



SECURITIES AND EXCHANGE BOARD OF INDIA

EX-PARTE INTERIM ORDER

UNDER SUB-SECTION (1) OF SECTION 11, SUB-SECTION (4) OF SECTION 11, SUB-SECTION (4A) OF SECTION 11 AND SUB-SECTION (1) OF SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

IN THE MATTER OF INSIDER TRADING BY CERTAIN ENTITIES IN THE SCRIP OF INDUSIND BANK LIMITED

In respect of:

Sr. No.	Name of the <i>Noticees</i>	PAN
1.	Arun Khurana	ABBPK3785A
2.	Sumant Kathpalia	AINPK0032B
3.	Sushant Sourav	ANLPS6798R
4.	Rohan Jathanna	AAFPJ1378P
5.	Anil Marco Rao	AAAPR0288H

(The entities mentioned above are individually referred to by their respective names or *Noticee* No. and collectively referred to as “**Noticees**”, unless the context specifies otherwise)¹

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¹ Some names who are not *Noticees* are anonymised and actual name would be supplied to *Noticees* during inspection and to Hon’ble Securities Appellate Tribunal and Courts, during court proceedings.



A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted a *suo-motu* preliminary examination in the matter, after taking cognizance of the significant fall in price of shares of IndusInd Bank Limited (hereinafter referred to as "**IndusInd**"/"**IBL**"), pursuant to an announcement made by IBL on March 10, 2025 on the platforms of Exchanges. While the examination was being carried out, SEBI also received certain complaints/Media articles alleging insider trading by Key Managerial Persons of IBL.
2. SEBI examined the matter for the period from September 12, 2023 to March 10, 2025 (hereinafter referred to as "**Examination Period**") to ascertain as to whether the trading activities of certain person/entities, were in violation of provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred as "**PIT Regulations**").
3. On March 10, 2025, IBL made the following announcement on the Exchange platforms, after-market hours (i.e. at 18:34:45 hrs):

*"During internal review of processes relating to Other Asset and Other Liability accounts of the derivative portfolio, post implementation of RBI Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 issued in September 2023, including accounting of Derivatives, applicable from April 01, 2024, Bank noted some discrepancies in these account balances. **Bank's detailed internal review has estimated an adverse impact of approximately 2.35% of Bank's Net worth as of December 2024.** The Bank has also, in parallel, appointed a reputed external agency to independently review and validate the internal findings. A final report of the external agency is awaited and basis which the Bank will appropriately*



consider any resultant impact in its financial statements. The Bank's profitability and capital adequacy remains healthy to absorb this one-time impact." (bold emphasis supplied)

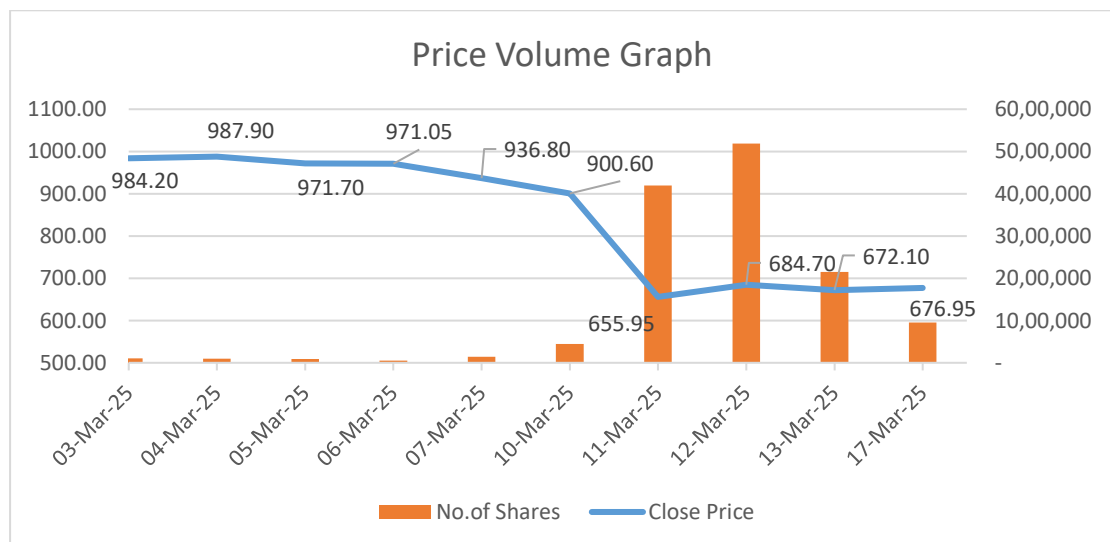
4. As per the aforesaid Exchange filing, IBL estimated the impact due to discrepancies in the account balance of Derivative Portfolio (hereinafter referred to as "**discrepancies**"), based on Bank's detailed internal review, only in the form of percentage to their Net Worth as of December 2024 i.e. "2.35% of Bank's Net Worth". It is seen from the Quarterly report of IBL for quarter ending December 31, 2024, the Bank's Net-worth was ₹65,101.65 Crores and accordingly the estimated impact due to discrepancies, as announced by IBL in the above Exchange filing was around ₹1,529.88 Crores
5. Based on the above Exchange filing, *inter alia*, the following is noted:
 - i. Post issuance of RBI Master Direction, IBL conducted an internal review of processes relating to Other Asset and Other Liability accounts of the derivative portfolio;
 - ii. During this internal review of processes, IBL noted some discrepancies in the account balance of derivative portfolio;
 - iii. Bank's detailed internal review estimated an adverse impact of approximately 2.35% of Bank's Net worth as of December 2024 which comes to be around ₹1,529.88 Crores;
 - iv. The Bank appointed an external agency to independently review and validate the internal findings; and
 - v. The bank acknowledged to appropriately consider any resultant impact in its financial statements post the final report.
6. The price movement around the date of announcement on the Exchanges from March 03, 2025 to March 17, 2025 is provided as under:



