**BEFORE THE ADJUDICATING OFFICER**
**SECURITIES AND EXCHANGE BOARD OF INDIA**
**[ADJUDICATION ORDER NO. Order/JS/DP/2025-26/32203]**

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**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICERS) RULES, 1995**

**In respect of:**
**Mr. Amit Kumar Singhl**
**PAN: GJOPS0881L**
**In the matter of Blue Coast Hotels Limited**

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## BACKGROUND OF THE CASE

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 "**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 the Company 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 (IP) was FY19, FY20, FY21 and FY22.

2. Based on the said investigation, SEBI initiated adjudication proceedings against the Company, its promoter-director and Mr. Amit Kumar Singhl, Chief Financial Officer of the Company (hereinafter referred to as "**Noticee**"**)** for the alleged violation of regulations 4(1) (a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 17(8), 23(2), 23(4), 23(9), 33(1)(c), 34 (3) read with Schedule V and 48 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**") read with section 27 of SEBI Act, 1992 and Ind AS 1, 24 and 37.

## APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed an Adjudicating Officer, vide communiqué dated February 05, 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'**). Subsequently, on transfer of the said AO, vide communique dated April 04, 2025 the undersigned was appointed as the AO in this matter under section 19 of SEBI Act read with section 15I(1) and rule 3 of Rules to inquire into and adjudge under the provisions of section 15HB of SEBI Act, the alleged violation of provisions of LODR Regulations.

**SHOW CAUSE NOTICE, REPLY AND HEARING**

4. Show Cause Notice No. SEBI/EAD/EAD-8/AS/DP/6952/1-3/2025 dated March 04, 2025 (hereinafter referred to as "**SCN**") was issued to the Noticee to show cause as to why an inquiry should not be initiated against him and penalty, if any, should not be imposed upon him under the provisions of section 15HB of SEBI Act, for violation of regulations 4(1) (a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 17(8), 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 SEBI Act, 1992 read with Ind AS 1, 24 and 37, alleged to have been committed by him. I note that the digitally signed SCN issued to the Noticee was duly served upon him by email. However, Noticee did not file any reply to the SCN.

5. The allegations made in the SCN are summarised as under:

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

(a) The Company, in 2010 had participated in a tender of five-star hotel property at Aerocity, Delhi ('Delhi Aerocity Project') invited by Delhi International Airport Limited ('DIAL') and qualified for the said bid. The Company 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 the Company 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 the Company;

(e) The liability to pay back the space buyers could fall on the Company in case of failure of BCIDPL and SRHIPL to pay up considering that the Company, 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 the Company and accordingly, as per the accounting standards the Company had to record the said liability as contingent liability in FY19 to FY22. The Company had recorded the same only in FY23 as per the advice of its new auditor and had shown the said liability as contingent liability in its annual report stating that amount was not ascertained. However, the Company 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, the Company 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.

*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) The Company had recorded its Delhi hotel project loss amounting to Rs.8.82 Crore as 'Miscellaneous expenses' instead of 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 the Company 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 AS 1 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 the Company for the FY22 did not present true and fair view of the financial position in accordance with Ind AS 1.

*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, the Company had only taken approval of Audit Committee and failed to take the approval of shareholders as required as per LODR Regulations. Further, the Company also failed to disclose the entities as Related Party in its annual report in FY 20;

(b) The Company 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 the Company had violated the provisions of LODR Regulations;

(c) It was observed that being CFO of the Company during the IP had provided the compliance certificate to the board of directors, *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. Therefore, it is alleged that Noticee had violated regulations 4(1) (a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 17(8), 23(2), 23(4), 23(9), 33(1)(c), 34(3) read with Schedule V and regulation 48 of LODR Regulations read with section 27 of SEBI Act, 1992 read with Ind AS 1, 24 and 37.

6. While these proceedings were underway, the Company and its promoter-director filed applications to settle the proceedings. Vide order dated January 14, 2026, the adjudication proceedings against the Company and the said promoter-director was settled.

7. Subsequently, in the interest of natural justice, the Noticee was granted an opportunity of personal hearing vide digitally signed hearing notice dated January 21, 2026 which was served by email. However, Noticee did not avail the same. Therefore, the proceedings against Noticee are proceeded on the basis of the material available on record.

