

The Hon'ble The Chief Justice Satish Chandra Sharma

and

The Hon'ble Sri Justice A. Rajasheker Reddy

Writ Petition (PIL) No.13 of 2021

Order: (Per the Hon'ble the Chief Justice Satish Chandra Sharma)

The present Public Interest Litigation (PIL) has been filed for issuance of an appropriate writ or direction directing the respondents to take action against the persons, who are illegally operating Non-banking Finance Companies.

2. This Court, on 15.04.2021, has passed the following order:

“1. Counter affidavit has been filed by the Director General of Police, Telangana State, stating *inter alia* that the State Police have identified illegal digital money lending platforms in Google Play Store and letters have been addressed to Google Play Store to provide registration and payment details of loan shark applications. On analyzing the information furnished by Google Play Store, it has transpired that the mobile numbers furnished were associated with Apps relating to telecom service providers of different countries, including India, China, Hong Kong, Taiwan, USA etc. Some of the bank accounts from which payments were made for Google Apps hosting services belong to the Chinese Banks.

2. Indian mobile numbers associated with the loan Apps have also been verified and most of them were active in the city of Bangalore.

Two Chinese nationals belonging to two Non-Banking Finance Companies (NBFCs) have also been identified and the enquiries made revealed that both of them had left the country in January and August, 2020. About 180 mobile numbers that have been used to lure and threaten the gullible public have been identified. Investigations have revealed that two loan Apps are linked with M/s. Mad Network Technologies Private Limited and M/s. Finexpress Financial Services Private Limited which are not registered NBFCs with the RBI.

3. A fresh affidavit shall be filed by the respondents indicating the action taken against the aforesaid two unregistered companies that are illegally operating as NBFCs.

4. 290 loan shark Apps identified in Google Play Store are stated to be linked with Chinese companies and are being partnered with firms operating in India. It is stated that letters were addressed to the Nodal Officer, Google India Private Limited and Google LLC requesting them to block the said 290 Apps, which have been duly acceded to and all the said Apps have been blocked. The issue as raised in the present petition has also been flagged with the Ministry of Finance, Government of India and other Government Departments, including the RBI for taking appropriate action and preventing unscrupulous elements from exploiting the public and jeopardizing the economic security of the country. 66 criminal cases have been registered against those loan shark Apps across the State and sustained

efforts have been made to collect necessary evidence.

5. Fresh affidavit shall be filed by the Director General of Police within four weeks giving the updated Report of further action taken.

6. List on 15.07.2021.”

3. In compliance of the aforesaid order, respondent No.3/Director General of Police has filed a detailed and exhaustive affidavit. Paragraphs 2 to 6 of the said affidavit are reproduced as under:

“2. This is to submit that this fresh affidavit is being filed in compliance of directions issued by this Hon’ble Court on 15.04.2021.

3. It is to submit that in para 3 of the orders on 15.04.2021, the Hon’ble Court had directed the respondents to indicate the action taken against two unregistered companies namely M/s Mad Elephant Network Technologies Pvt. Ltd., and M/s Finexpress Financial Services Pvt. Ltd., which are illegally operating as NBFCs. The following legal actions have been taken against these two unregistered companies :

3A. The following accused persons relating to M/s. Mad Elephant network Technologies Pvt. Ltd., have been arrested in Cr.Nos.1136/2020, 1169/2020, 1198/2020 and 99/2021 of Cybercrimes P.S., Cyberabad and Cr.No.2457/2020, 2489/2020 and 2498/2020 of Cybercrime P.S., Hyderabad City.

I. Vidyavati Dhami D/o Dharam Singh Dhami, Age 37 years, Occ: Director of Mad Elephant Network Technologies Pvt R/o B2, 1st floor, Sri Lakshmi Nilayam, Indane Whitefield, Bangalore, Karnataka State, and

II. V.Nicholas Mark, s/o JK Vincent, Age 23 years, R/o No-10, Kamraj Nagar, Kavalbysandra, RT Nagar Post, Bangalore, Karnataka State, an associate of the above mentioned Vidyavati Dhami.

3B. The following accused persons relating to M/s Finexpress Financial Services Pvt. Ltd., have been arrested in the cases in Cr.No.1181/2020 of Cybercrimes P.S., Cyberabad and Cr.Nos.2452/220, 2498/2020 of Cybercrime P.S., Hyderabad City.

I. Thushan Hemavathi Muddu Veeraiah S/o Muddu Veeraiah, age 23 years, Occ. Director & Team Leader of Finexpress Financial Services Pvt, R/o #215, Huskur Gate, Anath Nagar, 1st Phase, Paras Malligae Apartments, Electronic City Post, Bangalore, Karnataka State.

II. Nawab Anju Thasleem, D/o Zakeer Hussain, Age 23 years, Occ: Director & Team Leader of Finexpress "Financial Service Pvt. Ltd., R/o Domlue Layout, Bangalore, Karnataka State.

III. Subhani, S/o Nabi Rasool, Age: 25 years, R/o H.No: 18/93, Rajaji Street, Old Town, Ananthapur, AP, an associate of the above mentioned Thushan HM Veeraiah and Nawab Anju Thasleem, and

IV. Kammur Sameer, S/o K. Md Rafi, Age 22 years, R/o H.No.18/92, Rajaji Street, Old Town, Ananthapur, AP, an associate of the above mentioned Thushan H.M Veeraiah and Nawab Anju Thasleem and

V. Bachira Karumbaiah Kalappa S/o B.Bopaiah, age 23 years, Occ: Additional Director and Team Leader of Finexpress Financial Services Pvt. Ltd, R/o 87, Richmond Road, Bangalore, Karnataka State.

4. Further, it is to submit that charge sheets will be submitted in due course in all the cases registered against the said two companies.

5. It is submitted that sincere and sustained investigative efforts are being made in all the cases

registered against instant loan Apps in all the three Commissionerates *i.e.*, Hyderabad, Cyberabad and Rachakonda as well in other units in the rest of Telangana State. It is submitted that after completion of investigation, Charge Sheets were also filed in crime numbers 2465/2020 and 2466/2020 of Cyber Crime PS, Hyderabad. Further progress of cases related to instant loan Apps pertaining to three Commissionerates *i.e.*, Hyderabad, Cyberabad and Rachakonda have been submitted through their respective affidavits filed by the respective Commissioners of Police.

6. It is to submit that due to the arrests, seizures and stringent action taken by Telangana State Police, complaints about illegal activities of these loan Apps have completely ceased and no fresh cases have been registered in the entire state since April-2021 to till date.”

4. The affidavit makes it very clear that action has been taken against two unregistered companies *viz.*, M/s. Mad Elephant Network Technologies Private Limited and M/s. Finexpress Financial Services Private Limited. A large number of crimes have also been registered in Cyberabad and in Hyderabad. Charge sheets have also been filed in some of the cases and persons are being prosecuted.

5. In the considered opinion of this Court and keeping in view the affidavit filed by the Director General of Police, no

further orders are required to be passed in the present PIL and the same stands disposed of accordingly.

Consequently, Interlocutory Applications, pending if any, stand dismissed.

Satish Chandra Sharma, CJ

A. Rajasheker Reddy, J

Date: 09.11.2021

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