

**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

DATED THIS THE 05TH DAY OF MARCH, 2026

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member**

Appeal No.569 of 2025

Arun Khurana
4301, The Imperial South Tower,
BB Nakashe Marg, Tardeo,
Mumbai – 400034.

...Appellant

(By Mr. Pesi Modi, Senior Advocate with Mr. Kyrus Modi, Mr. Vishesh Malviya, Ms. Anuja Bhansali, Ms. Aanchal Maheshwari and Mr. Jai Sanyal, Advocates i/b. Rashmikant and Partners for the Appellant.)

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C4-A, 'G' Block,
Bandra Kurla Complex,
Mumbai-400051.

...Respondent

(By Mr. Sumit Rai, Advocate with Mr. Manish Chhangani, Mr. Sumit Yadav, Mr. Abhay Chauhan and Mr. Atul Agrawal, Advocates i/b. The Law Point for the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 15T OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 TO SET ASIDE COMMUNICATION DATED DECEMBER 17, 2025 ISSUED BY SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON FEBRUARY 17, 2026 COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P. S. Dinesh Kumar, Presiding Officer

This appeal is presented with prayers to (i) set aside SEBI¹'s communications² dated December 17, 2025, calling upon the appellant to appear for personal hearing on December 30, 2025; (ii) direct the SEBI to grant complete inspection and provide copies of all material and documents mentioned in Exhibit 'DD' to the appeal; and (iii) to direct SEBI to grant six weeks' time to file reply.

2. We have heard Mr. Pesi Modi, learned Senior Advocate for the appellant and Mr. Sumit Rai, learned Advocate for the respondent.

3. Appellant was working as the Whole Time Director (Executive Director) with IndusInd Bank Limited ('Bank' for short). SEBI conducted a *suo motu* preliminary examination into the fall in shares price of IndusInd Bank pursuant to an announcement made by the Bank on Stock Exchange's website. While the examination was in progress, SEBI received complaints and media reports alleging insider trading by the Key Managerial Persons of the Bank.

¹ Securities and Exchange Board of India

² DIS/281/2025; DIS/290/2025; DIS/297/2025; and DIS/302/2025

4. On March 10, 2025, the Bank had made an announcement on the stock exchange's website that Bank's internal review had estimated an adverse impact of approximately 2.35% of Bank's net worth as of December, 2024. The Bank had estimated the impact due to discrepancies in the account balance of derivative portfolio to the tune of about ₹1,529 Crores. Based on the material on record, SEBI found that appellant and four others were 'insiders' as defined in PIT Regulations³ and they had indulged in trading while in possession of UPSI⁴. Accordingly, the WTM⁵, SEBI passed an *ex parte* interim order dated May 28, 2025 issuing various directions against five noticees. Appellant is noticee No.1. Noticees were granted 21 days to reply and given opportunity of hearing, if desired. Appellant challenged the said order before this Tribunal in Appeal No.412 of 2025 and it was disposed of by directing the appellant to deposit 50% of the impounded amount by way of fixed deposit with lien marked in SEBI's favour.

5. It is pleaded that in response to appellant's request, SEBI permitted inspection of some documents. In the meanwhile, appellant had received the impugned communications fixing personal hearing on December 30, 2025. Hence, this appeal.

6. On the last date of hearing, it was submitted on behalf of the SEBI that SEBI does not wish to file any reply and the matter can be taken up for final disposal at the admission stage.

³ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

⁴ Unpublished Price Sensitive Information

⁵ Whole Time Member

7. Mr. Modi, learned Senior Advocate for the appellant submitted that according to the SEBI, on March 10, 2025, Bank made a corporate announcement stating that the Bank had discovered errors in the internal accounting of the derivatives trades and this had an impact of about 2.35% of Bank's net worth and according to the SEBI, this was the alleged UPSI which had come into existence on March 4, 2025.

8. He submitted that the appellant gets ESOPs⁶ every year. He had traded them between December 8, 2023 and June 25, 2024, nine months prior to the date of alleged UPSI. SEBI has noted these facts in the *ex parte* interim order. However, on a wholly incorrect premise that UPSI had come into existence on December 4, 2023, SEBI has passed the *ex parte* interim order which is oppressively affecting the appellant. He submitted that appellant had purchased 91,520 shares under the Bank's ESOP scheme at an average price of ₹1,539 per share which was higher than the price before and after the said public announcement. He submitted that a significant part of appellant's remuneration was by way of ESOPs and he was regularly taking shares and selling them. He contended that if appellant had the knowledge of UPSI, he would not have exercised his option to take ESOPs at an average price of ₹1,539 which was higher than the market price.

9. Mr. Modi further submitted that though the appellant has sought for inspection of nine documents, he shall be satisfied if he is provided with inspection of following five items.

⁶ Bank's Employee Stock Options

- i. Entire email dump received from the Bank (1.7 TBF external drive containing backup of 26 officials and 14 generic email addresses referred to in Annexure 9 and paragraph 13 of the undated Examination Report);
- ii.
 - (a) Copy of the reasons recorded for conducting *suo motu* preliminary examination in the matter;
 - (b) Date on which the Investigation Report and/or Preliminary Examination Report were put up for the information/knowledge of the WTM;
 - (c) Copy and details of the material placed before the WTM to decide that there were sufficient grounds to enquire into the alleged violations;
 - (d) Date on which the Investigation report and/or Preliminary Examination Report was approved by the WTM and the present proceedings were approved;
 - (e) Copy of reasons recorded by the Board Chairman Executive Director that there exist reasonable grounds to conduct an inspection into the affairs of the Noticee in the said matter;
 - (f) Copy of the Order of the Board authorizing investigation in the matter;
 - (g) Action Matrix;
 - (h) Copy of Document titled 'Green Note' provided for inspection on 9th September 2025 along with Flags A, B, C which appeared to be a summary of the Respondent's findings with respect to the alleged insider trading on the scrip of the Bank;

- iii. Attachments to the following emails in Annexure 29 and 30 to the Undated Examination Report:-
 - (a) 30th Nov 2023 sent at 19:14 p.m. sent at 15:54 p.m.
 - (b) 30th Nov 2023 sent at 01:04 p.m.
 - (c) 7th July 2021 at 12:56 p.m.
- iv. Attachments to the following trailing emails in Annexure 46 to the Undated Examination Report:-
 - (a) 28th Dec 2023 sent at 01:13 p.m.
 - (b) 29th Dec 2023 sent at 18:04 p.m.
 - (c) 17th Jan 2024 sent at 11:25.
- v. Emails compromising communication between the Bank and Respondent between 10th March 2025 to 29th May, 2025.

10. The first among them is the 'email dump' collected by SEBI from the Bank in an external drive. This includes backup of emails of 26 officials and 14 generic email addresses referred in para 13 of the examination report. He submitted that appellant's request for inspection has been rejected by SEBI on the following grounds:

- (i) the information was confidential, sensitive and received in fiduciary capacity;
- (ii) the matter was under investigation and therefore the data could not be shared;
- (iii) emails are huge in volume and redaction was not possible;
- (iv) emails were searched on key word search basis; and
- (v) all emails contained attachment and trail mails.

11. Mr. Modi submitted that SEBI's refusal to grant inspection of documents, is in violation of principles of natural justice and prayed for granting the prayers made in the appeal.

12. Mr. Sumit Rai, learned Advocate for the SEBI submitted that the email dump consists of a huge data of about 1.7 TB. Therefore, while passing the interim order, emails were searched on key word search basis. SEBI has shared those emails and also the trailing mails with the appellant. SEBI has also granted inspection on numerous occasions and provided them in a CD. Further, though SEBI has not relied upon, as per appellant's request, SEBI has made available to the appellant the annexures to certain trail mails.

13. Mr. Rai submitted that the law with regard to furnishing the documents has been well settled in *T. Takano v. SEBI*⁷. He argued that even in the cases of preventive detention, it is held by the Apex Court that copies of only 'relied upon' documents be supplied to the detenu. He submitted that the investigation is still in progress.

14. In substance, Mr. Rai's argument is, only relevant information is required to be disclosed in the adjudication proceedings and the case is at the investigation stage and no SCN is issued. If and when the show cause notice ('SCN' for short) is issued, appellant shall be at liberty to seek relevant documents.