**CONSIDERATION OF ISSUES AND FINDINGS**

8. I have carefully perused the charges levelled against the Noticee in the SCN and material available on record. The issues that arise for consideration in the instant matter are as follows:

**Issue No. I** Whether the Noticee, as CFO of the Company furnished false certification of the Company's financial statements and thereby violated regulation 17(8) of the LODR Regulations and whether Noticee being CFO of the Company, is responsible for all the violations of the Company and thereby 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 regulation 48 LODR Regulations read with section 27 of SEBI Act, read with Ind AS 1, 24 and 37?

**Issue No. II** If yes, whether the failure, on the part of the Noticee would attract monetary penalty under section 15HB of the SEBI Act?

**Issue No. III** If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15J of the SEBI Act read with rule 5(2) of the Rules?

9. Before proceeding further, I would like to refer to the relevant provisions which are alleged to have been violated. The said provisions are reproduced hereunder:

**"*Principles governing disclosures and obligations.***

*4.(1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:*
*(a)Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.*
*(b)The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.*
*(c)The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.*
*(d)The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.*
*(e)The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.…*
*(g)The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognized stock exchange(s) in this regard and as may be applicable.*
*(h)The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.*
*(I)Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.*
*(j)Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.*

*(2) The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.*
*…*
*(e)Disclosure and transparency: The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner:*

*(I)Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.…*

***Board of Directors.***
*"17. …*
*(8) The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.*

***Related party transactions.***
*23…*
*(2) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:*
*Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.*
*Provided further that:*
*(a) the audit committee of a listed entity shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;*
*(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;*
*(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;*
*(d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.*
*Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.*
*e) remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.(f) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:*
*(i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one Crore;*
*(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;*
*(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;*

*(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;*
*(v) any other condition as specified by the audit committee:*
*Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.*
*…*
*(4) All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2) shall require prior approval of the shareholders through resolution and no related party shall vote to approve] such resolutions whether the entity is a related party to the particular transaction or not:187[Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.*
*Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.*
*Provided further that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;*
*…*
*(9) The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:*
*Provided that a 'high value debt listed entity' shall submit such disclosures along with its standalone financial results for the half year:*
*Provided further that the listed entity shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:*
*Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023:*
*Provided further that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.*

***Financial results.***
*33.(1) While preparing financial results, the listed entity shall comply with the following:*
*…*
*(c)The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India:*
*Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board.*

***Annual Report.***
*34. …*
*(3) The annual report shall contain any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of these regulations.*

*Accounting Standards.*
*48.The listed entity shall comply with all the applicable and notified Accounting Standards from time to time."*

**Issue No. I** Whether the Noticee, as CFO of the Company furnished false certification of the Company's financial statements and thereby violated regulation 17(8) of the LODR Regulations and whether Noticee being CFO of the Company, is responsible for all the violations of the Company and thereby 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 regulation 48 LODR Regulations read with section 27 of SEBI Act, read with Ind AS1, 24 and 37?

10. I note that sufficient opportunities have been provided to the Noticee to represent its case by way of reply to the SCN and also by way of personal hearings. However, it is a matter of record that Noticee has failed to furnish reply to the SCN and also failed to appear for personal hearing before the undersigned. Therefore, in the absence of reply to the SCN from Noticee and his failure to avail the opportunity of personal hearing for making any submission in response to the allegation levelled in the SCN, I am inclined to presume that the Noticee has nothing to offer in his defense and therefore, he has admitted allegations levelled against him in the SCN.

11. In this context, the Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Sanjay Kumar Tayal v. SEBI* (Appeal 68 of 2013), *vide* Order dated February 11, 2014 held that:

> *"appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted to the charges levelled against them in the show cause notice."*

12. Reference is also drawn to the judgment of the Hon'ble SAT dated December 08, 2006 in the matter of *Classic Credit Ltd. v. SEBI* (Appeal No. 68 of 2003), wherein it was observed that:

> *"… the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".*

13. Further, the Hon'ble SAT followed the aforesaid order in the matter of *Dave Harihar Kirtibhai v. SEBI* (Appeal No. 181 of 214 dated December 19, 2014), wherein it was observed that:

> *"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."*

14. In view of the aforesaid observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against the Noticee ex parte based on the material available before me.

15. I note that it was alleged in the SCN that the Noticee, being CFO of the Company during the IP, provided the compliance certificate to the board of directors, *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 in violation of regulation 17(8) of LODR Regulations and regulations 4(1)(a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 17(8), 23(2), 23(4), 23(9), 33(1)(c), 34(3) read with Schedule V and regulation 48 of LODR Regulations read with section 27 of SEBI Act, 1992 read with Ind AS1, 24 and 37 .

