BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

In respect of:

Sr. No.	Settlement Application No.	Name of the Applicant	PAN	Settlement Order No.
1	8498/2025	Blue Coast Hotels Limited	AAACM0037G	SO/JS/DP/2025-26/8498
2	8500/2025	Mr. Kushal Suri	BOFPS9411B	SO/JS/DP/2025-26/8500

In the matter of Blue Coast Hotels Limited

1. Securities and Exchange Board of India (hereinafter referred to "**SEBI**") received examination report from NSE in the matter of Blue Coast Hotels Limited ("hereinafter referred to as "**Applicant No. 1/Company**"). National Stock Exchange of India Ltd. (hereinafter referred to as "**NSE**") had, *inter alia*, observed a number of irregularities in the financial statements of Blue Coast for the financial years (FYs) 19 to 22. Based on the findings/observations of NSE and the analysis of the Company's financial statements, a detailed investigation was carried out by SEBI. The investigation period (hereinafter referred to as "**IP**") was FY19, FY20, FY21 and FY22. Mr. Kushal Suri (hereinafter referred to as "**Applicant No. 2**") was a promoter and whole time director of Applicant No. 1.

2. Based on the said investigation, SEBI initiated adjudication proceedings against Applicant No. 1, Applicant No. 2 (collectively referred to as "**Applicants**") and the Chief Financial Officer of Applicant No. 1. The following were the findings of the investigation:

   A. Not provisioning liability to refund to space buyers as contingent liability

   (a) Applicant No. 1, in 2010 had participated in a tender of five-star hotel property at Aero city, Delhi ('Delhi Aero city Project') invited by Delhi International Airport Limited ("DIAL") and qualified for the said bid. Applicant No. 1 upon qualifying for

the bid incorporated a Special Purpose Vehicle Company 'Silver Resort Hotel India Private Limited' ("SRHIPL") to carry on the said project;

(b) SRHIPL and Blue Coast Infrastructure Development Private Limited ('BCIDPL') entered into joint development agreement (JDA) for the said property. BCIDPL raised funds against lease of commercial space in proposed hotel property and commercial space agreement was signed between BCIDPL, the space buyers and SRHIPL. SRHIPL was the confirming party in the agreement with the space buyers;

(c) However, on account of various factors, SRHIPL failed to make payment of license fees and some of the periodic dues to DIAL within the prescribed time. Consequently, DIAL exercised its rights and took over the possession of the project from SRHIPL on July 16, 2015;

(d) As a result of the failure of the Delhi Aerocity Project, space buyers demanded their money back and initiated a representative suit wherein Applicant No. 1 was one of the defendants. Subsequently, Hon'ble High Court at Delhi, vide its order dated October 03, 2018, directed to refund the space buyers a sum of Rs. 318.95 Crore by the defendants including Applicant No. 1;

(e) The liability to pay back the space buyers could fall on Applicant No. 1 in case of failure of BCIDPL and SRHIPL to pay up considering that Applicant No. 1, being one of the defendants to the suit, had no objection to the mechanism/ formula arrived at among BCIDPL, SRHIPL and the plaintiffs (space buyers);

(f) Thus, the refund liability to the space buyers was a contingent liability for Applicant No. 1 and accordingly, as per the accounting standards Applicant No. 1 had to record the said liability as contingent liability in FY19 to FY22. Applicant No. 1 had recorded the same only in FY23 as per the advice of its new and had shown the said liability as contingent liability in its annual report stating that amount was not ascertained. However, Applicant No. 1 in its annual report for FY24, recorded contingency liability of Rs 94.57 Crore as on March 31, 2024;

(g) In view of the above, it was alleged that despite the direction of the Hon'ble High Court of Delhi and being in agreement with the same, Applicant No. 1 did not make

provision for the refund liability amounting to Rs. 318.95 Crore during FY19 to FY22 as per the requirements of Ind AS 1 and Ind AS 37 and therefore, had violated regulations 4(1) (a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 33(1)(c) and 48 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**") read with Ind AS1 and 37.

B. Not listing Delhi Project loss as "Exceptional Item" in the financials and Recording the payment made to SRHIL as advance not as loan

(a) Applicant No. 1 had recorded its Delhi hotel project loss amounting to Rs. 8.82 Crore as 'Miscellaneous expenses' instead as Exceptional items in its financials for the FY19 and FY21 in terms of the applicable provisions of Ind AS 1. It was, therefore, alleged that Applicant No. 1 had violated regulations 4(1) (a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 33(1)(c) and 48 of LODR Regulations read with Ind AS1 and 37;

(b) By paying an amount of Rs. 2.49 Crore to SRHIPL to pay the commercial space buyers in the FY22 and recording the said amount as advance to supplier instead of loan in FY22 in its financials, the financial statements of Applicant No. 1 for the FY22 did not present true and fair view of the financial position in accordance with Ind AS 1, Therefore, it is alleged that Applicant No. 1 violated regulations 4(1) (a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 33(1)(c) and 48 of LODR Regulations read with Ind AS1 and 37.