15. We have carefully considered the rival contentions and perused the records.

⁷ (2022) 8 SCC 162

16. Undisputed facts of the case are, appellant has obtained ESOPs in the form of Bank's shares and sold them. The allegation is that sale is pursuant to the UPSI. By the *ex parte* interim order, SEBI has directed impounding a sum of ₹14.39 Crores and appellant has been barred from accessing the securities market. Appellant had earlier challenged the *ex parte* interim order and we have directed the appellant to deposit 50% of the impounded amount. Matter is under investigation by the SEBI.

17. Appellant's request for inspection of certain documents has been denied. Appellant's case is, SEBI has obtained access to the 'inboxes' of the emails of 26 officers in addition to 14 generic emails. According to SEBI, the said data is about 1.7 TB. SEBI has searched those emails using key words and based on the contents of those emails SEBI has passed the *ex parte* interim order. It is also not in dispute that SEBI has made available those documents relied upon by the SEBI.

18. Mr. Modi's principal contention is that appellant has a right to disclosure of all the material in SEBI's possession. According to him, SEBI has read a selected few emails and misdirected itself on various 'facts' of the case which has resulted in issuance of *ex parte* interim order. According to him, if the entire email dump in SEBI's possession is made available, the appellant shall be in a position to explain as to how the *ex parte* order is untenable and make out grounds to vacate the interim order. He placed reliance on *T. Takano* and argued that appellant is entitled for all the material in SEBI's possession. He submitted that appellant was working as the Whole Time Director of the Bank. By virtue of his official capacity, he had access to all files

and mails. But, in view of SEBI's *ex parte* interim order, appellant has been suspended and does not have access any more.

19. Mr. Rai made a fine distinction with regard to the 'stage' of the case while considering the law laid down in *T. Takano*. According to him, the principles laid down in *T. Takano* are applicable at the stage of 'adjudication'. In *T. Takano* it is held thus:

"42.At the stage of adjudication, all documents useful or relevant to the subject matter have to be disclosed to the noticee, subject to exceptions noticed by the court."

"62.1. The appellant has a right to disclosure of the material relevant to the proceedings initiated against him. A deviation from the general rule of disclosure of relevant information was made in Natwar Singh [Natwar Singh v. Director of Enforcement, (2010) 13 SCC 255] based on the stage of the proceedings. It is sufficient to disclose the materials relied on if it is for the purpose of issuing a show-cause notice for deciding whether to initiate an inquiry. However, all information that is relevant to the proceedings must be disclosed in adjudication proceedings."

(Emphasis supplied)

20. The admitted position is, investigation is in progress and SEBI is yet to decide whether to issue an SCN. Thus, as on date there is no sight of SCN which sets the adjudication proceedings in motion.

21. In our view, as held in *T. Takano*, noticee is entitled for all relevant information in adjudication proceeding.

22. In *State of Tamil Nadu and Anr. v. Abdullah Kadher Batcha and Anr.*⁸, a case involving preventive detention under

⁸ (2009) 1 SCC 333

the provisions of COFEPOSA Act, the Apex Court has held that while examining whether non-supply of a document could prejudice a detinue, the Court has to examine whether the detinue would be deprived of making an effective representation in the absence of a document. We may also record that in *T. Takano* the Hon'ble Supreme Court of India has held that the direction of the Constitution Bench of the Apex Court in *Managing Director, ECIL, Hyderabad v. B. Karunakar*⁹, is to the effect that non-disclosure of relevant information could render the order of punishment void, only if the aggrieved person is able to prove that prejudice has been caused to him due to non-disclosure is founded both on the outcome and the process.

23. Appellant has been supplied with all the emails and other material relied upon by the SEBI. According to the appellant, SEBI has examined only selected emails to arrive at certain conclusion leading to issuance of *ex parte* interim order. As noted above all those documents have been made available to the appellant and appellant has an opportunity to explain that those relied upon documents did not warrant issuance of *ex parte* interim order.

24. In our view, the settled position is, a noticee shall be entitled for the relevant material at the stage of adjudication. Since the matter has not reached the adjudication stage, in our opinion, appellant's prayer for the entire data does not merit consideration.

⁹ (1993) 4 SCC 727

25. In the result the appeal fails and it is ***dismissed***.
26. Pending interlocutory application(s), if any, stand disposed of.
27. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

05.03.2026
RHN