WTM/GM/EFD/ 67/ 2018-19

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

In respect of SEBI Order dated July 15, 2014 and SAT order dated May 12, 2017 in the matter of Satyam Computer Services Ltd. (SCSL)

In respect of:

Sr. No.	Noticees	PAN
1.	Vadlamani Srinivas	ABEPV4019P
2.	G. Ramakrishna	ACAPG1654L
3.	VS Prabhakara Gupta	AEAPP2815G

The aforesaid entities are hereinafter referred to by their respective names/serial numbers or collectively as "the Noticees".

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1. SEBI had passed a final order dated July 15, 2014 (hereinafter referred to as "**the first SEBI order/ the SEBI order**") against the Noticees and the promoters/directors of SCSL- B. Ramalinga Raju and B. Rama Raju (collectively referred to as "**the appellants**"), holding them liable for having violated sections 12A (a), (b), (c), (d) and (e) of the SEBI Act; regulations 3(b),(c) and (d), regulations 4(1) and regulations 4(2)(a),(e),(f),(k) and (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 ("**PFUTP Regulations**"); and regulations 3 and 4 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 ("**PIT Regulations**"). The order was passed in the context of their role in the falsified financial statements of SCSL disposing of the Show Cause notices dated March 09, 2009, April 28, 2009, June 02, 2009, July 01, 2009 and March 22, 2010 (hereinafter collectively referred to as "**SCNs**")

2. An appeal was preferred against the SEBI order before the Securities Appellate Tribunal (SAT) and an order dated May 12, 2017 was passed by SAT (hereinafter referred to as "**the SAT Order**"). While the SAT Order upheld the findings in the SEBI order on merits, as regards the directions of disgorgement and debarment passed in the SEBI order, it remanded the matter for a fresh decision on the quantum of illegal gain directed to be disgorged by the noticees and the period for which the appellants are restrained from accessing the securities market. The relevant extracts of the SAT order stating the reasons and purposes for which the remand was made are reproduced

below for reference:

"32.

.....

Investigation carried out by SEBI revealed that Ramalinga Raju as Chairman and Rama Raju as, MD of Satyam were instrumental in creating fictitious invoices, fictitious receipts etc. on the basis of which fictitious monthly bank statements were prepared, whereas, V. Srinivas (CFO), G. Ramakrishna (V. P. Finance) and Prabhakara Gupta (Head, Internal Audit) inspite of noticing introduction of fictitious documents, allowed the books of Satyam being prepared on the basis of those fictitious documents. In such a case, reason as to why V. Srinivas, G. Ramakirshna and Prabhakara Gupta have been treated on par with Ramalinga Raju and Rama Raju and uniformly restrained from accessing the securities market for 14 years is not set out in the impugned order. In the absence of reasons recorded in the impugned order, it is difficult to ascertain the basis on which uniform restraint order has been passed against all the appellants....

...

33. ....

k) Similarly, quantum of illegal gain determined in case of V. Srinivas, G. Ramakrishna and Prabhakara Gupta are also faulty, because in all the three cases the WTM has taken the closing price prevailing on the dates on which Satyam shares were sold/ transferred by those three persons and not the amounts actually received by them on sale/transfer of Satyam shares. Apart from the above, V. Srinivas in his reply dated 14.10.2010 had specifically stated that while computing the illegal gain, the sale proceeds received should be reduced by cost of acquisition and the taxes paid. However, in the impugned order, the WTM has neither recorded the quantum of sale proceeds realised by the above three persons nor considered their plea for reducing the cost of acquisition and taxes paid from the sale proceeds received. In these circumstances, in the absence of material facts, we have no option to set aside the impugned order to the extent it relates to restraining the appellants from accessing the securities market and the quantum of illegal gain directed to be disgorged by V. Srinivas, G. Ramakrishna & Prabhakara Gupta."

(emphasis supplied)

3. SAT had directed that a fresh order be passed within a period of 4 months from the date of its order. However the promoter/ directors of the erstwhile SCSL namely B. Ramalinga Raju and B. Rama Raju approached SAT for extension of the period for passing of order by SEBI. Accordingly SAT allowed extension of time for SEBI to pass an order in the matter by four months from August 11, 2017. Noticee No. 1 was granted an opportunity of personal hearing on August 09, 2017 for which he appeared in person. On his request, a further opportunity of personal hearing was granted on September 11, 2017 wherein he along with his counsel Advocate KRCV Seshachalam appeared and made submissions. An opportunity of personal hearing was granted to Noticee Nos. 2 and 3, i.e. G. Ramakrishna and Prabhakara Gupta on August 03, 2017 and on August 22, 2017 respectively. While Noticee No.2 appeared in person for the hearing, Noticee No. 3 was represented by his counsel Advocate Joby Mathew. Written submissions dated August 26, 2017 and September 22, 2017 were filed by Notice No. 2 and Noticee No. 3, respectively. Noticee Nos. 1 and 3 were given further opportunities of personal hearing on November 17, 2017 and November 27, 2017 respectively, to elaborate on the data provided in their written submissions, after which they submitted written replies dated November 22 and November 28, 2017 respectively, with additional documents. Noticee No. 1 submitted three sets of written submissions dated August 25, August 30 and September 19, 2017. The Noticees' submissions were stated to be without admission of violation of any of the securities laws. The summary of written and oral submissions/replies made by the noticees is as follows:

3.1 Reply of Noticee No. 1- Vadlamani Srinivas

3.1.1 Summary of Noticee No.1's oral submissions are as follows:

(i) No reasons have been provided in the SEBI order as to how the quantum of punishment has been arrived at.

(ii) On October 14th, 2010 a detailed reply was filed but the submissions therein were not considered by SEBI.

(iii) The noticee was in jail for more than two years. Consequently he had sought adjournments which was duly agreed to by SEBI. However the SEBI order accused him of adopting dilatory tactics, even though the adjournments were given by SEBI itself after having considered the merits of his request.

(iv) He was not given an opportunity of cross examination to dispute the claims/statements of others, on the basis of which he was implicated. None

of the MIS Reports claimed by Rama Raju/G. Ramakrishna, which found mention in the SCNs, were provided to him.