C. Failure to disclose Related Party Transactions and approval thereof

(a) The sale transactions amounting to Rs. 10.48 Crore of investment in Joy Hotel & Resorts Private Limited ("Joy Hotel") to Silverring Drinks Pvt. Ltd.("Silverring"), was material Related Party Transaction (RPT) as Joy Hotel and Silverring, were material related parties and the transaction values (Rs. 10.48 Crore) was more than 10% of the annual consolidated turnover (Rs.52.74 Crore) of BCHL in FY19. However, Applicant No. 1 had only taken approval of Audit Committee and failed to take the approval of Shareholders as required as per LODR Regulations.

Further, Applicant No. 1 also failed to disclose the entities as related party in its annual report in FY 20 and therefore, violated regulation 4(1) (a), (b), (c), (d), (e), (g), (h), (i), and (j), 4(2)(e)(i), 23(4), 34 and 48 of LODR Regulations read with Ind AS 24;

(b) Applicant No. 1 had provided Rs. 2.88 Crore to Zios Medical, which was more than 10% of nil consolidated revenue of BCHL for the previous year, i.e., FY 21 and therefore, the said transaction was a material transaction and required prior approval of the shareholders. Thus, by not taking the prior approval of the Audit Committee and also the shareholders to enter into material related party transaction, it was alleged that Applicant No. 1 had violated regulation 23(2), 23(4), 23(9), 34 (3) and 48 of LODR Regulations;

(c) Applicant No. 2 during entire IP by virtue of holding such directorships was responsible for the acts, omissions and conduct of Applicant No. 1. Therefore, it was alleged that Applicant No. 2 violated regulations 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(7), 4(2)(f)(iii)(1), 4(2)(f)(iii)(3), and 4(2)(f)(iii)(12) of LODR Regulations. It was further alleged that Applicant No. 2 violated regulations 4(1) (a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 23(2), 23(4), 23(9), 33(1)(c),34 (3) read with schedule V and 48 of LODR Regulations. read with section 27 of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”) read with Ind AS 1, 24 and 37;

(d) Applicant No. 2 signed the compliance certificate to the board of directors during the IP, *inter alia*, certifying that the financial statements do not contain any misleading statement, present a true and fair view of the company's affairs as well as are in compliance with existing accounting standards, applicable laws and regulations as specified under LODR Regulations and therefore, it was alleged that Applicant No. 2 violated regulation 17(8) of LODR Regulations.

3. The undersigned was appointed as the Adjudicating Officer (AO) in this matter vide communiqué dated April 04, 2025, under section 15-I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “Rules”), to inquire into and adjudge under the provisions

of section 15HB of the SEBI Act for the aforementioned violations alleged to have been committed by Applicants.

4. A Show Cause Notice Ref. No. SEBI/EAD/EAD-8/AS/DP/6952/1-3/2025 dated March 04, 2025 (hereinafter referred to as "SCN") was served upon the Applicants in terms of rule 4 of the Rules read with section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against the Applicants and why penalty, if any, should not be imposed on them in terms of the provisions of section 15HB of the SEBI Act for the violations alleged to have been committed by the Applicants.

5. Pending adjudication proceedings, Applicants proposed to settle the instant proceedings initiated against them, without admitting or denying the findings of facts and conclusions of law, through a settlement order and accordingly filed settlement applications dated May 05, 2025 with SEBI in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "**Settlement Regulations**").

6. Pursuant to the meetings with the Internal Committee of SEBI on June 26, 2025 in terms of the Settlement Regulations, the Applicants vide letter dated June 30, 2025, proposed Revised Settlement Terms. The High Powered Advisory Committee (hereinafter referred to as "**HPAC**") in its meeting held on July 24, 2025, considered the settlement terms proposed and recommended that the case may be settled upon payment of ₹78,00,000/- (Rupees Seventy-eight Lakh only) payable jointly and severally by Applicant No. 1 and 2, and ₹11,37,500/- (Rupees Eleven Lakh Thirty-seven thousand and Five hundred only) payable by Applicant No. 2 as settlement amount towards the settlement terms.

7. In terms of regulation 14(3) of the Settlement Regulations, the recommendations of the HPAC were placed before the Panel of Whole Time Members of SEBI. The recommendations of the HPAC were accepted by the Panel of Whole Time Members. In view thereof, notice of the demand was issued to the Applicant on December 09, 2025. Subsequently, the Applicant remitted the said settlement amount on December

31, 2025. The credit of said amount has been confirmed by the concerned department of SEBI.

8. Therefore, in view of the acceptance of the settlement terms and the receipt of the settlement amount by SEBI, the instant adjudication proceedings initiated against the Applicants vide SCN Ref. No. SEBI/EAD/EAD-8/AS/DP/6952/1-3/2025 dated March 04, 2025, is disposed of in terms of section 15JB of the SEBI Act read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.

9. This Settlement Order is, however, without prejudice to the right of SEBI to take actions under regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the Applicant, if –

   (a.) any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;

   (b.) the Applicant has breached any of the clauses/conditions of undertakings/waivers filed during the present settlement proceedings;

   (c.) there was a discrepancy while arriving at the settlement terms.

10. This Settlement Order is passed on this 14th day of January, 2026 and shall come into force with immediate effect.

11. In terms of regulation 25 of the Settlement Regulations, a copy of this order is being sent to the Applicant and also published on the website of SEBI.

JAI SEBASTIAN

Digitally signed by JAI SEBASTIAN
Date: 2026.01.14 16:39:36 +05'30'

Date: January 14, 2026
Place: Mumbai

JAI SEBASTIAN
ADJUDICATING OFFICER