



Press Release
12.01.2022

Directorate of Enforcement (ED) has issued a Provisional Attachment Order under the Prevention of Money Laundering Act (PMLA), 2002, attaching Rs 72,32,42,045/- lying in various bank accounts and payment gateway accounts of M/s Kudos Finance and Investments Private Limited, an Indian NBFC company, and its various fintech partner companies.

ED is conducting Money Laundering investigation against a number of Indian NBFC companies and their fintech partner Mobile Applications (APPs) which were booked by Telangana Police in multiple FIRs for illegal lending and for using extortionist means to recover exorbitant rate of interest from their customers. ED investigation revealed that various Indian companies which were flush with investments from China/Hong Kong created MoUs with defunct NBFCs and gave security deposits in the name of 'performance guarantees'. NBFCs opened separate Merchant IDs (MIDs) with Payment Gateways like Paytm, Razorpay, etc and allowed these fintech companies to start full scale online lending operations. Against RBI guidelines, Indian NBFCs allowed fintech companies to piggyback on their license and do full scale lending in their names. Mobile APPs of the fintech companies were providing unsecured instant micro personal loans for term ranging from 7 days to 14 days. They used to deduct 15-25% of the loan at the time of disbursement itself in the name of processing fee. The rate of interest charged was also exorbitant. Their APPs would also capture customers' mobile data by getting various access privileges etc. In order to obtain more profits, they resorted to harsh recovery measures via call centers. Personal data of the customers was misused and calls were made to the friends and relatives of the customers and abusive language was used. Even social media posts were made against the defaulters to shame them. Unable to bear the level of harassment, certain people have committed suicide. These APPs managed to have a recovery rate of more than 90% and earned huge profits.

M/s Kudos Finance and Investment Private Limited is one of such NBFC company which did MOUs with 39 Fintech Companies and illegally accepted 'security deposits' from them and allowed them to do lending activity. Despite not having Net Owned Funds of more than Rs. 10 Crore, in complete violation of RBI guidelines, this NBFC (actually its partner Mobile APPs) did lending of **Rs 2224 Crore** in a short span of time. With the help of extortionist type call centers, collectively they generated profits of Rs 544 Crore for the APPs and also earned a commission of Rs 24 Crore. These amounts are nothing but illegal proceeds of crime and are liable for attachment by ED. ED has attached available bank balances in their accounts totalling to **Rs 72.32 Crore**. Earlier in this case, Mr. Pavitra Pradip Walvekar, Director cum CEO of Kudos was arrested on 17.12.2021 for the offence of money laundering and is in judicial custody. Further investigation is going on.