Table 1

Date	Open Price	High Price	Low Price	Close Price
03-Mar-25	979.40	986.60	947.80	984.20
04-Mar-25	982.95	1003.70	968.00	987.90
05-Mar-25	987.85	995.00	970.70	971.70
06-Mar-25	976.00	982.30	962.25	971.05
07-Mar-25	974.95	976.60	933.30	936.80
10-Mar-25	895.00	913.40	886.40	900.60
11-Mar-25	810.55	810.55	649.00	655.95
12-Mar-25	627.95	697.60	605.40	684.70
13-Mar-25	690.00	706.35	667.35	672.10
17-Mar-25	704.80	707.75	675.00	676.95

7. It is observed from the Price-Volume data in the above table, that after the aforementioned announcement on March 10, 2025, the price of IBL scrip fell by ₹244.65 (on close to close basis) between March 10, 2025 (closing) and March 11, 2025 (closing) which is a fall of 27.165%. The chart of the price movement around the date of announcement from March 3, 2025 to March 17, 2025 is provided as under:





B. BRIEF FINDINGS OF PRELIMINARY EXAMINATION BY SEBI

8. During the examination, SEBI collected documents from national Stock Exchange of India Ltd. (“**NSE**”), BSE Limited (“**BSE**”), Depositories, KPMG India Assurance LLP (“**KPMG**”) and IBL to examine as to whether Noticees who traded in the scrip of IBL were in possession of unpublished price sensitive information (hereinafter referred to as “**UPSI**”). Some of the relevant evidences collected during this examination are discussed below:

B.1 ISSUANCE OF MASTER DIRECTION BY RBI

9. It is noted from website of the Reserve Bank of India (hereinafter referred to as “**RBI**”) that the *RBI Master Direction- Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023* (hereinafter referred to as ‘**RBI Master Direction**’) was issued on September 12, 2023. Upon a perusal of the aforementioned Master Direction, it was seen that the part of the direction which deals with Derivatives is present at Chapter XII. With respect to accounting treatment of Derivative Contracts entered into by Banks, clauses 39 to 41 of the said Master Direction state as under:

“39. Banks shall comply with the requirements of the Guidance Note on Accounting for Derivative Contracts (revised 2021) issued by the Institute of Chartered Accountants of India except for paragraph 63 of the said Guidance Note. Banks shall present their derivative asset and liabilities as separate line items under Schedule 11: ‘Other Assets’ and Schedule 5: ‘Other Liabilities’ respectively. Banks may make adjustments to the carrying value of their investments in compliance with the hedge accounting requirements of the said Guidance Note.

40. Banks shall categorize their derivatives portfolio into three fair value hierarchies viz. Level 1, Level 2, and Level 3 as defined in Clause 4 above and disclose the same in the notes to accounts of their financial statements as per template specified in Annex II.

41. Banks shall not pay dividends out of net unrealised gains recognised in the Profit and Loss Account arising on fair valuation of Level 3 derivatives



assets and liabilities on their Balance Sheet. Further, such net unrealised gains on Level 3 derivatives recognised in the Profit and Loss Account shall be deducted from CET 1 capital.”

10. Vide this RBI Master Direction, banks were advised to comply with the requirements of Accounting treatment of Derivative Contracts as detailed in Institute of Chartered Accountants of India’s (ICAI’s) Guidance Note on Accounting for Derivative Contracts (revised 2021) with some qualifications.

B.2 ASSESSMENT OF IMPACT OF RBI MASTER DIRECTION ON ACCOUNT OF IBL.

11. Examination by SEBI has revealed that pursuant to RBI Master Direction issued on September 12, 2023, IBL created an inter department team by September 26, 2023 to implement the same. The first meeting of this inter department team was held on September 26, 2023 with respect to Derivative Accounting, wherein the incorrect accounting treatment of Derivative Contracts was noticed and thereafter IBL set upon computing the unreported losses incurred in Derivative trades.
12. The designations of *Noticees* in IBL, during the examination period, are as under:

Table 2

Sr. No.	PAN	Name of the Noticees	Designation
1	ABBP3785A	Arun Khurana	Executive Director and Deputy CEO*
2	AINPK0032B	Sumant Kathpalia	MD & CEO*
3	ANLPS6798R	Sushant Sourav	Head- Treasury Operations
4	AAFPJ1378P	Rohan Jathanna	Head- GMG Operations
5	AAAPR0288H	Anil Marco Rao	Chief Administrative Officer (CAO)- Consumer Banking Operations

*These Noticees have already resigned from their respective positions in IBL as per Exchange filing.



13. An email dated November 20, 2023 sent by Shri ***** (Chief Financial Officer of IBL/hereinafter referred to as “CFO”) to various employees of IBL including Noticee Nos. 1, 3 and 4 was examined. It was seen that the CFO stated the following w.r.t. the Derivative accounting in this email:

“Enclosing my earlier email and yet to see the impact analysis of derivative accounting.

Every six months we get big impact in proforma IndAS reporting.”

Again in an email dated November 21, 2023 sent in the same trail, CFO stated as under:

“We already have done exercise in the past with KPMG while preparing for submission of the proforma IndAS financial statement to Bank. There is already an information being prepared on a six monthly basis for impact of IndAS on derivative accounting.”

14. From these two emails, it is *prima facie* seen that by November 21, 2023, CFO of IBL had ascertained that there will be some impact on the Balance Sheet of IBL owing to discrepancies in view of the implementation of the RBI Master Direction, ICAI’s Guidance Note etc. As stated in the above emails of CFO of IBL, the said impact was being calculated on six-monthly basis.

15. During the examination, it is also seen that an email dated November 29, 2023 was sent by Shri ***** (Head of Balance Sheet Liquidity Management, IBL) to some employees of IBL including Noticee Nos. 1, 3 and 4. In this email, he stated the following w.r.t. the discrepancies:

“We need the numbers urgently. Please assist as my team is struggling to find answers here. As mentioned, this needs to be discussed with MD this evening.”