(v) There were two aspects of the fraud in SCSL - bogus invoices and inflated bank balances. However he had no knowledge or role in the deposit related aspect of the fraud. Though there was some suspicion regarding malpractices, he did not have any knowledge of the specifics of the fraud. The company being promoter driven and in the context of the prevailing corporate ethos, it was difficult for him to oppose or question the decisions of the promoters. He has all along cooperated with the proceedings in SEBI, including by way of timely submission of replies. The quantum of illegal gain being very low vis-a-vis the illegal gain made by other noticees in this case, his period of debarment must also be proportionately reduced. In 2008, the documents related to his bank account, among others, were seized by CBI. He has subsequently been intermittently in and out of jail. Therefore, he has not been trading in the securities market since June 2008. This period of 'exile' from the market may also be considered towards reduction in the debarment period, since the object of debarment has already been met.

(vi) The noticee was only an employee of SCSL. He was reporting to the Chairman- Ramalinga Raju. He joined SCSL in 1995, as General Manager-Finance and then Director, SVP (which was not a position on the board of directors of SCSL). He was implicated because he had signed the CFO certification for the financial years 2006-07, 2007-08 and 2008-09. However he was never appointed as CFO of the company. There was no board resolution or official decision in this regard.

(vii) In the SEBI order, there are clerical errors in the table indicating the calculation of the illegal gain to be disgorged. This needs to be rectified. Also, the purchase price/strike price(s) of ESOPs were itself inflated because of the fraud.

(viii) He submitted that since investigating agencies had earlier raided his house and seized documents, he may be unable to submit complete details with respect to his transactions.

3.1.2 Summary of written submissions of Notice No. 1:

The period of suspension cannot be same as that of the Ramalinga Raju and B Rama

Raju. The noticee was in judicial custody for period of almost three years and he has not been trading in the securities markets in any manner whatsoever from the date of arrest in January, 2009 till date.

(i) In the year 2001, his designation was Senior Vice President. With effect from 1-10-2002, he was promoted as Director and SVP but was never designated as CFO. After the introduction of 'CFO certification' in clause 49 of the listing agreement w.e.f., 1-1-2006, he signed the CFO Certificate for the limited purposes of complying with the requirement under clause 49. The said CFO certification was given only for three years i.e., 31-3-2006, 31-3-2007 and 31-3-2008. Therefore, it is incorrect to hold him guilty of fraud or of insider trading since 2001. The period of restraint may be reduced accordingly and the quantum of disgorgement must only take into account shares sold during the said three years.

(ii) SAT's observations in the first SAT Order at paras 3(f), 25(c), 25(d) and 26(b) make it clear that he had played no role whatsoever regarding the allegation of creation of fictitious bank balances/FDRs.

(iii) It was further held by Hon'ble SAT at para 28(g) of its order that it was Mr G Ramakrishna who was having the Admin key for the software that creates invoices which were later held to be fictitious; as is elaborately brought out in the above extract of the order, it was only Mr Rama Raju who was responsible along with Mr. T R Anand for creating fictitious invoices.

(iv) Cross examination of the witnesses whose statements have been relied upon must be permitted so that their statements can be appropriately tested.

(v) He has not dealt in the stock markets over the last about 9 years in view of the various restrictions (like freezing the bank accounts, seizure of bank pass books/cheque books and other documents) imposed by other investigating agencies and in view of the fact that he was in judicial custody for almost three years.

(vi) The allegation is that share prices are inflated by publishing inflated results. Therefore, the inflated component in the share price can only be said to be wrongful/illegal gain.

(vii) It is fair and equitable to consider the following basic criteria to arrive at the disgorgement amount:

(a) The amounts received by sale of shares

(b) Deduct the fair value/intrinsic value of the shares, which represents what would have been the share price if there is no alleged fraud

(c) This gives the inflated component of the share price. Only this can be treated as the wrongful gain.

(d) Deduct/ reduce the following from the wrongful gain to arrive at the amount that needs to be disgorged

- cost of acquisition,
- Taxes paid and
- Holding cost or the interest component

(viii) The closing price of Satyam share was Rs 178.95 as on 6-1-2009 and the price fell to Rs 41.05 on 7-1-2009 after the alleged fraud came to light. Further, Tech Mahindra Ltd. had acquired shares of SCSL in April 2009 after paying an amount of Rs 58/- per share in the open bid offer. It is, therefore, clear that there is certain inherent value/intrinsic value (Rs 58/-) to the Satyam share even after the entire fraud came to light. The intrinsic value of Rs 58/- translates to 32.40% of Rs. 178.95 (which was the price prevailing on 6-1-2009 just before the fraud came to light).

(ix) The intrinsic value of SCSL was much higher in the initial years (as the inflation figures was much lower in those years). Accordingly, the intrinsic value which was in direct proportion to the amount of inflation of bank balances/revenues. Based on these assumptions, the intrinsic value figure comes to Rs 21.51 crore.

(x) The Hon'ble SAT in Jhansi B. Rani's case that *"As there is no finding recorded in the impugned order that Jhansi Rani sold shares of Satyam on the basis of UPSI, impugned order passed against Jhansi Rani cannot be sustained".* Therefore in his case also the SEBI order passed cannot be sustained to the extent of shares sold by him prior to the date of amendment i.e. 20-2-2002 as there is no finding in the impugned order that these were sold (prior to 20-2-2002) on the basis of UPSI. Also in Jhansi B Rani's case, SAT held that the fraud period commenced only from 1-4-2001. Hence, alternatively, the shares sold prior to 1-4-2001 must not be considered for computation of illegal gains.

(xi) All the shares sold by the noticee represent the stock options given to him. All these options were given at a strike price/exercise price, a fact which was brought to the notice of SEBI vide letter dated 14-10-2010. Similarly, capital gains taxes had been paid on the gains made through sale of these shares. Further, loans were taken to pay the exercise price to the Company. These loans were then liquidated from out of the sale proceeds. Therefore, certain interest cost was also borne by

him.

(xii) If at all, interest at the rate of 12%, can be charged only from the date of expiry of 45 days from the date of the passing of the order in the current proceedings.

