PRESS RELEASE
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Directorate of Enforcement (ED), Bengaluru Zonal Office has filed a complaint u/s 16(3) of Foreign Exchange Management Act, 1999 (FEMA) against M/s One Sigma Technologies Pvt Ltd (SIMPL) and its Director Nithya Nand Sharma for contravention to the tune of Rs. 913,75,88,062/-.

The enquiries in the matter were initiated on the basis of a credible information that M/s One Sigma Technologies Pvt Ltd (SIMPL) has received a substantial amount of Foreign Direct Investment (FDI) from the United States of America, allegedly in violation of the extant FDI Policy.

ED investigation under the provisions of FEMA, 1999 revealed that M/s One Sigma Technologies Pvt Ltd runs its business through mobile application named SIMPL. It provides Buy Now Pay Later services which allowed its customer to Buy now and Pay Later in instalments. Further, it was learnt that M/s One Sigma Technologies Pvt Ltd received FDI to the tune of Rs. 648,87,76,480/- and issued Convertible Notes to the tune of Rs. 264,88,11,582/- under 100% automatic route by declaring its business activity as "Benefits of Information Technology and other computer service activities.

During the course of investigation under FEMA, 1999, business model and revenue generation model of M/s One Sigma Technologies Pvt Ltd were examined and the same revealed that M/s One Sigma Technologies Pvt Ltd is into the business activities which fall under financial activities. However, as per A.P. (DIR Series) Circular No. 8 dated 20.10.2016 issued by RBI, FDI in financial activities not regulated by any authority is to be brought under 100% approval route. Further, in activity where government approval is necessary for receiving FDI, any startup company can issue convertible notes only with the approval of the Government of India. However, M/s One Sigma Technologies Pvt Ltd has issued convertible notes without obtaining any approval from the Government of India.

M/s One Sigma Technologies Pvt Ltd (SIMPL) has received FDI under automatic route and issued convertible notes under automatic route without obtaining prior approval from the Government of India and thereby contravened the provisions of FEMA, 1999 collectively to the tune of Rs. 913,75,88,062/- and rendered itself liable to be proceeded under section 13 of FEMA, 1999.

In view of the above, a complaint u/s 16 (3) of FEMA, 1999 is filed before the Adjudicating Authority under FEMA.