16. From the record I note that Noticee was CFO of the Company during the IP and as a CFO, he provided the compliance certificate in terms of regulation 17(8) of the LODR Regulations. Investigations observed that following transactions by the Company were alleged to have violated the provisions of LODR Regulations:

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

17. It was alleged that despite the direction of the Hon'ble High Court of Delhi and being in agreement with the same, Company 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.

18. I note that the agreement to lease the space at the Delhi hotel project was executed between the space buyers and BCIDPL, wherein SRHIPL was a confirming party. The Company was one of the defendants before the Hon’ble Delhi High Court in the civil suit filed by the space buyers. In the said representative civil suit, Hon'ble Delhi High Court passed an order dated October 03, 2018 based on the schedule of payments to be made to the creditors of BCIDPL, submitted by the parties to the suit including BCIDPL, SRHIPL, the Company and plaintiffs pursuant to the court’s earlier directions dated August 20, 2018 and September 25, 2018. As per the list included in the court order, total balance amount to be paid to the space buyers was mentioned as Rs. 318.96 Crore.

19. Accordingly, the primary liability to refund Rs.318.95 Crore to the space buyers was on BCIDPL and SRHIPL as BCIDPL raised funds against lease of commercial space in proposed hotel property from the space buyers by entering into agreement with them with SRHIPL as confirming party. However, the Company agreed before the Hon’ble High Court that the liability to pay back the space buyers would fall on the Company if BCIDPL and SRHIPL fail to fulfil their obligation to pay.

20. The liability of the Company to refund the space buyers was contingent upon performance or non-performance of BCIDPL and SRHIPL to make such refund. Thus,

the refund liability to the space buyers was a contingent liability for the Company and accordingly, the Company should have recorded the said liability as contingent liability in FY19 to FY22. But the Company recorded the same only in FY23 as per the advice of its new statutory auditor and had shown the said liability as contingent liability in its annual report stating that amount was not ascertained. However, the Company in its annual report for FY24, recorded contingent liability of Rs.94.57 Crore as on March 31, 2024.

21. It is noted from the record that the Company had in fact made payments towards refund to space buyers of Rs. 49.08 Crore before FY19, Rs.8.82 Crore in the FY21 and Rs.2.49 Crore in FY22, respectively. In view of the same, I am of the opinion that company had failed to comply with the Ind AS 37 by not recording its refund liability to space buyers as contingent liability during FY19 to FY22.

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

22. It is alleged in the SCN that the Company had recorded its Delhi hotel project loss amounting to Rs.8.82 Crore as 'Miscellaneous expenses' instead as Exceptional items in its financials in FY 21.

23. Despite the expense of Rs.8.82 Crore being approx. 62% of the total expenses and material expense, as agreed by the Company, which was done as per the directions of the Hon'ble Delhi High Court to refund to space buyers, the Company recorded the said payment of Rs.8.82 Crore to SRHIPL, as 'Miscellaneous expenses' instead of recording the same as 'Exceptional Expenses' and thereby failed to comply with Ind AS 1.

24. Further, the Company had paid an amount of Rs.2.49 Crore to SRHIPL to pay the commercial space buyers in the FY22 with the request to refund the said amount and the same was agreed by SRHIPL. However, the Company recorded the said amount as advance to supplier instead as loan to SRHIPL.

25. I note that the Company was one of the defendants to the order of the Hon'ble High Court, Delhi and accordingly, the Company also had responsibility towards the refund to the space buyers. The Company had accounted the amount of Rs.8.82 Crore paid to SRHIPL for refund to space buyers as expenses in the FY21. The Company accounted subsequent payment of Rs.2.49 Crore to SRHIPL for refund the space buyers as advance to supplier (instead as loan). Therefore, I am of the opinion that Noticee did not present true and fair view of the financial position in accordance with Ind AS 1.

**C. Failure to disclose Related Party Transactions and approval thereof**

26. It was alleged in the SCN that the Company had failed to take the approval of shareholders and also failed to disclose the material Related Party Transactions (RPT) with respect to sale transaction amounting to Rs.10.48 Crore of investment in Joy Hotel to Silverring in its annual report in FY 20.

27. From the shareholding of Silverring during FY18, FY19 and FY20, it is observed that its shareholders were common promoter group shareholders of the Company.

28. In view of the above, I am of the opinion that the Company failed to take approval of shareholders and also failed to disclose the material Related Party Transactions (RPT) with regard to selling of investment in Joy Hotel in its annual report in FY20.

