

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their 26th Report on the business and operations of the Company together with the Financial Statements for the financial year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

(Rs. in Lakh)

PARTICULARS	Consolidated		Standalone	
	2017-18	2018-19	2017-18	2018-19
Revenue from Operations	13489.24	5274.47	13489.24	5274.48
Expenses	(10696.70)	(6937.21)	(10696.22)	(6936.03)
Depreciation	(674.40)	(315.80)	(674.42)	(315.80)
Profit from Operations before Finance Cost & Tax	1894.80	(1978.54)	2118.60	(1977.35)
Other Income	143.06	247.72	143.06	247.71
Profit before Interest & Tax	2037.86	(1730.82)	2261.66	(1729.64)
Interest / Finance Charges	(433.52)	(15370.46)	(433.52)	(15370.46)
Operating Profit before Tax	1604.34	(17101.28)	1828.14	(17100.10)
Interest / Finance Charges - New Hotel Projects	(1990.90)	-	(1990.90)	-
Profit (Loss) before Tax & Exceptional Items	(386.56)	(17101.28)	(162.76)	(17100.10)
Exceptional Items	-	(2278.41)	-	(2278.41)
Profit before Tax	-	(19379.69)	-	(19378.51)
Tax Expense	-	-	-	-
Profit (Loss) after Tax	(386.56)	(19379.69)	(162.76)	(19378.51)
Share of Minority Interest in Profit/Loss	-	-	-	-
Net Profit/(Loss) for the year	(386.56)	(19379.69)	(162.76)	(19378.51)
EPS (Basic/Diluted)	(1.31)	(152.01)	(1.31)	(152.01)

DIVIDEND

Due to absence of Profit during the year, your Directors have not recommended any dividend for the Financial Year 2018-19.

RESERVES

Due to absence of surplus during the year under review, no amount was transferred to the Reserves.

DEPOSITS

During the period under review, your Company has not accepted, renewed or invited any deposit.

INTERNAL FINANCIAL CONTROL

The Company has an internal financial control system, commensurate with size, scale and complexity of its operations. The internal financial control system is adequate and operating effectively so as to ensure orderly and efficient conduct of business operations. The Company's internal financial control procedures ensure the reliability of the Financial Statements of the Company and prepared in accordance with the applicable laws.

SHARE CAPITAL

During the year under review, there were no changes in the paid-up equity share capital of the Company.

The Equity Shares issued by the Company are listed at following Stock Exchanges as on March 31, 2019:

1. National Stock Exchange of India Limited (NSE)
2. BSE Limited (BSE)

Annual listing fee for the Financial Year 2019-20 has been paid to both the Stock Exchanges. The Equity Shares continue to be listed on both NSE and BSE.

The provisions of the Companies Act, 2013 ("Act") have placed statutory restriction on the Company, having accumulated losses, from payment of dividends on Preference Shares. As a result, dividends on Preference Shares have not been paid for more than two years, thereby making the holders of these shares entitled to vote on all resolutions placed before the members. The proportion of voting rights of Equity Shareholders to the voting rights of Preference Shareholders shall be in proportion to their paid up capital.

The Board of Directors in their meeting held on August 11, 2017 had proposed modification in the terms of redemption of 41,50,000 10% Cumulative Redeemable Preference Shares and the same were approved by shareholders through postal ballot on September 20, 2017. However, the Hon'ble National Company Law Tribunal (NCLT), Delhi in a petition filed by one litigant, vide its order dated November 24, 2017 restrained these Preference Shareholders from exercising their voting rights in respect of these preference shares and directed the Company not to give effect to the resolution dated August 11, 2017 till further orders.

However, the Scrutinizer while submitting the voting results erroneously included voting by the Preference Shareholders. The Hon'ble National Company Law Tribunal (NCLT), New Delhi, by order dated September 26, 2018, stayed all the resolutions passed by the Company at its Annual General Meeting held on August 9, 2018 with regard to adoption of Financial Statement for the Financial Year ending March 31, 2018 by the shareholders, re-appointment of

Mr. Sushil Suri as Director, who retires by rotation and appointment of Mrs. Shalu Suri as a Non-Executive Director of the Company. Meanwhile, Mr. Sushil Suri and Mrs. Shalu Suri have tendered their resignation from the Board of Directors of the Company on January 29, 2019.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during the financial year ended March 31, 2019.

SUBSIDIARIES / JOINT VENTURES / ASSOCIATES

The Company has following Subsidiaries / Associates as on March 31, 2019 namely:

1. Golden Joy Hotels Private Limited (Wholly Owned Subsidiary Company)
2. Blue Coast Hospitality Limited (Wholly Owned Subsidiary Company)

During the year your company has sold its entire holding in its material subsidiary Company i.e., Silver Resort Hotels India Pvt. Ltd. to Joy Hotel and Resorts Pvt. Ltd., with the consent of Members given in their Extra-Ordinary General Meeting held on March 31, 2019. Consequently, Silver Resort Hotels India Pvt. Ltd. ceased to be a Wholly Owned Subsidiary of the Company with effect from March 31, 2019.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended March 31, 2019 has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the previous year ended March 31, 2019.

In accordance with the Companies Act, 2013 and Indian Accounting Standards (Ind AS) 110 on 'Consolidated Financial Statements' read with Ind AS 112 on 'Disclosure of Interest in other entities', the Audited Consolidated Financial Statements is provided in the Annual Report.

In accordance with the provisions of Section 129(3) of the Act, read with the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the subsidiaries is attached as **ANNEXURE 'B'** to this Report in the prescribed form, AOC-1.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors and Key Managerial Personnel

During the year under review, Mr. Dilip Bhagtani, Chief Financial Officer & Company Secretary (Key Managerial Personnel) has resigned from the said position w.e.f., December 24, 2018. Mr. Amit Kumar Singhl and Mrs. Kapila Kandel are appointed by the Board of Directors as Chief Financial Officer and Company Secretary respectively w.e.f., December 26, 2018.

During the year under review, Mr. Sushil Suri, Chairman & Managing Director and Mrs. Shalu Suri, Non-Executive Director, has resigned from their respective positions w.e.f., January 29, 2019 and Mr. Kushal Suri has been designated as Whole Time Director by the Board of Directors of the Company w.e.f., February 9, 2019. Further, the Members at Extra-Ordinary General Meeting (EGM) of the Company held on March 31, 2019 has approved the appointment of Mr. Kushal Suri, who is liable to retire by rotation pursuant to the provisions of Section 152 and other applicable

provisions of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014, as amended or re-enacted from time to time.

Mr. Kushal Suri, Whole Time Director of the Company, who is liable to retire by rotation pursuant to the provisions of Section 152 and other applicable provisions of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014, as amended or re-enacted from time to time, has given his consent and being eligible has offered himself for re-appointment.

During the year under review, Mr. Ashok Kini, Independent Director of the Company, has resigned on February 18, 2019.

Mrs. Anju Suri has been appointed as an Additional Director by the Board of Director in their meeting held on February 9, 2019 who will hold the office till this ensuing Annual General Meeting. Your Board, on the recommendation of the Nomination & Remuneration Committee, recommends the appointment of Mrs. Anju Suri as a Non-Executive Director of the Company as set out in the resolution related to her appointment in the notice of this Annual General Meeting.

Mr. Praveen Kumar Dutt and Vijay Mohan Kaul, has given their consent to act as an Independent Director of the Company pursuant to Section 152 of Companies Act, 2013, read with Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and offered themselves to be re-appointed as an Independent Directors of the Company for another term of 5 (five) consecutive years commencing from September 27, 2019 to September 26, 2024. Your Directors recommends their re-appointment as an Independent Directors of the Company, in accordance with the provisions of Section 149 of Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time.

As per provisions of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to obtain approval of Members by way of special resolution for continuing the directorship of the Non-executive Director in the Company who has attained the age of 75 years or more. Mr. Madan Gopal Khanna, Independent Director of the Company, is aged more than 75 years. Hence approval of Shareholders by way of special resolution is required for his continuation on the Board of the Company. Your Board recommends the continuation of Mr. Madan Gopal Khanna as a Non-Executive Independent Director of the Company.

STATEMENT ON INDEPENDENT DIRECTOR'S DECLARATION

Your Company has three Independent Directors in its Board. Pursuant to Section 149 (7) of Companies Act, 2013 (Act), all the Independent Directors has provided declaration on their status as an Independent Director and they meet the criteria of independence as provided in Section 149 (6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. There has been no change in the circumstances affecting their status as an Independent Directors of the Company.

During the year under review, a separate meeting of the Independent Directors of the Company was held on May 29, 2018, without the presence of any other Director(s). The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole and assessed the quality, quantity and time-lines of flow of information between the Company Management and the Board. The Company Secretary acted as a secretary to the Meeting.

EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Act and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out its own performance evaluation, that of the Committees and the individual performance of its Directors. The manner in which the evaluation has been carried out has been detailed in the Corporate Governance Report.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details pertaining Familiarization Programme for Independent Directors has been incorporated in Corporate Governance Report.

NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2018-19, Board conducted total eight (8) meetings to transact the business of the Company. Details of all such meetings are given in Corporate Governance Report of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to the Director's Responsibility Statement, it is hereby confirmed that:

- a) In the preparation of annual accounts for the Financial Year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2019 and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for prevention and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts for the financial year ended on March 31, 2019, on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MANAGERIAL REMMUNERATION AND OTHER DISCLOSURES

The disclosures as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed and forms part of this report as ANNEXURE 'A'.

AUDIT COMMITTEE

Your Company has an Audit Committee in compliance of the provisions of Section 177 of the Act and Regulation 18 of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The complete details with respect to Audit Committee, as required to be given under the aforesaid provisions, is given in the 'Corporate Governance Report'.

WHISTLE BLOWER/VIGIL MECHANISM

The Company has established a Whistle Blower Policy/Vigil Mechanism through which its Directors and Employees can report their genuine concern about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The said policy provides for adequate safeguard against victimization and also direct access to the higher level of superiors including Chairman of the Audit Committee, in exceptional cases. The Audit Committee reviews the same from time to time. In compliance with Section 177 of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the same is available on the website of the Company at www.bluecoast.in.

RISK MANAGEMENT POLICY

The Company has in place a mechanism to inform the Board about the risk assessment and minimisation procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

The Company has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Company, the same is available on the website of the Company at www.bluecoast.in.

NOMINATION AND REMUNERATION COMMITTEE

Your Company has a Nomination and Remuneration Committee in compliance to the provisions of Section 178 of the Act and Regulation 18 of SEBI (Listing Obligation & Disclosures Requirements) Regulation, 2015 as amended. The complete details with respect to the salient features of Nomination and Remuneration Committee, as required to be given under the aforesaid provisions, is given in the 'Corporate Governance Report'.

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel (KMP) and other employees of the Company as formulated by Nomination and Remuneration Committee, pursuant to provisions of Section 178 of the Act and Para A of Part D of Schedule II of SEBI (Listing Obligation & Disclosures Requirements) Regulation, 2015, as amended, which acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Company has made the requisite changes in accordance of the Companies Act, 2013, as amended, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The detailed policy formulated by Nomination and Remuneration Committee can be accessed at www.bluecoast.in.

AUDITORS

I) STATUTORY AUDITORS

M/s Dewan & Gulati, Chartered Accountants (Firm registration number 003881-N) as the Statutory Auditors of the Company, was appointed by the shareholders in the Annual General Meeting held on September 28, 2017,

pursuant to provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Act, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to all the applicable laws and regulations for a term of five (5) consecutive years, to hold office from the conclusion of the 24th Annual General Meeting until the conclusion of 29th Annual General Meeting, to be held in the year 2022, subject to ratification of appointment by the Members at every Annual General Meeting.

The requirement to place the matter relating to appointment of auditors for ratification by Members at every Annual General Meeting has been waived off by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing Annual General Meeting.

EXPLANATION TO AUDITOR'S REPORT

On Matters of Emphasis on Statutory Auditor's Report

We draw attention to Note 26 (a) in the Financial Statements regarding handing over of only operational asset of the Company to the auction purchaser pursuant to Hon'ble Supreme Court order and 26 (e) regarding erosion of net worth, raising significant doubt on the company's ability to continue as a going concern.

Explanation

On account of default in repayment of term loan, IFCI initiated recovery proceeding under SARFAESI Act, 2002, against the company and allegedly sold the Hotel property Park Hyatt, Goa for an amount of Rs. 515,44.01 Lakhs. On 19.03.2018 Hon'ble Supreme Court of India ordered the Company to handover the possession of the Hotel to the auction purchaser within a period of six months. In compliance of Hon'ble Supreme Court order, the Company has handed over the possession of the property Park Hyatt Goa Resort & Spa to the auction purchaser on 19.09.2018. The handing over of only operational asset of the company to the auction purchaser pursuant to aforesaid order has impacted the company's ability to continue as a going concern.

The Company has availed its right to redeem the property u/s 60 of the Transfer of Property Act, 1882 by giving notice to IFCI before handing over the possession of property, though during the reporting year the Company has accounted for the sale of its aforesaid property in its financial books. The Writ Petition is pending adjudication at Hon'ble High Court of Bombay at Goa. The outcome of the writ petition may have the material impact on the company as a going concern and may also impact the alleged sale of Hotel property at Goa.

During the Year the company has recorded losses on account of loss on sale of investment in subsidiary and accumulated dividend on Preference Share, resultantly the Net worth of the Company has turned negative.

ii) SECRETARIAL AUDIT

During the year under review, the Company has appointed Mr. Prem Chand Goel, Practicing Company Secretary, (C.P No 457) Ghaziabad, as a Secretarial Auditor of the Company to conduct the Secretarial Audit of the Company as per the provisions of Section 204 (1) of the Companies Act, 2013 and other laws as applicable, for the financial year 2018-19.

The Report in Form MR-3 is enclosed as **Annexure- 'F'** to this Annual Report and there are no qualifications, reservations and remarks made by the Secretarial Auditor in his Report, if any are self-explanatory.

SECRETARIAL STANDARD

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards as issued by the Institute of Company Secretaries of India (ICSI) and that such systems are adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under review, your Company does not fall under the criteria as specified under Section 135 (1) of the Companies Act, 2013. Hence, no amount is required to be spent as per the provisions of Section 135 of the Act.

EXTRACT OF ANNUAL RETURN

The information as required under Section 134 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is provided in the **Annexure- D** forming part of this Report.

LOAN AND INVESTMENT BY COMPANY

Pursuant to Section 186 of the Act, Details of loan and investment made by the company is given in the notes to the Financial Statement of the Company.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments, affecting the financial position of the company, have occurred between the end of the financial year of the company to which the financial statements relate and the date of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

In compliance with order of Hon'ble Supreme Court of India, Company has handed over the possession of its only operating property on September 19, 2018, hence the consumption of energy or technology absorption and foreign exchange earnings and outgo is not pertinent.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS / COURTS / TRIBUNALS

During the year under review, as per the order dated March 19, 2018 of Hon'ble Supreme Court of India, your Company has handed over the possession of movable and immovable properties (except stock of raw materials, semi-finished goods, consumable stores, current stocks and book debts hypothecated to working capital bankers) of hotel 'Park Hyatt Goa, Resorts & Spa' to ITC Limited on September 19, 2018.

The Company has availed its right to redeem the property u/s 60 of the Transfer of Property Act, 1882 by giving notice to IFCI before handing over the possession of property, though during the reporting year the Company has accounted for the sale of its aforesaid property in its financial books. The Writ Petition is pending adjudication at Hon'ble High Court of Bombay at Goa.

The aforesaid hotel property was auctioned by IFCI Ltd., the mortgagor, for a consideration of Rs. 515,44.01 Lakhs to ITC Limited, the auction purchaser (Buyer). The buyer has no relation with the any promoter or promoter group of the company. The aforesaid transaction is not covered under the provisions of related party transaction as provided under the Act.

The property generated operating revenues of Rs. 134.89 Crores during previous year ending March 31, 2018 which represents 100% of the operating revenues to the company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The information relating to contracts or arrangements with related parties, either at arm's length basis or not, as required under Section 188 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 is annexed in Form "AOC – 2" and forms part of this report as ANNEXURE-C. In accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated policy on the related party transactions and material subsidiaries. The same is available on the website of the Company i.e., www.bluecoast.in.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of the operations, performance and other matters of the Company is set out in the Management Discussion and Analysis Report pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, forms part of this Annual Report as ANNEXURE -E

THE POLICY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013, NUMBER OF CASES FILED WITH COMPANY, IF ANY, AND THEIR DISPOSAL.

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace pursuant to the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, while dealing with issues related to sexual harassment at the work place. All women employees whether permanent, temporary, contractual and trainees are covered under this policy. The Company has not received any complaint during the year.

ACKNOWLEDGEMENT

The Directors express their sincere appreciation of the co-operation and assistance received from the Central Government, State Government and Company's Bankers, Auditors, Members, Bankers, Lawyers and other business associates. The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by the employees at all levels.

By Order of the Board
For Blue Coast Hotels Limited

Place: New Delhi
Date: 12.08.2019

Sd/-
(Kushal Suri)
Whole Time Director
DIN: 02450138

Sd/-
(Anju Suri)
Director
DIN: 00042033