16. From the above email, it is *prima facie* revealed that the internal team of IBL was aware that there would be financial impact due to discrepancies in account



balances of Derivative Portfolio (on account of implementation of the RBI's Master Direction) and had started calculating the same internally.

17. Preliminary examination has further revealed that an email dated November 30, 2023 was sent by Shri ***** (Head – Accounts) addressed to employees of IBL including Noticee No. 3 and CC thereof was also marked to Noticee No. 5. In this email, a figure of ₹1749.98 crores had been reported representing the impact due to discrepancy in account balances of derivative portfolio. Since the date of email is November 30, 2023 and the last quarter end before this date was quarter ending September 2023, it can be reasonably inferred that the figure mentioned was for the said impact *i.e.* quarter ending September 30, 2023.

18. Further, it may be noted that, vide email dated **December 04, 2023** sent by Shri Sumant Kathpalia (MD & CEO of IBL) (hereinafter referred to as “**Noticee No. 2**”) to Noticee No. 1 and CFO of IBL, with subject- ‘*Derivative Accounting*’ it was stated as under-

“we need to do the reporting. There seems to be a huge impact.....”

19. From the above mentioned emails, it can be *prima facie* inferred that the Noticee No. 2 had been briefed regarding the impact of the discrepancies and his reaction in the aforesaid email dated December 04, 2023 was a reaction to the same. Accordingly, it can be reasonably inferred that the UPSI in the instant matter originated *prima facie* on or before December 04, 2023. It can be seen that the MD & CEO was aware about the probable huge impact of the discrepancy in the account balances of the Derivative portfolio. Accordingly, for the purpose of the instant examination, the period from December 4, 2023 to March 10, 2025 (the date of actual reporting through Exchange filing) has been considered as the UPSI period, *i.e.* the period during which UPSI can be said to be in existence, *prima facie*. However, IBL failed to classify it as UPSI till March 04, 2025.



20. Further, during the preliminary examination, it is *prima facie* seen that members of the senior management of IBL including *Noticees*, were aware about the UPSI related to discrepancies and they had kept constant supervision upon the same. The evidences analysed during the preliminary examination reveals that *Noticees* traded in the scrip of IBL while being insider. This is dealt in the succeeding paragraphs.

21. The preliminary examination of innumerable emails exchanged between senior management of IBL reveals the urgency of the matter wherein, in majority of the email correspondences, emphasis has been laid to the fact that the issue of discrepancies needs to be addressed urgently. It is to be noted that vide emails dated December 6, 2023, December 7, 2023 and December 8, 2023, sent to many employees of IBL including Noticee No.2 and CFO of IBL, a figure of ₹1,362 crores/₹1,361 crores was reported as discrepancies. The final figure of the impact as communicated to Noticee No. 1 by Ms.***** (Balance Sheet Liquidity Management - GMG, GMG Trading) vide email dated December 11, 2023 was ₹1,572 crores. The body of the email stated as follows:

“Final set of numbers received from CFO”.

22. It is also *prima facie* seen that the final numbers as per the IndAS were disclosed/informed to Noticee Nos. 1 and 2 after confirmation, vide email dated December 16, 2023 by the CFO of IBL. The following has been stated in the aforesaid email and the figure of ₹1,572 crores was quoted as discrepancies till September 2023:

“Enclosed is the final numbers as per IndAS. The derivative numbers have been confirmed with TBO.*

We propose to submit the same to RBI on Monday.”

(*Treasury Back Office)



23. From perusal of contents of the above email, it is evident that the same was proposed to be submitted to the sectoral regulator RBI, by the CFO.

24. With respect to the materiality of the information, it has been *prima facie* seen that in response to the aforesaid email dated December 16, 2023, Noticee No. 2 wrote an email dated December 16, 2023 to the CFO and Noticee No. 1 stating the following w.r.t. the negative impact on the Net worth:

“This will imply our CET 1 will reduce. How much is the impact in the next financial year”*

(*CET 1– Common Equity Tier 1)

25. Again, vide email dated December 17, 2023, CFO shared the calculation of projected Capital to Risk Asset Ratio (CRAR) due to negative impact of discrepancies, with MD & CEO/Noticee No. 2. Further, Noticee No. 2 responded to this by a reply vide email dated December 17, 2023, to the CFO and Noticee No. 1 stating as under:

“This is against what we have been talking to investors. It seems we need to go to Market early next year. This is very very serious. Pls have these calculations on derivatives again revalidated.”

26. It can be seen that initially, pursuant to the CFO stating in the email dated November 20, 2023 regarding the impact analysis of derivative accounting, it was *prima facie* ascertained that owing to the discrepancies, some impact would be seen which was subsequently identified by the internal team and a figure of ₹1,749.98 crores had been reported to the senior management by November 30, 2023 representing the impact due to discrepancies. It can be inferred from the promptness of the internal team in deriving the impact of the discrepancies that the issue was grave and thereafter, the same had been reaffirmed by the MD & CEO of IBL, Noticee No. 2 vide the email dated December 04, 2023.



27. Thereafter, it can be seen that the final figure of the said impact for period ending on September 30, 2023 was communicated to Noticee No. 1 vide email dated December 11, 2023 wherein the amount was mentioned to be ₹1,572 crores. It may be noted that in the emails dated December 11, 2023 and December 16, 2023, the aforesaid figure of ₹1,572 crores had been referred to as “Final number/Final set of numbers”, and it was mentioned that these numbers represented additional impact on Net worth, from IndAS. Furthermore, this figure did not change after this email.
28. The examination has further *prima facie* revealed that figures pertaining to the discrepancies were not just being monitored by IBL itself but were also being proposed to be submitted to the sectoral regulator RBI. Vide emails dated December 16, 2023, March 06, 2024 and May 05, 2024, figures of discrepancies ₹1,572 crores, ₹1,776.49 crores and ₹2,361.69 crores for period ending September 2023, December 2023 and March 2024 respectively were circulated amongst the employees of IBL. From the text of these emails or the attachment to these emails, it is found that either there is a proposal to submit these figures to RBI or it is mentioned that the figures have been submitted to RBI. The actual submission or proposal of submission of the numbers to the sectoral regulator in the above mentioned emails, suggests credibility of figures arrived at through computations by IBL’s internal team. However, the same was disclosed to the general public through a disclosure on Stock Exchanges only on March 10, 2025.
29. It can be seen from the above chronology of events and the sharing of information among members of the senior management of IBL about the serious discrepancies in the account balances of derivative portfolio that the issue had been identified as one to be of grave nature and was supposed to be reported. As can be seen from the above emails of Noticee No. 2 dated December 04, 2023 and December 17, 2023, the issue of discrepancies was serious and the UPSI pertaining to the discrepancies had effectively originated on or before December 04, 2023. In view of the foregoing, it is *prima facie* inferred that the materiality of the information was never in question among



members of the senior management of IBL and given the seriousness of the issue realized/highlighted by the MD & CEO/Noticee No. 2 himself, the information should have been classified as UPSI from December 04, 2023 itself.

B.3 EXTERNAL VALIDATION OF FIGURE ARRIVED AT BY IBL'S INTERNAL TEAM

30. Noticee No. 1 vide an email dated December 16, 2023 stated that he proposed to get external validation w.r.t. the discrepancies:

"I propose we get external validation"

31. It has been observed that CFO of IBL vide an email dated January 17, 2024 had *inter alia*, stated the following:

"we are engaging a consultant who will study existing accounting of derivatives and the proposed accounting under circular"

32. From the above two emails, it is *prima facie* seen that members of the senior management of IBL insisted on getting the figures validated externally. It is further seen that they accordingly appointed KPMG vide Board Note dated January 29, 2024 to review the discrepancies revealed by the internal team as constituted by IBL pursuant to the RBI's Master Direction. In this regards, the preliminary examination has revealed that KPMG had given a figure of ₹2,093 crores to IBL suggesting the negative impact due to discrepancies, till December 31, 2023, vide email dated February 21, 2024. From the above, it can be reasonably inferred that IBL had initiated the exercise of getting the internal figures related to the discrepancies, validated from an outside expert/consultant *i.e.* KPMG sometime by January-February 2024. However, these figures were neither reported through the Exchange platform till March 10, 2025, nor were being classified to be UPSI by IBL till March 04, 2025. It may also be noted that the validation of numbers related to the discrepancies *albeit* provided by KPMG by as early as February 2024, the Exchange filing dated March 10, 2025 *inter-alia* stated as under:



“The Bank has also, in parallel, appointed a reputed external agency to independently review and validate the internal findings.”

33. It can be seen from contents of the Exchange filing dated March 10, 2025 that IBL had in parallel appointed a reputed external agency to independently review and validate the internal findings. However, a perusal of the correspondence between officials of IBL and KPMG clearly shows that the figures related to the discrepancies were being validated by independent third party in February 2024 itself. It is observed that vide email dated February 29, 2024, KPMG had clarified that they wanted to have a meeting with officials of IBL to clarify and validate all the numbers including accounting entries. Further, it was also clarified by KPMG that it won't be computing any number independently but only verifying the working shared by IBL.
34. As per sub-regulation (5) of regulation 3 of PIT Regulations, the Board of Directors of every company shall ensure that a Structured Digital Database (hereinafter referred to as “**SDD**”) shall be maintained containing names of such persons with whom information under regulation 3 of PIT Regulations has been shared. In this regard, IBL provided the SDD to SEBI vide an email dated April 28, 2025, with respect to the UPSI related to discrepancies, and it has been mentioned therein that the said information was classified as UPSI *w.e.f.* March 04, 2025. However, as detailed above, the said information was UPSI since December 04, 2023 and not from March 04, 2025 as considered by IBL.
35. As detailed in preceding paragraphs, UPSI was already in existence on or before December 04, 2023, and discrepancies were being proposed to be submitted to RBI regularly, but UPSI was published/disclosed to the Exchanges only on March 10, 2025, *i.e.* after a delay of approximately 15 months from the date when the members of the senior management of IBL first came in the knowhow of events, surrounding the discrepancies and the huge impact it was bound to have on financial accounts/balance sheet of IBL.



B.4 TRADES OF *NOTICEES* DURING EXISTENCE OF UPSI

36. From examination of emails shared by IBL and KPMG, a list of suspects was prepared, who were aware of the discussion with respect to implementation of RBI's Master Direction, ICAI's Guidance Note and calculation of discrepancies and who had also traded in the scrip of IBL during the period of UPSI. Investigation is still undergoing with respect of some of these suspects. However, this order is confined to five *Noticees* only where *prima facie* violation has been established as of now. The trading pattern of these *Noticees* during UPSI period with earliest dates on which info regarding discrepancies (UPSI) was shared with them via email is tabulated below:

Table 3

Sr. No.	PAN	Name of the <i>Noticees</i>	Designation	Trades during UPSI period		UPSI shared via earliest email dated
				Qty Bought	Qty sold	
1	ABBP3785A	Arun Khurana	Executive Director and Deputy CEO	-	3,48,500	Dec 4, 2023
2	AINPK0032B	Sumant Kathpalia	MD & CEO	-	1,25,000	Dec 4, 2023
3	ANLPS6798R	Sushant Sourav	Head- Treasury Operations	-	2,065	Nov 30, 2023
4	AAFPJ1378P	Rohan Jathanna	Head- GMG Operations	-	2,000	Dec 6, 2023
5	AAAPR0288H	Anil Marco Rao	Chief Administrative Officer (CAO)- Consumer Banking Operations	-	1,000	Nov 30, 2023

37. The detail of trading pattern of *Noticees* during the UPSI period (December 04, 2023 to March 10, 2025) is shown in the succeeding sub-paragraphs.

i. Trades of Arun Khurana (*Noticee* No. 1) are shown below:



Table 4

Period	Date	Buy Qty	Sell Qty	Avg Buy Price	Avg Sell Price
UPSI Period	08/12/2023	0	5,000	-	1515
	14/12/2023	0	40,000	-	1543
	15/12/2023	0	30,000	-	1566
	19/12/2023	0	10,000	-	1570
	22/12/2023	0	10,000	-	1584
	30/01/2024	0	5,000	-	1538
	31/01/2024	0	20,000	-	1537
	16/02/2024	0	10,000	-	1502
	20/02/2024	0	20,000	-	1505
	21/02/2024	0	10,000	-	1522
	01/03/2024	0	15,000	-	1514
	11/03/2024	0	5,000	-	1562
	22/03/2024	0	14,500	-	1501
	22/05/2024	0	10,000	-	1410
	03/06/2024	0	14,000	-	1528
	07/06/2024	0	30,000	-	1492
	18/06/2024	0	10,000	-	1514
	19/06/2024	0	30,000	-	1529
	25/06/2024	0	60,000	-	1495

- ii. On a perusal of the above table, it can be seen that Noticee No. 1 sold a total quantity of 3,48,500 shares during the UPSI period while being in possession of the UPSI and no shares have been bought during the UPSI period.
- iii. Trades of Sumant Kathpalia (Noticee No. 2) are shown below:

Table 5

Period	Date	Buy Qty	Sell Qty	Avg Buy Price	Avg Sell Price
UPSI Period	07/03/2024	0	75,000	-	1558
	25/06/2024	0	50,000	-	1497

- iv. It can be seen from the above table that Noticee No. 2 sold a total quantity of 1,25,500 shares during the UPSI period while being in possession of the UPSI and no shares have been bought during the UPSI period.



v. Trades of Sushant Sourav (Noticee No. 3) are shown below:

Table 6

Period	Date	Buy Qty	Sell Qty	Avg Buy Price	Avg Sell Price
UPSI Period	07/02/2024	0	130	-	1513
	05/03/2024	0	120	-	1535
	22/03/2024	0	100	-	1501
	08/05/2024	0	70	-	1443
	21/05/2024	0	25	-	1412
	05/06/2024	0	120	-	1450
	19/06/2024	0	120	-	1544
	24/06/2024	0	30	-	1490
	25/09/2024	0	435	-	1436
	07/11/2024	0	185	-	1054
	06/12/2024	0	50	-	992
	09/12/2024	0	90	-	983
	23/12/2024	0	20	-	948
	24/12/2024	0	50	-	933
	04/02/2025	0	200	-	1041
	06/02/2025	0	100	-	1067
	11/02/2025	0	70	-	1055
	06/03/2025	0	150	-	971

vi. It is to be noted here that Noticee No. 3 sold a total quantity of 2065 shares during the UPSI period while being in possession of UPSI. It may be noted that no new shares have been bought during the UPSI period. Further, it may be noted that Noticee No. 3 has sold the shares of IBL as late as March 06, 2025, just before the UPSI was made public on March 10, 2025, and after late classification of UPSI by IBL on March 04, 2025.

vii. Trades of Rohan Jathanna (Noticee No. 4) are shown below:

Table 7

Period	Date	Buy Qty	Sell Qty	Avg Buy Price	Avg Sell Price
UPSI Period	29/05/2024	0	1,000	-	1448
	05/11/2024	0	1,000	-	1083



- viii. From the above table, it can be seen that Noticee No. 4 sold a total quantity of 2000 shares during the UPSI period while being in possession of UPSI. Further, no new shares were bought during this period.
- ix. Trades of Anil Marco Rao (Noticee No. 5) are shown below:

Table 8

Period	Date	Buy Qty	Sell Qty	Avg Buy Price	Avg Sell Price
UPSI Period	24/09/2024		1,000	-	1451

- x. From a perusal of the above table, it can be seen that Noticee No. 5 sold a total quantity of 1000 shares during the UPSI period while being in possession of UPSI. Further, no new shares were bought during this period.
38. During the preliminary examination conducted by SEBI, on the basis of the evidence collected so far, it is *prima facie* seen that all *Noticees* traded in the scrip being aware of the UPSI related to the discrepancies and averted/avoided huge losses. It may be noted that *Noticees* have also been categorized as Designated Persons of IBL in the list of Designated Persons of IBL shared by National Securities Depository Ltd. (NSDL) vide email dated April 8, 2025. It may also be noted that Noticee Nos. 1, 2 and 3 are also listed as insiders in the SDD shared by IBL vide email dated April 28, 2025.

C. CONSIDERATION OF ISSUES AND *PRIMA FACIE* FINDINGS

39. At this stage, now, it is required to examine whether the acts on the part of *Noticees* are *prima facie* in violation of provisions of clauses (d) and (e) of section 12A of the SEBI Act, 1992 and sub-regulation (1) of regulation 4 of the PIT Regulations. In case, the answer to the above is in affirmative, it is to be examined whether facts of the matter warrant an urgent action in exercising powers bestowed upon SEBI under provisions of section 11, section 11B of the SEBI Act. Before proceeding further, it is necessary to refer the relevant provisions of law, and the same are reproduced here under for reference:



“SEBI Act, 1992

Functions of Board.

Section 11. (1) Subject to the provisions of this Act, it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.

.....

11 (4) Without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) and section 11B, the Board may, by an order, for reasons to be recorded in writing, in the interests of investors or securities market, take any of the following measures, either pending investigation or inquiry or on completion of such investigation or inquiry, namely: —

- (a) suspend the trading of any security in a recognised stock exchange;*
- (b) restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities;*
- (c) suspend any office-bearer of any stock exchange or self-regulatory organisation from holding such position;*
- (d) impound and retain the proceeds or securities in respect of any transaction which is under investigation;*
- (e) attach, for a period not exceeding ninety days, bank accounts or other property of any intermediary or any person associated with the securities market in any manner involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder:*

Provided that the Board shall, within ninety days of the said attachment, obtain confirmation of the said attachment from the Special Court, established under section 26A, having jurisdiction and on such confirmation, such attachment shall continue during the pendency of the aforesaid proceedings and on conclusion of the said proceedings, the provisions of section 28A shall apply:



Provided further that only property, bank account or accounts or any transaction entered therein, so far as it relates to the proceeds actually involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder shall be allowed to be attached;

(f) direct any intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of any transaction which is under investigation:

Provided that the Board may, without prejudice to the provisions contained in sub-section (2) or sub-section (2A), take any of the measures specified in clause (d) or clause (e) or clause (f), in respect of any listed public company or a public company (not being intermediaries referred to in section 12) which intends to get its securities listed on any recognised stock exchange where the Board has reasonable grounds to believe that such company has been indulging in insider trading or fraudulent and unfair trade practices relating to securities market:

Provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned.

Power to issue directions and levy penalty.

Section 11B. (1) Save as otherwise provided in section 11, if after making or causing to be made an enquiry, the Board is satisfied that it is necessary, —

*(i) in the interest of investors, or orderly development of securities market; or
(ii) to prevent the affairs of any intermediary or other persons referred to in section 12 being conducted in a manner detrimental to the interest of investors or securities market; or*

(iii) to secure the proper management of any such intermediary or person, it may issue such directions, —

(a) to any person or class of persons referred to in section 12, or associated with the securities market; or

(b) to any company in respect of matters specified in section 11A, as may be appropriate in the interests of investors in securities and the securities market.



Explanation. — For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

Section 12A. No person shall directly or indirectly—

.....

(d) engage in insider trading;

(e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;

Delegation.

19. The Board may, by general or special order in writing delegate to any member, officer of the Board or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the powers under section 29) as it may deem necessary.

PIT Regulations, 2015

Regulation 2(1)(d)

(d)"connected person" means-

(i)any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary



or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

Regulation 2(1)(g)

"insider" means any person who is

- i) a connected person; or*
- ii) in possession of or having access to unpublished price sensitive information;*

NOTE: Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

*Regulation 2(1)(n)**

(n) "unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;*
- (ii) dividends;*



(iii) change in capital structure;

(iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of and such other transactions;

(v) changes in key managerial

NOTE: *It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.*

*The applicable regulation at the relevant point of time has been quoted above. The definition of UPSI under the PIT Regulations has since been amended.

Regulation 4(1)

No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information

Explanation –When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.”

40. From the aforesaid definition, it can be noted that UPSI means any information which relates directly or indirectly to a company and which is not generally available but which, upon becoming generally available, is likely to materially affect the price of securities of a company. It is observed that the following ingredients appear to be required for an information to qualify as UPSI:

- i. The information must be directly or indirectly related to a company or its securities;
- ii. The information must not be generally available;
- iii. The information upon becoming generally available, is likely to materially affect the price of the securities.



41. As per the disclosure dated March 10, 2025, there is no doubt that the information pertaining to discrepancies in the derivative account balance of IBL related to the company, *i.e.* IBL, satisfying the first criteria of UPSI.
42. The aforesaid definition essentially means that generally available information shall be accessible to the public equally on a non-selective and non-discriminatory basis, *i.e.* accessible to the public. To put it differently, for an information to be held as generally available, the information must be uniformly and universally disseminated. One of the ways of doing so is publishing it on the website of a stock exchange.
43. In the instant case, the information disclosed to the Exchanges on March 10, 2025 pertinently related to discrepancies in the account balance of derivative portfolio and had a huge impact of ₹1,529 crores *i.e.* 2.35% of Bank's Net worth, as of December 2024. As detailed elaborately in the preceding paragraphs and shown through the email correspondences collected during the preliminary examination, the information related to discrepancies had evidently been shared with members of the senior management including *Noticees* by as back as December 04, 2023 when the UPSI effectively originated. To support the same, it has also been *prima facie* observed that KMPG vide its email dated February 21, 2024 had given a figure of ₹2,093 cores as negative impact due to discrepancies till December 2023 quarter ending. There is no evidence to suggest that the information relating to the discrepancies was generally available to the public before March 10, 2025. Hence, the information was not generally available. As can be seen from the price data, price of the scrip reduced from close price of ₹900.60 on March 10, 2025 to close price of ₹655.95 on March 11, 2025, which is a fall of 27.165%. Further, as shown in the preceding paragraphs, the information related to discrepancies which was not generally available and upon becoming generally available was *prima facie* likely to materially affect the price of securities. This has also been evidenced by the fall in the price of the scrip as soon as the markets opened the next day



i.e. on March 11, 2025 after the disclosure was made on March 10, 2025 after-market hours. This would satisfy the second and third criteria of UPSI.

44. It has been *prima facie* established that the information related to discrepancies, was UPSI and had originated on or before December 04, 2023. Now based on evidence we need to examine whether the *Noticees* can be classified as insider during the existence of UPSI.
45. It has been *prima facie* observed that *Noticees* were senior members of the IBL management, who were marked in the most important emails related to the issue of discrepancies that came to fore somewhere around November-December 2023.
46. Let us now examine whether *Noticees* would fall under the ambit of the definition of insider under the PIT Regulations. Clause (g) of sub-regulation (1) of regulation 2 of the PIT Regulations defines an insider. To qualify as an insider, a person either needs to be a connected person as per sub-clause (i) or be in possession of or have access to UPSI as per sub-clause (ii). Connected person is further defined in clause (d) of sub-regulation (1) of regulation 2 of the PIT Regulations which, *inter alia*, states that if during the period or during six months prior to the concerned act, the person has been associated with company being in any contractual, fiduciary or employment relationship, and the company allows such person directly or indirectly to access UPSI, he shall be a connected person.
47. It has been found in the preliminary examination that *Noticees* were senior management employees with IBL during the examination period in various capacities as outlined in Table 3. Their designations clearly indicate their access to UPSI. Thus, they can be classified as insiders under sub-clause (i) of clause (g) of sub-regulation (1) of regulation (2) of the PIT Regulations. In addition to above, they were also in possession of UPSI as seen from Table 3. Hence in my opinion, *Noticees* would qualify to be insiders in terms of both sub-



clause (i) as well as sub-clause (ii) of clause (g) of sub-regulation (1) of regulation (2) of the PIT Regulations.

48. As per sub-regulation (1) of regulation (4) of Insider Trading Regulations, no insider is allowed to trade in securities of listed entity while in possession of UPSI. All *Noticees* are *prima facie* held to be insiders and have found to have sold shares of IBL while being in possession of UPSI as detailed out in Tables 4 to 8. Further, Stock Exchanges have stated that they have not received any trading plan in the scrip of IBL for the FY 2023-24 and FY 2024-25. Thus, they have *prima facie* violated the provisions of sub-regulation (1) of regulation (4) of the PIT Regulations. It would be naive to assume that *Noticees* traded in the scrip of IBL while being in possession of UPSI in a routine manner, when discussions were being carried out related to huge impact of discrepancies on financials of IBL and *Noticees* were aware of the same. The issue related to discrepancies was raised by the CFO in November 2023, it is *prima facie* appeared that a significant opportunity to remediate and report this information related to discrepancies much earlier than the Disclosure issued on 10 March 2025, was lost over a period of 5 quarters starting Q3 FY 2024. This issue related to failure to disclose is under examination. However, the issue pertaining to the trades of *Noticees* being influenced by UPSI needs to be dealt with expeditiously and urgently to give a strong message to participants of the securities market as well as to protect the siphoning off of unlawful gains in the form of prevention of loss. From the facts available on record, it can *prima facie* be concluded that Noticee Nos. 1, 2, 3, 4 and 5 have violated provisions of clauses (d) and (e) of Section 12A of the SEBI Act, 1992 and sub-regulation (1) of regulation 4 of the PIT Regulations.

D. NEED FOR AN EX-PARTE INTERIM ORDER

49. I have already held that acts imputed in the present order against *Noticees* are *prima facie* in violation of various provisions of the SEBI Act, 1992 and the PIT Regulations, 2015. Now, it would be important to examine as to whether this interim ex-parte order is required to be passed in the facts and circumstances of the present case.



50. I note that sub-section (4) of section 11 and section 11B empowers SEBI to restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities and to issue “*such directions as may be necessary*” in the interest of investors of the securities market. The evidence collected so far during the examination done by SEBI points to the fact that *Noticees* traded in the scrip of IBL while being in possession of UPSI related to the discrepancies in financials.

51. On the basis of the *prima facie* evidence that has come on record in the preliminary examination conducted by SEBI, it has been held in the earlier part of this Order that *Noticees* were insiders in terms of the definition of insider as per the PIT Regulations. The trading done by insiders, while being in possession of UPSI caused notional monetary loss to the innocent investors who did not have free and equal access to the crucial/material information owing to it not being disclosed to them as and when it became available to the Company. It also has the effect of interfering with the development of securities market, as investors tend to lose faith in the securities market, if such violations go unpunished. Indulging into insider trading activities while being an insider and being in possession of UPSI tantamounts to committing fraud upon the innocent investors and jeopardizing their interest, who did not have access to the material information. The objective of SEBI as defined in the SEBI Act, 1992 is not only the protection of investors but also orderly development of securities market.

52. As the regulator of the capital markets, SEBI has an avowed duty to safeguard the interest of investors and protect the integrity of the securities market. PIT Regulations has been formulated with the objective of preventing insider trading activities. There is a *prima facie* finding of insider trading against these five *Noticees*. Though investigation is still underway against these *Noticees* as well as other suspects, it is essential that this order is passed so as to protect the unlawful gains in the form of prevention of losses, getting escaped from



regulatory reach. The order is also essential to maintain the trust that investors have in the securities market.

53. In the case of ***Amalendu Mukherjee vs. SEBI*** (A. No. 148/2020 decided on May 27, 2020)², Hon'ble Securities Appellate Tribunal underscored the importance of passing impounding orders and inter-alia, observed that:

"14. We are of the opinion that the WTM is empowered under the SEBI Act and the Regulations to pass an ex-parte order in order to protect the interests of securities market and the investors. If such impounding order is not passed, it may result in defeating the ultimate direction of disgorgement if any, as there would be chances of such monies being dissipated by the appellant...."

54. In the facts such as of the present case which warrant passing of interim directions under Section 11 and 11B of the SEBI Act, 1992, I wish to place reliance on ***Ranjana R Kothari v. SEBI*** (Appeal No. 125 of 2011 decided on August 26, 2011), wherein Hon'ble Securities Appellate Tribunal held the following:

"2. The appellants who purchased shares while in possession of the unpublished price sensitive information are still continuing to enjoy the fruits of the ill-gotten gains that they made.

...

This was a fit case where the Board also should have initiated proceedings under sections 11 and 11B of the Act for issuing appropriate directions to the appellants and other insiders to ensure that they do not take advantage of their wrongdoing. It is only through such directions that they could have been directed to disgorge their ill-gotten gains....."

² MANU/SB/0384/2020



55. Accordingly, I am of the view that this is a fit case for passing interim order against five *Noticees* pending investigation.

E. BASIS OF CALCULATION OF DISGORGEMENT AMOUNT AND DEBARMENT

56. Total number of shares of IBL sold by *Noticees* during the UPSI period is provided below:

Table 9

Sr. No.	PAN	Name	Designation	Trades During UPSI period		
				Qty Bought	Qty Sold	Net Qty Sold
1	ABBP3785A	Arun Khurana	Executive Director and Deputy CEO	-	3,48,500	3,48,500
2	AINPK0032B	Sumant Kapthalia	MD & CEO	-	1,25,000	1,25,000
3	ANLPS6798R	Sushant Sourav	Head - Treasury Operations	-	2,065	2,065
4	AAFPJ1378P	Rohan Jathanna	Head - GMG Operations	-	2,000	2,000
5	AAAPR0288H	Anil Marco Rao	Chief Administrative Officer (CAO)- Consumer Banking Operations	-	1,000	1,000

57. It has been shown earlier that when the disclosure was made on March 10, 2025, the share price of IBL crashed 27.165% from a close price of ₹900.60 on March 10, 2025 to close price of ₹655.95 on March 11, 2025.

58. How to calculate likely disgorgement amount is also an important question. Since UPSI period is spread out, share price during that period is also influenced by other factors. Hence, it would not be appropriate to calculate likely disgorgement amount by subtracting closing share price on March 11, 2025 (₹655.95) with the price at which shares were sold during UPSI period.

59. In the instant case, during the UPSI period, no shares were purchased by *Noticees* and they sold shares on different dates. For the purpose of calculation of loss avoided, it would be fair to assume that if these shares were sold with UPSI being public, price of the scrip would have been lower by 27.165%. Thus, likely disgorgement amount is calculated by multiplying this impact of 27.165% on each sale of shares during the UPSI period. The same has been calculated and tabulated below for reference:



Table 10

Sr No.	Name	PAN	Sell Qty	Avg Sell Price (Rs)	Sell Value (Rs)	Loss Avoided @27.165%
1	ARUN KHURANA	ABBP3785A	3,48,500	1,520	52,98,58,371	14,39,36,026.47
2	SUMANT K ATHPALIA	AINPK0032B	1,25,000	1,534	19,17,03,566	5,20,76,273.72
3	SUSHANT SOURAV	ANLPS6798R	2,065	1,273	26,29,083	7,14,190.44
4	ROHAN JATHANNA	AAFPJ1378P	2,000	1,265	25,30,630	6,87,445.61
5	ANIL MARCO RAO	AAAPR0288H	1,000	1,451	14,50,826	3,94,116.76
Total Loss Avoided= Total likely Disgorgement Amount (hereinafter referred to as "impounding amount")						19,78,08,053/- (Rupees nineteen crores seventy eight lakhs eight thousand and fifty three only)

F. CLARIFICATION

60. It may be seen that SEBI had started examination *suo-motu* immediately on March 10, 2025. At no stage of about two and half months of examination so far, SEBI had closed down its examination by giving clean chit as reported by certain section of media.

G. INTERIM ORDER

61. Keeping in view the aforesaid discussions and after analysing all evidences on record about the *prima facie* violations committed by *Noticees*, I *prima facie* hold that this is a fit case to exercise powers of passing an interim order, pending conclusion of investigation, so as to insulate the securities market and to protect the losses averted from being siphoned off, which may go beyond the regulatory reach. Accordingly, I, in exercise of powers conferred upon me under sub-section (1) of section 11, sub-section (4) of section 11, sub-section (1) of



section 11B read with section 19 of the SEBI Act, hereby by way of the present interim ex-parte order, issue the following directions, which shall remain in force until further orders:

- i. The bank accounts of *Noticees* are impounded to the extent of amount as mentioned in last column of Table 10 above, and *Noticees* are directed to open fixed deposit account(s) in their names so as to credit or deposit the aforesaid impounding amount with a lien marked in favour of SEBI and the amount kept therein shall not be released without permission from SEBI.
- ii. All the *Noticees*, viz. Noticee Nos. 1 to 5 are hereby restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever, until further orders;
- iii. Banks, where *Noticees* are holding bank accounts, are directed that no debits shall be made, without permission of SEBI, in respect of the bank accounts held by *Noticees*, except for the purposes of transfer of funds to the fixed deposit account(s) as stipulated above.
- iv. Depositories shall also be directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by *Noticees*. However, credits, if any, into the accounts may be allowed.
- v. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced. Further, debits in the bank accounts may also be allowed for amounts available in the account in excess of the amount to be impounded. Banks are allowed to debit the accounts for the purpose of complying with this Order.
- vi. The Registrar and Transfer Agents shall ensure that, they neither permit any transfer nor redemption of securities, including Mutual Funds units, held by *Noticees*.
- vii. *Noticees shall not dispose of or alienate any of their assets/properties, till such time the amount of impounding is credited to fixed deposit account(s) except with the prior permission of SEBI.*
- viii. *Noticees* are further directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including property, details of all their bank accounts,



demat accounts, holdings of shares/securities if held in physical form and mutual fund investments and details of companies in which they hold substantial or controlling interest immediately but not later than 15 days of this Order.

- ix. The directions stipulated in clauses (iii), (iv), (v), (vi), and (vii) shall cease to apply upon crediting of the impounding amount as per clause (i). Direction at clause (ii) shall be modified upon crediting of the impounding amount as per clause (i) to the extent that buying, selling or dealing in securities, either directly or indirectly, shall not be allowed for securities of IBL, while there will be no such restriction on other securities.
- x. If the *Noticees* have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The *Noticees* are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order. Banks are allowed to debit the accounts for the purpose of complying with this direction.

62. A detailed examination by SEBI with respect to insider trading (against these *Noticees* as well as against other suspects) as well as on disclosure violation and other violations is already undergoing which may be completed expeditiously.

63. The above directions shall take effect immediately and shall be in force until further orders.

64. The foregoing *prima facie* observations contained in this Order are made on the basis of the material available on record. The *Noticees* may, within 21 days from the date of receipt of this Order, file their reply/ objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.



65. This order is without prejudice to the right of SEBI to take any other action that may be initiated against the *Noticees* in accordance with law, including but not limited to levy of penalty and issuance of directions.

66. A copy of this order shall be served upon the *Noticees*, Exchanges, Depositories, RTAs and Banks for necessary action and compliance with the above directions.

PLACE: MUMBAI
DATE: MAY 28, 2025

KAMLESH C. VARSHNEY
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA