

SECURITIES AND EXCHANGE BOARD OF INDIA
CONFIRMATORY ORDER

Under Sections 11(1), 11(4) and 11B(1) of the Securities and Exchange Board of India Act, 1992

In respect of:

Sr. No.	Name of the Noticee	PAN
1	LS Industries Limited	AAACL1987E
2	Jahangir Panikkaveetil Perumbarambathu	ASHPM4547P
3	Profound Finance Pvt. Ltd.	AACCC2700J
4	Suresh Goyal	AANPG7006M
5	Alka Sahni	ABLPS8090C
6	Shashi Kant Sahni HUF	ABEHS1674K

In the matter of LS Industries Limited

Background

1. Securities and Exchange Board of India ("**SEBI**") passed an Interim Order dated February 11, 2025 ("**Interim Order**") against LS Industries Limited ("**LSIL**" / "**Company**"), a company listed on the BSE Ltd. ("**BSE**"), as well as its promoter and certain shareholders, who were *prima facie* observed to be part of a manipulative scheme designed to defraud investors.
2. The Interim Order noted that LSIL reported negligible revenue, nil cost of material consumed and nil purchase of inventory in the last three financial years (FY22 to FY24) and first three quarters of FY25, which indicated that the Company was not doing any business during this period. The Company also consistently reported losses, except for QE December 2024, wherein the Company reported profit on account of 'Other Income'. While LSIL reported negligible revenues, its balance sheet showed huge trade receivables. Its

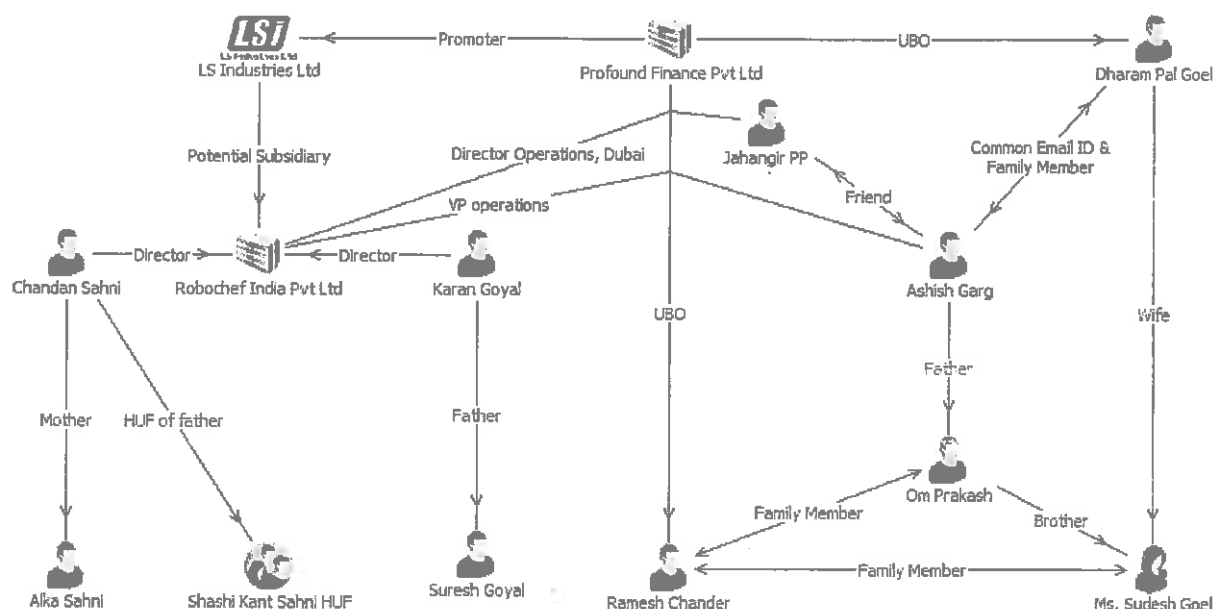


'debtor days' increased from 118 days in FY11 to 58,416 days in FY24 and its cash from operating activities was either nil or negative from FY16 to FY24.

3. Despite poor financials, the share price of LSIL, post resumption of trading in the scrip on July 23, 2024 (trading in the scrip remained suspended for more than 10 years due to penal reasons), rose by over ten times from Rs. 22.50 to a high of Rs. 267.50 between July 23, 2024 and September 27, 2024, with the Company reaching a peak market capitalisation of approx. Rs. 22,700 Crore. However, the share price fell thereafter, touching a low of Rs. 42.39 on November 21, 2024. The share price rose again to Rs. 136.87 on December 23, 2024.
4. The scrip price was not found to be influenced either by the financials or by the positive corporate announcements. Therefore, the trade data of LSIL was analysed. It was observed that post resumption of trading in the scrip on July 23, 2024, the scrip opened daily at upper circuit limits for 48 consecutive days till September 27, 2024 and touched a high of Rs. 267.50. It was observed that a total of 9 entities contributed 80% of this price rise through first trades of the day by placing daily buy orders at 09:00:00 AM at upper circuit limits, when there were no sell orders in the scrip.
5. Thereafter, after September 27, 2024, the scrip price started falling. The scrip opened daily in lower circuit limits for 36 consecutive days till November 21, 2024. It was observed that a set of nine entities contributed 100% of this price fall through their first trades of the day by placing daily sell orders at 09:00:00 at lower circuit limits, when there were no buy orders in the scrip. Multiplier Share & Stock Advisors Pvt. Ltd., Paresh Dhirajlal Shah and Ruchira Goyal were top contributors both to the aforesaid price rise and price fall in the scrip by placing orders at circuit limits. This pattern of price rise and price fall in the scrip was again witnessed between November 22, 2024 and February 4, 2025.
6. It was observed that on October 12, 2022 (when trading in the scrip was still suspended), one public shareholder and ex-director of the Company, namely Suet Meng Chay, holding 10,28,82,050 shares of LSIL (i.e., 12.12% of entire shareholding of LSIL) transferred her entire shareholding in an off-market transaction for a consideration of USD 1 to one Jahangir Panikkaveettil

Perumbambathu ("JPP/Jahangir"), an NRI residing in Dubai. Considering that the share price of LSIL was Rs. 15 per share when the trading was suspended in December 2013 (last available traded price prior to suspension of trading), the value of shares transferred to JPP came to about Rs. 154.32 Crore. The shares, even at their face value of Re. 1/-, were worth about Rs. 10.29 Crore.

7. The trading history of JPP (who, as per his KYC details, was employed as the "Administration Manager" of a Dubai-based Company, Dutch Oriental Mega Yacht LLC) revealed that except for buying 10,28,82,050 shares of LSIL in off-market from Suet Meng Chay and selling 1,06,500 shares of LSIL in the market, and buying 48 shares of Jio Financial Services Ltd., he had not traded in any other securities between January 01, 2022 and January 31, 2025 and had no other holdings. JPP was declared as a public shareholder of LSIL though he held 12.12% of the entire shareholding of LSIL. Upon examination, JPP was found to be connected with the promoter of LSIL, i.e., M/s Profound Finance Pvt. Ltd. ("Profound"/ "PFPL"). He was the Director (Operations, UAE) in Robochef India Pvt. Ltd. ("Robochef"), in which LSIL had announced acquisition of 75% stake in November 2024. The connections between several Noticees in this matter are pictorially represented as follows:



8. It was observed that JPP started selling shares of LSIL when the scrip price was rising (reaching a peak of Rs. 267.50 on September 27, 2024). Most of the sales by JPP took place during this period of price rise. Analysis of the bank statements

of JPP revealed that soon after selling shares, JPP remitted approx. Rs. 70.91 Lakh to Dubai.

9. It was also observed that certain relatives of the directors/owners of Robochef offloaded shares of LSIL held by them and made windfall gains, while LSIL was planning to acquire stake in Robochef. The trading pattern of Mr. Suresh Goyal, the father of the owner of Robochef, was found to be instrumental in contributing liquidity to the LSIL scrip during the period when its price was rising.
10. In view of the sudden price movement in the scrip without any meaningful change in fundamentals, the dubious transfer of shares to JPP and the suspicious trading patterns of certain entities, it *prima facie* appeared that the Noticees were part of a manipulative scheme designed to defraud investors. *Prima facie*, the Noticees violated the provisions of Section 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a), 4(2)(b) and (e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations, 2003**").
11. Vide the Interim Order, Noticees 2 to 6 were, *inter alia*, restrained from buying, selling or dealing in the shares of LSIL either directly or indirectly, in any manner whatsoever until further orders. Further, Noticee 1 was restrained from buying, selling or dealing in securities or accessing the capital market either directly or indirectly, in any manner whatsoever until further orders. Further, alleged unlawful gains of Rs. 1,14,01,135/- accrued to Noticee 2 from sale of shares, were directed to be impounded. Noticee 2 was further directed to provide a full inventory of all his assets whether movable or immovable, within 15 days. Noticees were also directed to co-operate with SEBI's investigation by furnishing all relevant information. The Interim Order also directed SEBI to complete the detailed investigation in the matter by May 15, 2025.
12. The Noticees were advised to file their reply/ objections, if any, to the Interim Order and also indicate whether they desired to avail an opportunity of personal hearing, within 21 days from the date of receipt of the Interim Order.

Inspection of documents, replies and personal hearing

13. The Interim Order was duly served on all the six Noticees. Noticees 1 to 4 sought inspection of certain documents. As the request from Noticee 2 to 4 was non-specific and vague, the said Noticees were advised by SEBI to provide a list of specific documents which they desired to inspect. However, no specific list was provided by Noticees 2 and 4.
14. As regards Noticee 1, it provided a list of specific documents and was accordingly granted opportunity of inspection on March 10, 2025. Further, opportunities of inspection were also granted to Noticees 2 and 3 on March 10, 2025 and Noticee 4 on April 3, 2025, while advising them to provide the list of specific documents which they desire to inspect. Noticees 2 and 3, without providing list of specific documents in advance, attended the inspection on March 10, 2025. Noticee 4 did not avail of the opportunity of inspection granted to him.
15. Subsequently, vide letter dated March 12, 2025, the authorised representatives of Noticee 1 and 3, *inter alia*, again requested for inspection of complete set of documents that formed part of the material on record but which was not provided to them previously. In this regard, vide email dated April 1, 2025, it was, *inter alia*, clarified to the Noticees that inspection of all the specific documents mentioned by Noticees were already provided to them. However, they were advised to mention specific documents which they still desired to inspect.
16. In response to the above, the authorised representatives of Noticee 1 and 3, vide letter dated April 3, 2025, *inter alia*, sought for copies of certain documents, viz., internal notes relating to appointment of investigating authority under section 11C of the SEBI Act, 1992 and initiation of proceedings under sections 11(1), 11(4) and 11B(1) of the SEBI Act. They also sought complete details of share transfer transaction between ex-director of LSIL, Ms. Suet Meng Chay and JPP; and complete details of trades placed in the last one year by the entities mentioned at para 10-14 of the Interim Order.
17. In this regard, I note that the relevant facts, observations and documents which form the basis of the Interim Order have already been provided to the Noticees.

The documents pertaining to internal deliberations within SEBI are internal documents which cannot be disclosed to the Noticees.

18. As regards the request of the Noticees for details of share transfer agreement between Suet Meng Chay and JPP and the details of trades placed by entities mentioned in the Interim Order, I note that the details were sought by the Noticees earlier also and the same had already been provided to them. In view of the foregoing, I find that sufficient opportunity has been granted to the Noticees for inspection of documents.
19. Noticees have filed their replies to the Interim Order. An opportunity of personal hearing was also provided to them on May 8, 2025 which was attended by their respective authorised representatives.
20. Noticees 1 and 3 vide their replies dated April 15, 2025 and May 19, 2025 respectively, have *inter alia*, made the following common submissions:
 - (a) LSIL was incorporated in 1993 and was listed on BSE in 1994. It was into the business of producing fabrics and textiles for various applications. However, at present, the company did not have any business/manufacturing operations.
 - (b) PFPL (previously known as Strategybot Finance Pvt. Ltd. till 2012), the promoter company of LSIL, was incorporated in 1998 and was involved in the 'business of credit granting'. It was acquired by DP Goel in 2008-09 from the erstwhile owners of the company. In 2008, LSIL announced a share split from Rs. 10 to Re. 1 and the total number of shares of LSIL subscribed by PFPL stood at 8.40 Crore. Thereafter, PFPL has remained a promoter of LSIL and held 74.28% shareholding. PFPL had been dormant for several years and had not carried on any business as such, after acquiring LSIL.
 - (c) Noticees have filed Civil Writ Petition No. 4593 of 2025 against the Interim Order before the Hon'ble High Court of Himachal Pradesh at Shimla.
 - (d) No documents relevant to the matter which weighed with SEBI to pass Interim Order have been provided to the Noticees despite repeated requests. During inspection, SEBI did not provide the complete set of documents available with it but only provided the documents that have been

enlisted in the *ex parte* Order. SEBI's insistence towards the Noticees filing a reply in the absence of all the documents was against the principles of natural justice and fair play. This was against the principles laid down by Hon'ble Supreme Court in its judgment in the matter of *T. Takano vs. SEBI*.

