



Press Release
01.10.2026

RBI issued compounding order for FEMA violations in case of BPTP Limited

Reserve Bank of India (RBI) has issued compounding orders on 17.09.2026 in exercise of powers conferred u/s 15 of Foreign Exchange Management Act (FEMA), 1999 and the Regulations/ Rules/ Notifications/ Orders made thereunder, in the case of M/s. BPTP Limited (Formerly known as- M/s. Business Park Town Planners Private Limited) and its directors namely, Kabul Chawla and Sudhanshu Tripathi.

In this case, based on the credible information received, investigation was taken up by ED under the provisions of FEMA. After completion of investigation, ED filed complaint u/s 16 of FEMA before the Adjudicating Authority pointing out following contraventions under FEMA for which compounding has been done:-

- Issuance of shares to foreign investors with optionality clause assuring the foreign investors an assured return/exit price in contravention of Regulation 5(1) read with paragraph 2 of Schedule 1 to FEMA 20/2000-RB. The sum involved in contravention amounts to 5,37,50,00,000/-

The company and its Directors, later on, filed compounding applications before the RBI for compounding of the said contraventions under FEMA as per the provisions of Section 15 of the Act. On reference from RBI, the ED issued no objection for such compounding in line with the true spirit of the Act. Accordingly, the RBI, on the basis of no objection issued by ED, has compounded the said contraventions vide compounding order dated 17.09.2026 with a one-time payment of Rs. 4,03,62,500/- for M/s BPTP Limited and Rs. 40,36,250/- each for its Directors- Sudhanshu Tripathi and Kabul Chawla. This has resulted in termination of investigation and further proceedings only with respect to the contravention compounded.

In this connection, it may be noted that as a matter of policy, the Enforcement Directorate issues an NOC where the contravention is eligible for compounding, the prescribed conditions are fulfilled and no investigation or other legal impediment exists. This facilitates voluntary compliance, reduces avoidable litigation and promotes ease of doing business.

As FEMA is primarily a civil legislation, vide Section 15, it provides for compounding of contraventions punishable under Section 13 to facilitate voluntary compliance, reduce litigation and ensure expeditious

disposal of cases. The procedure for compounding is prescribed under the Foreign Exchange (Compounding Proceedings) Rules, 2024, notified under Section 46 read with Section 15 of FEMA, which lay down the manner of filing applications, examination of cases and passing of compounding orders. As per the Rules, certain contraventions are not compoundable which include the contraventions related to a serious contravention **suspected of money-laundering, terror financing or affecting the sovereignty and integrity of the nation**. The said Regulations are available in public domain at <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/sep/doc2024912392301.pdf>

Under Rule 3 of the Foreign Exchange (Compounding Proceedings) Rules, 2024, the **Reserve Bank of India (RBI) is the competent authority to compound eligible contraventions falling within its jurisdiction**. RBI has also issued Master Directions on Compounding of Contraventions under FEMA, prescribing a compounding matrix for determining the compounding amount based on factors such as the nature, gravity, duration and amount involved in the contravention which are summarised as under-

Type of contravention	Formula
Reporting/ submission Contraventions	Fixed amount: INR 10,000/- (applied once for each regulation/ rule contravened, in a compounding application) plus Variable amount: Ranging from Rs.1000 per year to Rs.200000 based on amount under contravention
Submission of AAC/ APR/ FLAR/ Share certificate	INR 10,000 per AAC/ APR/ FCGPR (B) / FLA Return delayed. Delayed/Non receipt of share certificate – INR.10000/- per year, the total amount being subject to ceiling of 300% of the amount invested.
Allotment/ Refunds Non-allotment of shares or allotment/ refund after the stipulated period for Foreign Investment	Fixed Amount: INR 30,000/- (applied once for each regulation/ rule contravened, in a compounding application) plus variable amount as percentage of "amount under contravention" ranging from 0.30% to 0.75%.
Any contravention pertaining to issuance of any guarantee (other than reporting contraventions)	Fixed Amount: INR 5,00,000/- (applied once for each regulation/ rule contravened, in a compounding application) plus variable amount as percentage of "amount under contravention" ranging between 0.050% to 0.075%.
All other non-reporting contraventions	Fixed Amount: INR 50,000/- (applied once for each regulation/ rule contravened, in a compounding application) plus variable amount as percentage of "amount under contravention" ranging between 0.50% to 0.75%.

The Notification is available in public domain at <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12736&Mode=0>

While applying for compounding, the applicant may submit that the contravention was inadvertent, corrective action has been taken, robust compliance mechanisms have been instituted, and adequate safeguards have been implemented to prevent recurrence. Wherever required under the prescribed procedure, RBI obtains a No Objection Certificate (NOC) from the Enforcement Directorate (ED) before processing the compounding application. In terms of Section 15(2) of FEMA, upon payment of the compounding amount within the prescribed period, no further proceedings shall be initiated or continued in respect of the compounded contravention, and the proceedings stand concluded.

Once RBI compounds the contraventions, the ED drops the proceedings and close the investigation. Major cases where ED has closed the investigations are brought to the notice of public at large through Press Releases so that in the case of similar pending investigations, application for compounding may be filed by the offenders before the RBI.

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RBI has issued compounding orders on 17.09.2026 under Section 15(1) of FEMA, 1999, in the case of M/s. BPTP Limited and its directors for contraventions falling under the compoundable category.