



Press Release
03.08.2022

Directorate of Enforcement (ED) has provisionally attached Bank balances worth Rs. 105.32 Crore lying in various bank accounts and with payment gateway accounts of 12 NBFCs namely Inditrade Fincorp Limited, Aglow Fintrade Private Limited and others and their associated fintech companies.

ED initiated money laundering investigation on the basis of various FIRs registered by Cyber Crime PS, Hyderabad under various sections of IPC and section 67 of IT Act.

ED has been conducting Money Laundering investigation against a number of Indian NBFC companies which are in the business of Instant Personal Micro Loans. It is revealed that various fintech companies backed by Chinese funds have entered into arrangements with these NBFC companies for providing instant personal loans of term ranging from 7 days to 30 days. The said fintech companies falsely claimed that they were providing technical assistance/customer outreach services to the NBFCs, but in reality these fintech companies were the actual lenders and controlled the entire lending process i.e., Fintech Companies themselves developed their own digital loan APP, they only brought the funds to be lent to the public, did MoU with the defunct NBFCs for their lending license and they parked the said funds into the NBFCs in the guise of security deposits/ performance guarantees and these funds were in turn again returned to the Fintech Companies in separate MIDs (Merchant ID) opened by the NBFC for the APP of the Fintech Company. Since, the fintech companies were unlikely to get a fresh NBFC license from the RBI, they devised the MoU route with defunct NBFCs as a via media to do large scale lending activities. It was projected that the NBFCs had hired Fintech Companies for Customer Discovery, but in reality the Fintech Companies were piggybacking on the license of the NBFCs and doing large scale lending business. The Fintech companies then did the entire onboarding, lending & loan recovery work without any interference from the NBFCs. Micro loans were given for short time period. Lending Mobile APPs took control of the social media data of the clients. Very high rate of interest and steep late fee were imposed. While the Fintech APPs made the majority of the profits, the NBFCs gained commission for letting them use their license.

Entire decisions regarding fixation of interest rate/ processing fee/ platform fee etc, were taken by fintech companies and these companies were operating on the basis of instructions from Chinese, Honkong based beneficial owners. Certain people have committed suicides due to harassment for recovery.

Above mentioned 12 NBFCs are such NBFC companies which did MoUs with various foreign backed fintech companies to do online lending business in India. As seen



from the business carried out by the said 12 NBFCs and fintech companies associated with the said companies, a total amount of Rs. 4430 Crore was disbursed. In the entire business, NBFCs and fintech companies have gained a total profit of Rs.819 Crore. Therefore, the said total amount of Rs.819 Crore is considered to be proceeds of crime. ED has managed to identify Bank balances in 233 Bank Accounts and is attaching the same under PMLA 2002 to preserve the proceeds of crime. Further fund trail investigation is going on.

Earlier in this case, two PAO's were issued against 4 NBFCs and their fintech partners for a value of Rs 158.97 Crore. The total attachment in this case now is INR 264.3 Crore.

Further investigation is in progress.