- (e) The Interim Order was passed merely on the basis of an examination pursuant to a news article in NDTV Profit. The Order was passed within 7 days from the publication of the article and harsh restrictions were imposed even though there was no urgency. The observations of the Hon'ble Supreme Court in the matter of *SEBI vs. Udayant Malhotra* lay down a fundamental principle that the power to issue *ex parte* directions has to be sparingly used when the situation so warrants.
- (f) SEBI has overlooked the order of the Hon'ble Securities Appellate Tribunal ("SAT") passed in the matter of *Bhoruka Financial Services Ltd. vs. SEBI*, where it was, *inter alia*, held that the power to issue interim orders cannot be exercised unless an enquiry or an investigation is pending.
- (g) The findings in an *ex parte* order merely on the basis of a preliminary examination leave no scope for a subordinate officer to give findings in investigation, which would be contrary to the findings of the WTM.
- (h) SEBI has not taken any preventive action against entities responsible for the rise in price of the LSIL scrip.
- (i) LSIL addressed several complaints and representations to SEBI regarding suspicious trading activities in the LSIL scrip which were continuing even 2 months after passing of the Interim Order. SEBI did not respond to any of the complaints/representations. LSIL was also cooperating with SEBI's investigation.
- (j) The allegation against LSIL is that that while it announced its intention to acquire one Robochef, certain relatives of directors of Robochef, who were also shareholders of LSIL, dumped shares of the Company and made windfall gains. However, there was no allegation of a connection of LSIL or PFPL with these persons, or any role of PFPL in the matter, or that LSIL had given any misleading corporate announcements. Further, PFPL, the promoter of LSIL, did not trade in the scrip at all despite having a large shareholding and opportunity to make profits and it was not clear as to what role was played by LSIL or PFPL.



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- (k) There was no connection between the directions issued in the Interim Order and the necessity of passing interim directions recorded in the Interim Order.
 - (l) SEBI initiated the present proceedings against the promoter of LSIL on account of JPP receiving some shares of LSIL without establishing either any involvement of the promoter in the same or that the proceeds of sale by JPP were shared with PFPL. The connection drawn in the Interim Order between JPP and PFPL was farfetched and irrational.
 - (m) SEBI had sought to draw connections between Noticees based on tenuous social media connections and employment history. The Hon'ble SAT in the matters of *Premchand Shah & Ors. vs. SEBI* and *Jagruti Securities Ltd. vs. SEBI* has held that mere proximity or social association was insufficient to attract the rigour of PFUTP Regulations.
 - (n) SEBI's direction to restrict PFPL from trading in the scrip was unjustified as PFPL or any persons connected to PFPL had not traded in the scrip. PFPL also did not have any connection with the entities which were identified by SEBI to have caused the price rise.
 - (o) SEBI failed to take into account the fact that since the trading suspension in the scrip was revoked after a period of 10 years, all the investors who had their investments in the Company and were stuck for the last 10 years restarted trading, creating liquidity and demand in the scrip.
 - (p) As the investigation in the matter was supposed to be completed by May 15, 2025, a copy of the Investigation Report should be provided to them.
 - (q) Restrictions contained in the Interim Order *qua* PFPL may be revoked and PFPL, which had not sold any shares of LSIL in the past, would undertake to not sell or create any third-party rights over any shares held by them.
21. Noticee 2, vide replies dated April 12, 2025 and May 20, 2025 has submitted, *inter alia*, the following:
- (a) The concerns expressed in its Interim Order did not justify any urgency in the matter.
 - (b) There was no allegation in the Order of any connection of the Noticee with LSIL. Further, the Noticee, as a seller, could not have had any role in the price rise.



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- (c) The Noticee was an NRI settled in Dubai for the last more than 27 years and currently working as Director-Operations at Dutch Oriental, a yacht company based out of Dubai. Since 1996, the Noticee was working with EZY Group, an IT company having offices in more than 30 countries. In 2008, the Noticee was appointed as a director of EZY Asia APAC, the holding company of EZY, Singapore, which is the operational headquarters of EZY Group. In 2009, EZY Global Holding Ltd. established an employee benefit fund, viz., EZY Employees Benefit Fund ("Fund") for the benefit of the employees of EZY Global Holding and its subsidiaries and group companies. The Fund was structured similar to the 401(k) plan in the USA and was established to take over the balances of the existing employee Profit Sharing Program of EZY Group and further contributions from the company. The objective of the Fund was to pay beneficiaries all the benefits based on their tenure, contributions and the Fund's performance.
- (d) In 2010-2011, LSIL issued new shares at Rs. 122 per share and the Fund, through Suet Meng Chay (then CFO and Chairperson of EZY Group) subscribed to the newly issued 102,882,050 shares (12.12% of LSIL shareholding) at USD 2.3 million (equivalent to Rs. 12.55 crore at that time) that was transferred by the Fund to her bank account in Hong Kong. Thus, the shares were an investment by the Fund and held in the name of Suet Meng Chay as a Trustee, as the regulatory requirements did not permit the Fund to open a demat account in India to hold the shares. Ms. Suet Meng Chay became a shareholder director in LSIL to better monitor its investment and did not hold any executive position.
- (e) In 2018, Ms. Suet Meng Chay resigned from EZY Group and vide the settlement agreement signed by her with EZY APAC, it was agreed that shares held in LSIL be transferred to a nominated member/ trustee. The Noticee, being a director of EZY Asia APAC, was appointed as a successor to Ms. Suet Meng Chay and the trustee of the shares held by her in LSIL. Due to regulatory limitations regarding opening a demat account by a Trust and restrictions on changing trustee's name on record, shares were transferred from Ms. Suet Meng Chay to the Noticee for a nominal consideration of USD 1 and even at that stage, the Noticee had to submit



an undertaking that the shares would be held as a Trust. Thus, the transaction was completely bonafide.

- (f) The Noticee was unable to travel to India at that time to open a demat account due to COVID restrictions and it was only in October 2022 that Ms. Suet Meng Chay executed documents pertaining to share transfer to the Noticee and thereafter, the Noticee was able to travel to India to open a demat account and the shares were transferred in his name.
- (g) Despite the share transfer, the trading in LSIL scrip was suspended and shares subscribed for benefit of the Fund remained blocked and there were recoveries to be made in various parts of the globe including in Vietnam, Philippines, Sri Lanka and Bangladesh where substantial funds were to be recovered by EZY Group, which would be applied towards settlement of dues of employees.
- (h) Once the trading suspension on LSIL scrip was revoked, it was logical to sell the LSIL shares and utilise the sale proceeds towards legal expenses and reimbursements to be made. Personally also, the EZY Group owed a huge debt to the Noticee, i.e., his salaries, remuneration and gratuity.
- (i) The Noticee sold a total of 1,06,500 shares of LSIL in tranches which was a mere 0.1% of the total shares held as a trustee of the Fund and the sale proceeds received were Rs. 87,00,000/- after deduction of the applicable taxes automatically by the banks, as against Rs. 1.14 Crore alleged to have been made by the Noticee. Out of this, an amount of Rs. 70,00,000/- was transferred to Dubai via legitimate banking channels.
- (j) The sale proceeds were utilised in terms of the aforesaid settlement agreement towards payment of litigation expenses incurred by the Noticee on behalf of the EZY Group and realisation of his gratuity for the last 27 years invested in the EZY Group since it was orally assured to the Noticee that dues incurred by the Noticee for the company shall be cleared first. Further, an amount of USD 500,000/- was still due from EZY Group to the Noticee, as could be verified from any member of the EZY Group.
- (k) The Noticee also partly settled the accounts of other employees of Singapore branch of EZY Group who reached out to him owing to lack of funds and medical emergencies and thus, small amounts were paid to



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employees of EZY Singapore and EZY Philippines for outstanding salaries and costs incurred in pursuing recovery of monies owed to them.

- (l) The Noticee did not make any attempts to manipulate the stock market and instead had legitimately taken care of other employees in terms of the Fund's objectives.
- (m) Dutch Oriental Mega Yacht LLC is the owner of brand Robochef which is a well-established brand in UAE and has multiple outlets across the globe. The company was in talks with entities in India to expand its franchise network. The Noticee was only associated with the UAE operations. In addition, LSIL had not taken any steps till date to acquire the shares of Robochef India. Thus, it was incorrect to draw vague references of a connection between the Noticee and LSIL merely based on a corporate announcement by LSIL.
- (n) The value of the shares of LSIL when the Fund acquired the same in 2010 was Rs. 12.55 crore. However, on the date of transfer of shares from Ms. Suet Meng Chay to the Noticee in 2022, the book value of the shares had dropped to Rs. 6.38 crore, in view of the suspension of trading. Thus, the Noticee as a rational investor traded in the LSIL scrip once the trading restrictions were lifted to recover the investment made by the Fund almost 15 years ago. Further, it was wrong to allege that the Noticee sold the LSIL shares when the price was rising since most of his orders were not placed when the price of the scrip was at a high, as evident from the details recorded in the Interim Order.
- (o) All actions taken by Noticee in respect of share transfer and sale of shares were fully transparent and in compliance with applicable regulations.
- (p) The Noticee may be allowed to sell further shares of LSIL for the benefit of employees who were eagerly waiting for the outcome of the matter.

22. Noticee 4 vide his replies dated April 21, 2025 and May 19, 2025 has submitted, *inter alia*, the following:

- (a) The Interim Order alleged that the Noticee dumped his entire shareholding in LSIL while LSIL intended to purchase stake in Robochef. This now incorrect since he purchased shares of LSIL in November 2024.



- (b) The mention of Noticee's relationship with Robochef's director in the Interim Order to issue directions against the Noticee was out of context, as the Noticee was neither a promoter nor related to the promoter or the promoter group of LSIL, or a majority shareholder either in LSIL or Robochef.
- (c) The Noticee was holding the LSIL shares for a long time when there was no marketability of the shares due to trading suspension and any person would be selling the shares as soon as there was a market available for such shares and the price was high. The LSIL shares were purchased more than 10 years ago when LSIL was not a zero-revenue company like today and had significant revenue of Rs. 97.5 crore that year. Further, the shares were sold much prior to the LSIL's announcement indicating its interest in acquiring Robochef. Further, the Noticee sold shares at an average price of Rs. 163 per share whereas the share price went upto Rs. 250-260 per share just a few weeks after his sale and thus, if the Noticee had intention to make unlawful profit or had known of the proposed acquisition, he would have waited for the price to go higher before selling. Thus, the transaction in LSIL shares was not correlated to the Robochef acquisition and the Noticee was also not privy to the discussions pertaining to Robochef, if any.
- (d) The Noticee only held 2,10,749 shares (0.0025%) of LSIL and such insignificant holding could not materially impact the share price as alleged by SEBI. There was no allegation of the Noticee having any connection with the entities who manipulated the share price as per the Interim Order. Thus, it was wrongly concluded that the Noticee was involved in scrip manipulation.

23. Noticees 5 and 6, vide replies dated April 10, 2025, April 17, 2025 and May 19, 2025 made submissions, which were materially similar. They have submitted, *inter alia*, the following:

- (a) All trading decisions of the Noticees were taken by Mr. Shashi Kant Sahni (Karta of Noticee 6) and accordingly SEBI should have observed trading in the accounts of Noticees 5 and 6 as composite, rather than individually. The Interim Order alleged that the Noticees misutilised their position as the relatives of a director of Robochef India Pvt. Ltd., which LSIL intended to acquire, as per an announcement made in November 2024. However, the

Interim Order does not show how the Noticees who traded in minimal number of shares of LSIL, could be involved in price manipulation. No direction was passed by SEBI against the entities who traded in lakhs of shares and were allegedly responsible for price rise whereas directions were issued against the Noticee who only sold around 28,000 shares. The shares sold by Noticee 5 were held for more than 10 years.

- (b) The Noticees were neither directors or majority shareholders of LSIL or had any connection with any person from LSIL. They did not even know about the proposed acquisition of Robochef at the time of sale of shares and which had not been done till date.
- (c) The shares of LSIL were held by Noticee 5 for more than 10 years due to trading suspension and when the suspension was revoked, the price started increasing due to increased demand. The Noticee decided to not sell the shares immediately so as to get a return from the investment. However, the price started to fall in October 2024 and thus, with a view to exit and make a decent return, the shares were sold at much lower than the peak price of Rs. 267.50. If there was a fraudulent intention, the shares would have been sold at much higher prices.
- (d) Thereafter, in November 2024, the price of LSIL shares started to fall and 10,000 shares of LSIL were purchased by Noticee 5 with the intention to hold the shares for longer given that LSIL scrip was in demand. These shares were still being held by Noticee 5 and if there was an intention to manipulate the price of the scrip, the same would have been sold when the prices rose shortly thereafter.
- (e) The shares of LSIL were sold much before the announcement by LSIL of acquiring Robochef and thus, the trading and announcement are independent events which had been interlinked to make allegations against the Noticees.
- (f) The Noticees have not been identified in the Interim Order as contributors to price rise and fall in the LSIL scrip. Thus, it was wrongly concluded that the Noticees were involved in scrip manipulation since mere participation in a market transaction was not sufficient proof of manipulation.
- (g) Once the trading restrictions on LSIL scrip were lifted and the price started increasing, Noticee 6 bought 7750 shares on August 29, 2025 when trading

volume in the scrip on that day was 48,000 and there was active trading happening. Since the price kept increasing, Noticee 6 as a rational trader purchased another 500 shares on September 11, 2024 and 1100 shares on September 12, 2024. Thereafter, on September 17, 2024, in order to recover past acquisition costs, Noticee 6 sold 2000 shares of LSIL at Rs. 180/- per share. The rest of the shares in the accounts of Noticees 5 and 6 were continued to be held as such. However, the price started falling drastically in October 2024 and with a logical view to exit and make a decent return, the shares of LSIL held by Noticees 5 and 6 were sold.

- (h) The total trading by Noticee 6 during the relevant period was for Rs. 3.83 Crore out of which the trading in LSIL scrip constituted only 3% of the overall trading.

Consideration

24. I have considered the *prima facie* findings recorded in the Interim Order and the Noticees' submissions in this regard. I note that the Noticees have raised a preliminary objection regarding lack of opportunity for inspection of documents relating to the proceedings. I note that this issue has already been dealt with in the earlier part of this Order and for the sake of brevity, the same is not being repeated here.
25. The Noticees have contended that there was no urgency in this matter for passing interim directions. In this regard, I note that the Interim Order had specifically recorded the need for issuance of interim directions which highlighted certain suspicious facets of the case. The Interim Order has drawn attention to the fact that LSIL, being a zero-revenue company saw four periods of alternate sharp rise and fall in share price within a span of a few months. Further, certain entities connected to Robochef, a company proposed to be acquired by LSIL, offloaded shares of LSIL during price rise period. Further, one of the Noticees, JPP, an NRI holding 12.12% of the total shareholding of LSIL was found to have received the said shares at a nominal consideration of USD 1.
26. The apparent pump and dump scheme in the scrip of LSIL, a zero-revenue company, was also evident from the number of public shareholders in LSIL

increasing from 3892 on June 30, 2024 to 6106 on December 31, 2024. It is pertinent to note that 99.66% of the shares of LSIL are held by only four shareholders, which include Noticees 2 and 3. Thus, the grounds cited in the Interim Order were sufficient for the issuance of Interim Order.

27. The Noticees also submitted that there was no connection between the Noticees, viz., LSIL, JPP, relatives of Robochef, etc. and there was no basis for passing the directions against the Noticees.
28. I find that the facts of the case are intriguing. LSIL, a zero-revenue company since many years, planned to acquire Robochef, a company owned by family members of Noticees 4 to 6 who held a sizeable number of effective free float shares in LSIL (since 99.66% of LSIL shares are held by only 4 entities, which include one promoter, 2 public shareholders including JPP, and one FPI). JPP (Noticee 2), who owned 12.12% shares of LSIL, had even offloaded some of the shares during periods of price rise. JPP owned these shares by paying a consideration of USD 1.
29. The Noticees have contended that there was no evidence of collusion or participation of fraudulent scheme. In this regard, I note that observations in the Interim Order have recorded, *prima facie*, findings which raise suspicion regarding the role of the Noticees. It is noteworthy that the effective free float in the LSIL scrip is not more than 0.34% and 99.66% shares are held by four entities only. This leaves much scope for share price manipulation on account of the abysmally low float in LSIL.
30. I further note that conclusive findings in this regard are expected to emerge only after a detailed investigation is concluded. A detailed investigation is already underway and the balance of convenience lies in favour of continuing with the interim directions, in order to protect the interest of investors.
31. It is also pertinent to note that post issuance of the interim directions against the Company and issuance of summons by the Investigating Authority appointed in this matter, a spate of resignations was witnessed in the Company's management, viz., resignation by its Managing Director, Compliance Officer,

Executive Director & CFO, and an Independent Director. This leads to a strong *prima facie* suspicion regarding the Company's affairs.

32. It is noted that except one of the newly-inducted directors of LSIL (who is a relative of the owner of PFPL), no other director of LSIL, including the Managing Director of LSIL, has appeared before the Investigating Authority. Thus, the detailed investigation in the matter is getting hampered by the non-cooperation by the Noticees.
33. JPP (Noticee 2), has submitted that he was holding the shares of LSIL in trust for the EZY Employees Benefit Fund after receiving the same in his personal demat account. As per his version, due to regulatory restrictions for the Trust to open a demat account, one Ms. Suet Meng Chay, the previous trustee of the said Trust had transferred the said shares to JPP for a consideration of USD 1. He has further submitted that he sold some of the shares whose sale proceeds were purportedly applied for legal expenses, realisation of his gratuity (which amounted to more than USD 500,000 which was stated to be verifiable from any member of the EZY Group) and for partly settling the accounts of other employees located as far as Singapore and Philippines.
34. JPP has further submitted that even though he was a trustee of the Fund set up for the benefit of the employees, the proceeds received by him from sale of LSIL shares were almost entirely used by him, since he purportedly had received an oral assurance during signing of the settlement agreement that dues incurred by him for EZY Group would be cleared first.
35. I note that none of the abovementioned contentions and claims have been backed by any documentary evidence whatsoever. During the personal hearing, JPP was specifically asked to submit documentary evidences in support of the abovementioned contentions. However, he has failed to submit any documentary proof in this regard. In absence of any documentary evidence adduced by the Noticee in support of his narrative, I am not inclined to accept the same.
36. I further note that while JPP at one place has claimed to be the trustee of the Employee Benefit Fund in his capacity as the Director of EZY Asia APAC, at

another place in his reply, he has claimed that he was the Director (Operations) at Robochef UAE. It thus emerges that JPP not only holds directorship in EZY Group whose Employee Benefit Fund which purportedly holds 12.12% shares of LSIL through JPP, he is also a director of Robochef. LSIL proposes to acquire 75% shares of Robochef. This web of connection needs to be unravelled. The complete facts will be known only after a detailed investigation in the matter is completed.

37. JPP has also claimed that most of his trades in LSIL were not placed when the scrip was at a high price. He has claimed that his trades were *bona fide*. However, the Interim Order very clearly records that JPP started selling his shares on the very same day the scrip price touched its all-time high of Rs. 267.50. The overall trading pattern of JPP indicated that he sold most of his shares during the period when price was rising, i.e., Patch-I and Patch-III.
38. I note that JPP, a resident of Dubai, has categorically declined to personally appear before the Investigating Authority appointed in this matter without any reasonable cause even after repeated summons issued in this regard. The Noticee in his email dated April 15, 2025 in response to SEBI's summons, *inter alia*, stated that "*this being a civil matter, my lawyers mentioned that no custodial investigation is required*".
39. The abovementioned pretext for non-appearance before the Investigating Authority appears to be a deliberate attempt by JPP to hamper the investigation.
40. I further note that till date, the directions issued in the Interim Order *qua* JPP for impounding of illegal gains and providing an inventory of his assets to SEBI have not been complied with by him.
41. As regards Noticees 4, 5 and 6, I note that they have contended that their relationship with the directors of Robochef, a different company, could not be the basis to issue directions against them. As per these Noticees, they have no connection with LSIL whatsoever and they sold their shares prior to the announcement by LSIL of the proposed acquisition. They have also claimed that they had no information of the proposed acquisition at the time of sale of shares.

42. I am of the view that the sale of shares of LSIL by the parents of owners of Robochef (which was intended to be acquired by LSIL, a zero-revenue company) in close proximity to the announcement of the proposed acquisition by LSIL cannot be dismissed as mere coincidence. It is important to note that Noticee 4, the father of one of the owners of Robochef, was solely responsible for contributing 30% of the total trading volume during the first patch of price rise of LSIL scrip.
43. The Noticees 4 and 5 have also contended that due to suspension of trading in LSIL, they were holding the shares for more than 10 years before selling the same. They have submitted that they purchased more shares after the announcement of acquisition of Robochef. Noticees 4, 5 and 6 have also contended that that had their intention been to manipulate the scrip price, they would have sold at peak price rather than somewhere in between. Further, the Noticees submitted that they could not possibly cause manipulation in the scrip due to their miniscule holdings in LSIL.
44. I note that definite findings regarding roles of Noticees in the entire matter are yet to emerge, pending completion of the detailed investigation. Further, their transactions are being investigated in detail to uncover all the facets, including the roles of their counterparties.
45. On consideration of the submissions made by the Noticees and the material available on record, I find that sufficient grounds have not been made out by the Noticees for interfering with the interim directions. Accordingly, I am not inclined to interfere with the interim directions issued against the Noticees or grant any relief to them.
46. At this stage, it is pertinent to note that LSIL apparently made false submissions to BSE while seeking resumption of trading in its shares. Accordingly, SEBI has advised BSE to take suitable action in the matter.
47. I further note that the Interim Order had directed that investigation in this matter be completed by May 15, 2025. Considering the non-cooperation by the Noticees



in the investigation process, I deem it appropriate to extend the timeline for completion of investigation to November 15, 2025.

Directions

48. In view of the above, I, in exercise of the powers conferred upon me under sections 11 (1), 11 (4) and 11B (1) read with section 19 of the SEBI Act, 1992, hereby confirm the directions issued vide the Interim Order dated February 11, 2025.
49. The timeline to complete the investigation in this matter is extended to November 15, 2025. The Noticees are once again directed to cooperate with SEBI's investigation in right earnest.
50. A copy of this Order shall be served upon the Noticees, recognised Stock Exchanges, Depositories, Banks and Registrar and Share Transfer Agents to ensure compliance with the above directions.

DATE: MAY 30, 2025

PLACE: MUMBAI



ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA