cc to M/s.T.Poornam, Advocate, S.R.No.20224

+1cc to the Government Pleader, S.R.No.21028

W.P.No.37251 of 2004
and M.P.No.44708 of 2004

BP(CO)
RLP(20/04/2022)