29. It was further alleged in the SCN that the Company had provided Rs.2.88 Crore to Zios Medical, which is more than 10% of nil consolidated revenue of the Company for the previous year, i.e., FY 21 and therefore, the said transaction was a material transaction and required prior approval of the shareholders. The Company in its submissions during the investigation had stated that the transaction with Zios Medical was based on future prospects and initiated during an exigent period amid the COVID pandemic, it was proposed to rectify the transaction through the Audit Committee. However, the proposal could not be presented, as the amount was recalled before execution or the signing of a formal agreement. Therefore, no approval was obtained from the Audit Committee.

30. From the above, I am of the opinion that admittedly, the Company did not obtain shareholders' approval for the related transaction with Zios Medical.

31. I note that under regulation17(8) of LODR Regulations, CFO has to provide a compliance certificate to the board of directors. Noticee had signed CFO certifications with respect to financial statements for the FY 19 to 22 that were misstated and the financial statements were found to be misleading.

32. It is also noted that Noticee had furnished false certification to the board of directors, certifying that the financial statements presented a true and fair view, despite the evident misstatements and non-compliance with accounting standards as enunciated in the preceding paragraphs. The false compliance certificate violates the provisions of regulation 17(8) of LODR Regulations, as the Noticee failed to ensure that the financial reports were accurate before certifying them to the board of directors. In view of the above, I am of the opinion that the Noticee violated regulation 17(8) of LODR Regulations.

33. I further note that Noticee had a fiduciary responsibility to ensure compliance with financial and accounting standards and compliance with LODR Regulations. The violations found against the Noticee indicate both active participation and negligence of Noticee. Hence, in the view of the above violation of regulations 4(1)(a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 17(8), 23(2), 23(4), 23(9), 33(1)(c), 34(3) read with Schedule V and regulation 48 of LODR Regulations read with section 27 of SEBI Act read with Ind AS 1, 24 and 37 is established.

**Issue No. II** If yes, whether the failure, on the part of the Noticee would attract monetary penalty under section 15HB of the SEBI Act?

**Issue No. III** If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15J of the SEBI Act read with rule 5(2) of the Rules?

34. In the light of findings and observations made against the Noticee brought out in the foregoing paragraphs, it is evident that the Noticee has violated regulation 17(8) of LODR Regulations and regulations 4(1) (a), (b), (c), (d), (e), (g), (h), (i) and (j), 4(2)(e)(i), 17(8), 23(2), 23(4), 23(9), 33(1)(c), 34(3) read with schedule V and regulation 48 of LODR Regulations read with Section 27 of SEBI Act read with Ind AS 1, 24 and 37.

35. The aforesaid violations, makes the Noticee liable for penalty under section 15 HB of the SEBI Act.

36. In this context, I would also like to refer to the order of the Hon'ble Supreme Court of India in the matter of Chairman, SEBI v. Shriram Mutual Fund[1] wherein Hon'ble Supreme Court of India held that "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not*."

37. The text of the above referred section 15HB of SEBI Act is reproduced herein below:

***"Penalty for contravention where no separate penalty has been provided.***

*15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one Crore rupees."*

38. While determining the quantum of penalty, it is important to consider the factors stipulated in Section 15-J of the SEBI Act, which reads as under: -

[1] [2006] 68 SCL 216 (SC)

***"Factors to be taken into account while adjudging quantum of penalty***

***15J*** *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:-*

*(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

*(b) the amount of loss caused to an investor or group of investors as a result of the default;*

*(c) the repetitive nature of the default."*

39. In this case, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of non-compliance to the provisions is not available. Further, from the material available on record, it is not possible to ascertain the exact monetary loss to the investors on account of violations by the Noticee. With respect to the repetitive nature of the default, I do not find anything on record.

40. The role of the Noticee in the established violations indicate a fundamental breakdown in governance, compliance, and oversight responsibilities critical to maintaining financial integrity and protecting investor interests. Noticee, in his executive role, endorsed inaccurate financial statements and provided false certifications, thus misled the board undermining accountability. The aforementioned factors have been taken into consideration while adjudging the penalty.

**ORDER**

41. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose a monetary penalty of Rs.5,00,000/- (Rupees Five Lakh) on Noticee, viz., Amit Kumar Singhl under section 15HB of SEBI Act.

42. The said penalty is commensurate with the lapses/omissions on the part of Noticee.

43. Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order through the online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of AO > PAY NOW.

44. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

JAI SEBASTIAN

Digitally signed by JAI SEBASTIAN
Date: 2026.03.11 17:39:42 +05'30'

**Date : March 11, 2025**
**Place: Mumbai**

**JAI SEBASTIAN**
**ADJUDICATING OFFICER**