(xiii) Since most of the shares were sold during the initial years itself when there is no or negligible fraud, the amount of wrongful gains made which needs to be disgorged is very small.

(xiv) Calculation of amounts to be disgorged using three different methods as submitted by Noticee No. 1 were tabulated as follows:

Inflation in FDRs method (Excluding shares sold prior to 1-4-2001)

1. Total sale value received	Rs. 28.54 crores
2. Less: Intrinsic value	Rs. 21.51 crores
3. Less: Cost of acquisition	Rs. 9.46 crores
4. Less: Taxes paid	Rs. 3.77 crores
5. Less: Interest expenses	Rs. 0.85 crores
6. Wrongful gain	**Rs. (–) 7.05 crores**
7. Amount to be disgorged	**Rs Nil**

Inflation in revenues method (Excluding shares sold prior to 20-02-2002)

1. Total sale value received	Rs. 22.40 crores
2. Less: Intrinsic value – Inflation in Bank balances Method	Rs. 15.49 crores
3. Less: Cost of acquisition	Rs. 7.27 crores
4. Less: Taxes paid	Rs. 2.52 crores
5. Less: Interest expenses	Rs. 0.65 crores
6. Wrongful gain	**Rs. (–) 3.53 crores**
7. Amount to be disgorged	**Rs Nil**

Inflation in revenues method (Considering only shares sold during FYs 2005-

06, 2006-07, 2007-08, 2008-09)

1. Total sale value received	Rs. 13.68 crores
2. Less: Intrinsic value	Rs. 8.23 crores
3. Less: Cost of acquisition	Rs. 4.74 crores
4. Less: Taxes paid	Rs. 0.80 crores
5. Less: Interest expenses	Rs. 0.43 crores
6. Wrongful gain	**Rs.(–) 0.50 crores**
7. Amount to be disgorged	**Rs Nil**

Book value method (Excluding shares sold prior to 20-02-2002)

1. Total sale value received	Rs. 22.40 crores
2. Less: Intrinsic value – Book value Method	Rs. 14.31 crores
3. Less: Cost of acquisition	Rs. 7.27 crores
4. Less: Taxes paid	Rs. 2.52 crores
5. Less: Interest expenses	Rs. 0.65 crores
6. Wrongful gain	**Rs. (–) 2.35 crores**
7. Amount to be disgorged	**Rs Nil**

3.2 Reply of Noticee No. 2 - G. Ramakrishna

In the course of oral submissions, Noticee No. 2 submitted that he had no specific arguments to make with respect to period of debarment, considering that he has challenged the SAT order on merits before the Hon'ble Supreme Court. On the issue of quantum of disgorgement, he submitted that, in order to arrive at the quantum to be disgorged, SEBI would first need to deduct the price at which such shares/ESOPs were acquired as well as the taxes paid on the sale, from the price he received by way of sale of shares. This quantum of 'gain' made by the entity would then have to be reduced by the gains which were 'legal', in order to ascertain the 'illegal gain' made by the entity. Only the 'illegal gain' could be disgorged by SEBI. He further promised to provide information available with him regarding purchase price of shares/ESOPs, taxes paid

and the sale proceeds of shares, by August 20, 2017. In his written submissions, he stated the following:

3.2.1 Summary of noticee No.2's written submissions are as follows:

(i) In the instant case, the computation of amount to be disgorged being equal to the wrongful gain does not require the consideration of the cost of acquisition or the taxes paid.

(ii) During the period 2001-2009, there was only one Bonus Issue of the company in October 2006 for which the Record Date was 10-10-2006 (as per the Annual Report of the company for the year 2006-07) and therefore it can be safely assumed that the acquisition cost of any bonus shares allotted based on the shares held by any person as on 10/10/2006 alone will be zero.

(iii) While arriving at the wrongful gain, one needs to consider sale of only those shares which were made, while in possession of the unpublished price sensitive information. Neither SEBI, in its order dated 15.07.2014, nor the SAT, in its order dated 12.05.2017, has given a finding regarding the date/ period when the Noticee was said to be in possession of the Unpublished Price Sensitive Information ("**UPSI**").

(iv) SEBI did not provide Noticee No. 2 with an opportunity to cross examine those persons on whose statements SEBI relied upon nor provide their recorded statements. The statements relied upon were false / misquoted. The Noticee's own statements regarding the monthly and daily bank statements of SCSL were held against him.

(v) The SCNs of SEBI held the noticee responsible for knowledge of UPSI on account of his holding the position of Vice President, Finance and, if that was the case, then his knowledge of UPSI can be imputed only from June 2006 since he took charge as Vice President in June 2006.

(vi) Para 56 of the SEBI order dated 15.07.2014 held that the inflation of sales in the company resulted in higher EPS and inflated price of the shares of SCSL. Since profit after tax and EPS are in turn dependent on sales, the usage of cumulative inflated sales data as the proportion in which the share price increased can be an ideal manner of computing the fair value of shares at different points in time. Para 119 of the said order stated that the price of SCSL's share fell from Rs. 178.95 to Rs. 41.05 on 07.01.2009. Since this was

based on the published financials upto 30.09.2008 and the email of Mr. Ramalinga Raju, one can safely assume that the cumulative inflated sales from April 2003 to September 2008 resulted in the reduction in the price by 77.06%. Accordingly, his illegal gain is to be computed as follows:

Date of transfer	**No. of Shares**	**Price (Rs.)**	**Value of share sold Rs. Crores**	**Cumulated Inflated Sales Rs.)**	**% Inflation in share price**	**Illegal Gains (Rs.)**
12-Dec-03	3,000	343.75	10,31,250	72.43	1.17	12,039
13-Dec-03	2,000	343.75	6,87,500	72.43	1.17	8,026
13-Dec-03	5,000	343.75	17,18,750	72.43	1.17	20,065
13-Dec-03	2,000	343.75	6,87,500	72.43	1.17	8,026
13-Dec-03	2,000	343.75	6,87,500	72.43	1.17	8,026
13-Dec-03	3,000	343.75	10,31,250	72.43	1.17	12,039
13-Dec-03	5,000	343.75	17,18,750	72.43	1.17	20,065
13-Dec-03	2,000	343.75	6,87,500	72.43	1.17	8,026
15-Mar-05	27,152	27152	1,11,06,526	389.85	6.28	6,97,893
16-Jun-05	30,384	30384	1,46, 89,145	522.66	8.42	12,37,454
25-Apr-06	20,733	20733	1,58,14,096	1184.86	19.1	30,19,791
09-Nov-07	31,678	31678	1,35,10,667	2515.08	40.52	54,74,811
	133,947.00		**6,33,70,434**			**1,05,26,264**

(vii) Interest on alleged wrongful gain can be levied only after the time period provided for disgorgement and not for any prior period.

3.3 Reply of Noticee No. 3- Prabhakara Gupta

3.3.1 A Summary of Noticee No. 3's oral submissions are as follows:

(i) The noticee was the head of internal audit and placed the internal audit reports before the Audit Committee of the company for scrutiny.

(ii) The scope of internal audit is very different from statutory audit. Both SEBI and SAT have not appreciated this distinction. ICAI and others have laid down separate guidelines on internal audit.

(iii) At the relevant point in time, at SCSL, there were a series of processes before invoices were generated. The Invoice Management System (IMS) was ported to the Oracle Financial System (OFS) from which the results were included in the financial reports. The allegation against the noticee was with respect to three invoices pertaining to three clients. The year 2006-07 was the first time

that internal audit was done of IMS and OFS. The irregularities in the said three invoices were not large enough for the noticee to bring to the special notice of the Audit Committee. The Audit Committee's role was to review practices in the company from a macro-perspective. In any case, there was an instruction from the MD of the company to close the remarks relating to the aforesaid three invoices, and in the absence of any other compelling reason, the noticee did not find the irregularities significant enough to raise a red flag.

(iv) During the said period, the internal audit team's access to its software was also deactivated. There was no way of assuming that all these actions were in pursuance of a fraudulent intent.

(v) The allegation against the noticee, of failing to have audited the current account of SCSL (held with BoB) is incorrect. There was no mandate for the internal auditor to audit all bank accounts where the company had deposits. However certain bank accounts (with zero or negligible bank balances) had been audited on the specific instruction of the external auditor to address the costs incurred in holding such accounts.

(vi) The noticee submitted that, at best, he may be held liable for negligence but certainly not for fraud.

(vii) Regarding the two issues on which SAT had remanded the proceedings to SEBI for reconsideration -

(a) On the issue of period of debarment - The noticee submitted that his arguments on the merits of the case may be taken into account in this regard. He also submitted that he has in any case been out of market /not trading, for the last several years and therefore no further directions of debarment may be passed against him.

(b) On the issue of quantum of disgorgement - The noticee submitted that almost all the SCSL shares he held were acquired by him by way of ESOPs. In fact, relatively lesser number of ESOPs had been issued to him in comparison to his colleagues of similar grade. He had not sold any shares from June 2008 No sale of shares had been carried out from the date of the MD of SCSL asking him to close the remarks, So it cannot be said that a sale on the basis of unpublished price sensitive information had taken place.

3.3.2 Summary of written submissions of Noticee No.3s:

(i) Show cause notices dated April 28, 2009, July 1, 2009 and March 22, 2010 do not set out any directions proposed to be passed against the Noticee.

(ii) Noticee No. 3 summarised the individual allegations laid out in the show cause notices as follows:

(a) Audit observations were not brought to the notice of the Audit Committee and they were not pursued for reconciliation, leading to an inference of participation in fraud and irregularities at Satyam.

(b) The current account balances at Bank of Baroda - New York Branch was not included for the purpose of Internal Audit leading to the allegation of lack of professional scepticism as required under SA 200(AAS1) (audit standards).

(c) Differences in TDS figures did not arouse the suspicion of the Noticee.

(d) Bonus issue, ADS issue and Buy back of shares were carried out by SCSL on the basis of manipulated financial information. Noticee No. 3 was aware of this and thereby he misled investors and permitted the issue and announcements on the basis of false and manipulated financials.

(e) Noticee No.3 was in possession of unpublished price sensitive information i.e. falsified and manipulated accounts and poor financial health of the Company and his trading while in possession of UPSI is in violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992 ("**PIT Regulations**")

(f) Noticee No. 3 participated in the fraud and therefore violated SEBI (Prohibition of Fraudulent and Unfair Trades Practices) Regulations, 2003 ("**PFUTP Regulations**")

(iii) To each of the aforesaid allegations, Noticee No. 3 referred to the defences made out in his replies dated July 23, 2009, February 13, 2012, November 13, 2009, his statements recorded on January 16, 2009, March 31, 2009 October 07, 2009 and arguments made before SAT.

(iv) Noticee submitted that the allegations/findings at sub-number (b), (c) and (d) in sub- para no. (ii) above were not upheld by SAT.

(v) The following was also submitted-

(a) Noticee No. 3 had reported to the Audit Committee and they determined

and approved the annual audit plans. The Committee had far more inputs and sources of information. If the Audit Committee could be fooled, it is only reasonable and logical to accept that the Noticee too was misled and kept in the dark

(b) SEBI has not considered audit observations or reports from 2001 to 2009 except the three reports submitted by the Noticee to SEBI voluntarily to help the investigation. Therefore there is no ground to assume that audit observations were not reported to audit committee or that these were closed in an irregular manner.

(c) All audits were conducted by professional team members and reviewed by professional team leaders none of whom appear to have been examined by SEBI.

(d) Mr. Ramalinga Raju's confessional statement dated January 07, 2009 stated clearly that the Noticee is one among the 17 persons who were not aware of the real situation as against the books of account.

(e) Audit reports released prior to July 2007 were not examined nor considered to appreciate the internal audit process. The statements of Malla Reddy, VVK Raju or Suresh Kumar were not considered and they were not proceeded against.

(vi) Noticee submitted that he has been prohibited from accessing the securities market for more than 3 years apart from his self imposed abstention from dealing in securities and therefore this fact may be taken into account while passing directions.

(vii) In the context of determining the quantum of disgorgement of ill- gotten gain, the Noticee also submitted ESOP allotment details, frequency of sale of shares, reasons for the sale of shares and taxes paid on the sale of shares.

(viii) The summary of year wise sale of shares deducted by purchase cost and taxes paid are as follows:

Financial Yr	**Sale Amount**	**Cost**	**Profit**	**Income Tax**	**Net Gain**
2001-02	8,60,377.27	3,45,609.80	5,14,767.47	1,20,446	3,94,321.47
2002-03	13,46,814.00	2,86,851.84	37,25,031.54		10,59,962.16
2003-04	52,10,762.50	14,85,730.96	37,25,031.54		37,25,031.54

2004-05	66,08,746.06	27,66,652.90	38,42,093.16		38,42,093.16
2005-06	151,89,157.13	62,71,856.00	89,17,301.53	7,48,301.00	81,69,000.53
2006-07	96,36,059.65	30,89,315.80	65,46,743.85	29,645.00	65,17,098.85
2007-08	47,63,761.78	26,47,224.00	21,16,537.78		21,16,537.78
2008-09	76,49,443.49	28,49338.51	48,00,104.98		48,00,104.98
Total	**512,65,122.28**	**197,42,579.81**	**315,22,542.47**	**8,98,392.00**	**306,24,150.47**

Thus, having summarised the submissions of all the Noticees as made to SEBI, I am inclined to highlight the scope of this order before getting into the merits.

SCOPE OF LIMITED REMAND

4. The Hon'ble Appellate Tribunal has given its verdict on facts confirming the liability of the three Noticees herein for "fraud" in Satyam, as concluded by SEBI in its July 2014 order and proceeded to hold that they have traded during the relevant period on the basis of the UPSI. Accordingly, the Hon'ble Appellate Tribunal has upheld SEBI's order on merits concurring with SEBI on its findings with respect to the involvement of each of the noticees in the fraud perpetrated by them attracting the provisions of the SEBI Act, PFUTP Regulations and PIT Regulations. Hence I understand that the findings on merits cannot be reopened while the matter is being taken up for consideration on a direction of limited remand. The relevant part of the SAT Order reads as:

> *"34.c) .....In these circumstances, we set aside the impugned order to the extent it relates to the period for which the appellants are restrained from accessing the securities market and the quantum of illegal gain directed to be disgorged by the appellants and remand the matter to the file of the WTM of SEBI* ***for passing fresh order on merits and in accordance with law.....****"*
>
> (emphasis supplied)

5. Thus, in accordance with the SAT directive, this order would delve into the merits of the case only to the limited extent of (i) reviewing the period of debarment commensurate with the culpability of the noticees and (ii) assessing the amount to be disgorged with respect to each noticee. Staying within the scope of the limited review of facts, I now proceed to consider afresh the quantum of disgorgement and the period of debarment that would be proportionate to the level of involvement of each noticee in the fraud.

6. **Specific Reasons for Remand:**

Para 33(k) and 34(c) of the SAT order inter alia contains the reasons as to why SAT has remanded the SEBI order in respect of the Noticees back to WTM, SEBI. The three main grounds are as below:

i. The amount of disgorgement has been arrived at on the basis of the closing price on the dates of sale and not the actual sale proceeds;

ii. The cost of acquisition and taxes paid are not deducted; and

iii. Absence of reasons for the decision to uniformly restrain the Appellants from accessing the securities market for 14 years without assigning justifiable reasons.

7. Before getting into the merits of the matter in detail, some commonalities as well as certain dissimilarities in SAT's findings in respect of the noticees cursorily noticed from the SAT order which upheld SEBI's findings are listed below:

i. All the Noticee-employees were working in Satyam between 2001- 2008;

ii. They all held significant positions in Satyam during the relevant period;

iii. In both the cases of V. Srinivas and G.Ramakrishna, SAT has relied on their own admissions as well as the recorded statements of other persons, especially the statement of one against the other;

iv. In the case of V. Srinivas and G. Ramakrishna, their knowledge of fraud has been traced back to 2001-08, relying on the close and frequent interactions they had with Ramalinga Raju and Rama Raju wherein different aspects, such as, special banking arrangement with BoB, New York Branch; the need to show inflated results to attract customers/employees; reliance on monthly bank statements for accounting purposes, etc were discussed. All such meetings have been traced back to the period around 2001.

v. As opposed to the above commonalities, V Prabhakara Gupta, has been identified to be part of the fraud based on an isolated/specific act of closure of an audit observation in 2007.

8. Upon an appreciation of the written replies and the oral submissions made by the Noticees in the above background, I feel that the following aspects need fresh consideration in this order:

i. Based on the observations of SAT, to rework the illegal gains to be disgorged

and the suitable period of market-restraint to be imposed, fix the exact period from which each noticee can be said to have become aware of or got involved in the fraud with certainty;

ii. The method of computation of illegal gains of the noticees i.e. whether intrinsic value to be considered or not;

iii. Whether besides the acquisition cost and taxes, other outgoes such as interest on loan availed for the acquisition, brokerage etc. can also be deducted from the gains to arrive at the illegal gains;

iv. Whether interest on disgorgement can be levied from the time of accrual of illegal gains or not;

v. Whether the period of restraint should vary and bear some proportion to the quantum of illegal gains or the volume transacted etc.

While the issues at (i) and (v) above will be assessed with respect to each noticee, the remaining issues will be dealt with in general without reference to any particular noticee.

V Srinivas:

9. As far as ascertaining the period of involvement in the fraud is concerned, I find that V. Srinivas and G. Ramakrishna were having frequent interactions and meetings with Ramalinga Raju and Rama Raju and were aware of the intentions of the senior management to inflate the results from the very beginning. From their own statements, it emerges that they all formed a part of the coterie which was functioning with common intentions and understandings. V. Srinivas has advanced the argument that his period of involvement should be taken only from the period of his having held the position of CFO, which is 2006 onwards. I do not find this argument tenable because a change in designation did not result in a change in the nature of the role played by the Noticee. V Srinivas was the senior V P - Finance of Satyam before becoming its CFO and was essentially overseeing the departments of Finance, Legal, Secretarial and Corporate Services during the relevant period.

10. V Srinivas has alternatively argued that his period of liability should be computed from 20.02.2002, (relying on the order of SAT dated 11th August, 2017 in the matter of Jhansi Rani Vs SEBI,) thereby stating that the benefit of 2002 Amendment in Insider Trading Regulations that was brought into force from that date should be

allowed in his favour. In my opinion, the amendment substituting the expression "when in possession" in the place of the expression "on the basis of" in the context of UPSI in Insider Trading Regulations, is irrelevant as far as Srinivas is concerned as he was an insider by virtue of the position he held in Satyam at the relevant time. V Srinivas further argued that the period of fraud only commenced from April 01, 2001 onwards and therefore only amounts gained from sale of shares sold after that date should be computed. As the evidence of the manipulation in the financial statements extracted in SEBI order relates to the years 2001-08 and does not specifically advert to any manipulation in the last quarter of 2000, I am inclined to interpret 2001 to mean the Financial Year 2001 and I hereby remit the last quarter of FY ending March 31, 2001 from the period of liability for the fraud.

G Ramakrishna

11. G Ramakrishna also took a stand that was similar to that of V Srinvas, as regards his period of liability in the fraud and stated that he became Vice President – Finance only in June 2006 and the imputation of having knowledge of the UPSI has been made against him because of his position in Satyam. This argument also deserves to be dismissed, as he was all along in the Finance Department and was reporting to Srinvas in his earlier postings also. Further, G Ramakrishna has canvassed the point that he can be only held responsible for the sales inflation from 2003 onwards. This in my opinion cannot be accepted, as he was admittedly aware of the banking arrangement of BoB, NY as well as the intricate manner in which the bank balances were to be falsified since 2001. In such circumstances, the invoice manipulations would coincide with such bank balance manipulations. Hence, I am inclined to calculate his liability to start running from April 2001 onwards, on the lines of V. Srinivas.

V Prabhakara Gupta

12. As regards V Prabhakara Gupta, I find that he was not privy to any interaction with Ramalinga Raju or Rama Raju or V Srinivas or G Ramakrishna. There is no evidence to show that he was aware of the company's books being manipulated until he came across a few discrepancies which he noted in his report. In my opinion, the primary act of bringing out the discrepancies in his internal audit

report sets him apart from other Noticees. The fact that he had brought out the discrepancies on record and closed it subsequently, as per the instructions of Rama Raju, the MD of SCSL shows that his role in the fraud was limited in nature. Prabhakara Gupta detected differences in invoices in the IMS and OFS in the case of three clients – Agilent on August 10, 2007, Citigroup on August 22, 2007 and Bear Stearns on September 1, 2007 and noted these in his report. Subsequently, the internal audit team was denied access to the OFF module in OF to verify the discrepancies in invoices. However, based on instructions from the Managing Director, Rama Raju in July 2008, he closed the audit observations. As the overall facts and circumstances implicating Prabhakara Gupta, as reflected in the order of SAT, indicates that his role in the fraud started only from August 2007 onwards, I am inclined to take the same to be the period from which he can be held liable for the fraud.

QUANTUM OF ILLEGAL GAIN TO BE DISGORGED

13. Noticee No. 1 has argued at length that they are entitled to have the benefit of "intrinsic value" of shares set off from the disgorgement. Noticee No.2 referred to a similar concept in terms of 'cumulative inflated sales data'. By cumulative inflated sales data, what Noticee No.2 meant was that the inflated sales during 2003 to 2008 kept the market price of Satyam's share bloated. When the fact of fraud dawned on the market, the price of the share crashed from Rs.178.95 to Rs.41.05, which is a reduction by about 77%. Accordingly he has relied on SEBI's data with respect to sales inflation, contained in pars 56 and the price impact stated in para 119 of SEBI order of July 2014 to make out a case that the sale proceeds should be deducted by such corresponding percentage of inflation year-wise/date-wise as the same constitutes the illegal part of the gains. Towards this computation, Noticee No.2 has stated that the cost of acquisition is irrelevant.

14. I note that Noticee No. 1 has sought to reduce the intrinsic value of SCSL shares from the gain made by the sale of shares. Noticee No. 1 relied on the acquisition of SCSL's shares by Tech Mahindra Ltd. in April 2009 after paying an amount of Rs 58 per share in the open bid offer, to arrive at the conclusion that there was

certain intrinsic value to the SCSL share even after the entire fraud came to light. According to Noticee No. 1, the quantum of falsification in bank balances/revenues was greater towards the latter period of the scam and therefore the intrinsic value of SCSL's shares would be higher in the earlier years. However, Noticee No. 1 took the intrinsic value to be 32.40% of the previous days' (the day before the scam became public) closing price (Rs 58/Rs 178.95), and applied the same in the reverse to the previous years for the actual computation of illegal gains. While the actual computation of illegal gains noticee-wise will be dealt with later in this order, I would like to deal with the merits in the adjustment of intrinsic value of shares in the context of disgorgement.

15. At the outset, it needs to be stated that SAT"s order dated May 12, 2017 has not made any specific mention of the need to consider the intrinsic value of the share while computing the amount to be disgorged from the notices despite a specific plea to that effect from the Noticees. Had the Hon'ble SAT been convinced of this request, its order might have contained a direction to include intrinsic value too, akin to cost of acquisition, taxes paid etc. However, since the two noticees have put forward their submissions in this regard before me, I have decided to examine this request and take a well deliberated call on the issue.

16. The concept of intrinsic value of share is not circumscribed by a sharp definition in the world of finance and hence the term is employed flexibly depending upon the objectives on hand. Book value is considered as a reasonably close enough proxy for intrinsic value, although book value does not take into account the future growth potential. The market traded price of a share may not mirror the intrinsic value as the market price loads in investor expectations regarding future prospects. Given the nebulousness of the concept of intrinsic value, there is no one objective or uniform methodology of arriving at it. Leaving aside this practical difficulty of arriving at an objective number, the more important question that needs to be addressed is whether persons who are themselves instrumental in perpetrating a fraud, should be given benefit of the intrinsic value while computing the disgorgement amount. Any act done with a clear motive of fraud places the self-interest of reaping unlawful gains uppermost and, in the process, there is scant regard for other common investors or market integrity. Given this backdrop

associated with a fraud, it is open to question whether allowing a carve out for lawful gain will sit well with a transaction mired in an ulterior and fraudulent motive. This would certainly, tantamount to conferring underserving benefits to such person and may actually act as a moral hazard rather than as a strong deterrent. Hence, I am not inclined to accept arguments advanced to take the intrinsic value into account to arrive at the amount of disgorgement.

17. I am of the view that when a participant in the fraud exits making gains, what is to be taken into account is the acquisition cost incurred and the actual sale proceeds realized by him with the only exception of statutory dues which can be netted off. The brokerage and interest on loans etc. are expenses associated with the purchases and sales done by the noticees in relation to the transactions that are stamped as 'fraudulent' or 'unlawful' and can only be treated as costs of committing fraud and cannot be used to offset disgorgement.

18. Close on the heels of the argument seeking the benefit of the intrinsic value is the argument of G Ramakrishna, Noticee No.2 relating to "cumulative inflated sales data" for determining the fair value of shares at different points in time. This also does not merit consideration for the reasons elaborated above. Thus to conclude, the disgorgement amount is computed by setting of the cost of acquisition and the statutory dues from the sale proceeds.

INTEREST PAYABLE ON ILLEGAL GAIN

19. With respect to the noticees, the SEBI order had directed that simple interest at the rate of 12 % per annum be paid on the amount disgorged from January 07, 2009 till the date of payment. At the outset, it is stated that this direction has not specifically been set aside by SAT in its order dated May 12, 2017. However, Noticee Nos. 1 and 2 have contended that interest can be levied only after the time period provided for disgorgement of amount is complete and not for any prior periods. For this, Noticee No. 1 has placed reliance on the decision of the Hon'ble SAT in *Shailesh S Jhaveri vs SEBI in Appeal No 79 of 2012* in its order dated 04.10.2012, which inter alia held as follows – *"It is only after the Board concluded that the appellants have illegally enriched themselves and the amount of illegal gains got crystalized and disgorgement order is passed, it can be said that the*

amount has become payable. The Board granted 45 days time to the appellants to pay this amount. If any interest is to be charged, it can be charged only from the date of expiry of 45 days of the passing of the impugned order." In other words, the Noticee seems to be arguing that the interest on disgorgement amount should not relate back to January 2009, but should only be limited to the period after passing of the order by SEBI. I have taken on record the submissions made in this regard by Noticee Nos. 1 and 2.

20. In the instant case, the SEBI order had directed that interest on the amount to be disgorged be calculated with effect from January 07, 2009 i.e. the date on which the main perpetrator of the fraud at SCSL i.e. Ramalinga Raju made the confession that made public the factum of the fraud in the books of Satyam. This is despite the fact that there were three points in time from which the interest could have been levied – the date from which the noticees had knowledge of the fraud or the actual date of commission of the fraud; the date of revelation of the fraud; and the date of SEBI order itself. The July 2014 order of SEBI has levied the same from the date of confession, i.e. January 7th of 2009.

21. In this connection, I note that the Hon'ble Supreme Court has made its position clear on this issue in the case of *Dushyant N Dalal and Another v. SEBI* in its order dated October 04, 2017. Relevant extracts of the said order are reproduced below:

"We are of the view that an examination of the Interest Act, 1978 would clearly establish that interest *can be granted in equity for causes of action from the date on which such cause of action arose till the date of institution of proceedings. … It is clear, therefore, that the Interest Act of 1978 would enable Tribunals such as the SAT to award interest from the date on which the cause of action arose till the date of commencement of proceedings for recovery of such interest in equity…. All the aforesaid orders show that the said whole-time member was fully cognizant of his power to grant future interest which he did in all the aforesaid cases. In fact, in the last mentioned case, whose facts are very similar to the facts of the present case, the order was passed "without prejudice to SEBI's right to enforce disgorgement along with further interest till actual payment is made."*

22. In the above cited case, the Hon'ble Supreme Court was pleased to observe that interest could be levied right from the inception of the cause of actions upto the date of commencement of recovery proceedings of such interest. In view of the above legal position and the fact that the Noticees enjoyed the ill-gotten gains from the point of accrual onwards, I do not find any reason to interfere with the imposition of interest on the disgorgement amount from the date of confession, which is a much subsequent date to the date of the cause of action. Moreover, imposition of interest cannot be made dependent on the uncertainties and indefiniteness that may arise or occur in the course of the conclusion of the proceedings.

Computation of disgorgment amount based on inputs provided by the Noticees:

Noticee No.1- V.Srinivas

23. As determined earlier, in this order, V Srinivas is liable for the fraud from April 2001 onwards accordingly the sale proceeds realised before April 1st of 2001 are excluded from the disgorgement computation. As regards other inputs, Noticee No. 1 has claimed in his written and oral submissions that many documents pertaining to his financial transactions were seized by other investigating agencies and therefore he did not have access to all documents that may be relevant for submission before SEBI. Nonetheless, he has produced some documents to support his claim on the cost incurred on acquisition of SCSL shares. One among them is a letter issued by Satyam Associates Trust on March 28, 2003 indicating allotment of options under the (Associate Stock Option Plan) ASOP-A during the years 1999 to 2003. In relation to other allotments made in 2003, 2005 and 2006, Noticee No. 1 has submitted bank statements one of which was supported by copy of a pay order, to prove his claim. Though the other bank statements do not have explicit narration as to whether the payment was made towards allotment of ESOPs and are instead supported by record slips, the figures stated in the bank statements reasonably relate to ESOP allotment amounts. For two acquisitions of ESOPs (credit into demat accounts) which took place in 2007 and 2008, the Noticee submitted that since he did not have bank statements to support his claim he stated that the cost of acquisition is based on an assumption of the strike price in 2006. In relation to capital gains tax paid by the noticee, though Income-tax returns were not submitted, advance tax and self assessment

tax forms/counterfoils have been produced to evidence payment of tax. Further, he has submitted his computation of capital gains tax paid based on the sale proceeds as recorded in the SEBI order and the tax rates for the respective assessment years. The detailed computation submitted in his replies was verified on a random sampling basis, and the documents submitted by him appear to be sufficiently reliable for the purpose of computing quantum of disgorgement of illegal gain. The cost of acquisition of ESOPs by Noticee No. 1 amounts to Rs 9,46,12,710 (Nine crore forty six lakh twelve thousand seven hundred and ten rupees) and capital gains tax paid amounts to Rs 3,77,39,278 (Three crore seventy seven lakh thirty nine thousand rupees) *(after rounding off to the nearest rupee).* The noticee has also requested deduction of interest expense incurred on loans taken towards purchase of the ESOPs. Noticee has calculated the interest expense as being 18% of the cost of acquisition of shares. I am not inclined to consider the claim of deduction of interest on acquisition cost as admissible to be allowed, for the reasons stated in para 17 above.

24. Based on the aforesaid, the computation of net illegal gain made by Noticee No. 1 is summarised as follows:

Total Illegal Gain as per SEBI and SAT Order	Rs.29,50,88,263.30
Less: Cost of Acquisition (ESOP strike price)	Rs.9,46,12,710.00
Less: Capital Gains Tax	Rs.3,77,39,277.78
Less: STT (Average STT rate for the relevant period is taken as 0.100 pecent)	Rs.2,95,088.24
Less: Gain made in Financial Year 2000-01	Rs.58,43,200.00
Net Illegal Gain made (rounded off)	**Rs.15,65,97,987**

Noticee No. 2 - G. Ramakrishna

25. As determined in the earlier part of this order, the amount to be disgorged from G Ramakrishna is for the period April 1, 2001 onwards. Therefore his illegal gain made since 2001 would be liable to be disgorged. I note that even after he was informed to furnish the cost of acquisition or taxes paid during the personal hearing, G Ramakrishna stuck to his stand that disgorgement being equal to

wrongful gain, the computation of the amount of disgorgement need not take into consideration the cost of acquisition and taxes etc. Besides stating that the shares acquired through Bonus Issue of the company in October 2006 (10.10.2006) was at zero cost, G Ramakrishna did not attempt to provide any indication to assess his cost of acquisition.

26. Had Noticee No.2 provided details of the sale proceeds, acquisition cost and taxes paid, as was directed by SAT, the same could have been considered for arriving at the appropriate quantum of illegal gain to be disgorged from him, as is being done by other noticees. In the absence of such details, I am constrained to reiterate the findings in the SEBI order with respect to the disgorgement of net gains made by G.Ramakrishna. Therefore the illegal gains made by Noticee No.2 amounts to ₹11,50,00,000 (Eleven crore Fifty lakh rupees only).

Noticee No. 3 - V.S. Prabhakara Gupta

27. As ascertained earlier in this order, the liability of Noticee No.3 begins only from August 2007 onwards. Noticee No. 3 has submitted that the shares he held were in the nature of ESOPs which were allotted to him in the ordinary course of business without any preferential or undue allotment vis-à-vis the other noticee-employees or other employees in Satyam. He also claimed that he had sold most of his shares to fund purchase of immovable property, construct a house and to fund the conversion of ESOPs. To support his computation of the cost of acquisition incurred by him, he submitted three letters from SCSL dated June 14, 2001, October 27, 2004 and December 22, 2006 pertaining to ESOP allotment and ADS allotment. Where letters of allotment are not available, he has submitted bank statements indicating payment made towards allotment of ESOPs. The bank statements have sufficient narration to this effect. He also produced a copy of Exhibit P2949 which formed part of the order of CBI Special Court dated April 09, 2015. The said Exhibit is a letter dated October 07, 2009 from Mahindra Satyam to the CBI giving details of options granted and exercised *inter alia* by Noticee No. 3. There is only one transaction involving purchase of 100 SCSL shares from the open market for which no supporting documents have been provided. However this one instance being not significant enough to question his bonafides, and since

other documents evidencing cost of acquisition are sufficiently precise, I find it appropriate to give him the benefit of doubt in respect of this particular transaction. I find that the noticee had not sold any shares from August 2007 till the F Y 2008-09. Hence only the illegal gains made by Noticee No. 3 during the financial year 2008-09 are considered for the purpose of disgorgement. Consequently, the corresponding acquisition cost for the year 2008-09 is considered for deduction from the sales made during 2008-09. The first SEBI Order had recorded the value of sale of SCSL shares by Noticee No. 3 for the financial year 2008-09 as amounting to Rs 76, 49, 443.49. The cost of acquisition as per documents made available by Noticee No. 3 for the financial year 2008-09 was Rs. 28, 49, 338.51. The net gain accordingly made by Noticee No.3 is Rs 48,00,105 (Forty Eight Lakh One Hundred and Five Rupees) *(after rounding off to the nearest rupee).* Since Noticee No. 3 has not provided details of STT paid or income tax paid for the said financial year i.e. 2008-09, the same are not considered for deduction in the instant case. Based on the aforesaid, the computation of net illegal gain made by Noticee No. 3 is summarised as follows:

Total Illegal Gain as per SEBI and SAT Order	Rs.5,12,65,122.28
Less: Gain made during financial years 2001-02 to 2007-08	Rs.4,36,15,678.79
Less: Cost of Acquisition (ESOP strike price) for FY2008-09	Rs.28,49,338.51
Less: Capital Gains Tax	NIL provided by Noticee
Less: STT (Average STT rate for the relevant period is taken as 0.100 %)	NIL provided by Noticee
Net Illegal Gain made (rounded off)	**Rs.48,00,105**

PERIOD OF RESTRAINT

28. SAT in its order has observed that while Ramalinga Raju and Rama Raju were *"instrumental in creating fictitious invoices, fictitious receipts etc. on the basis of which fictitious monthly bank statements were prepared, whereas V. Srinivas (CFO), G.* Ramakrishna *(VP Finance) and Prabhakara Gupta (Head, Internal Audit) inspite of noticing introduction of fictitious documents, allowed the books of Satyam being prepared on the basis of those fictitious documents."*

29. In line with the directions of SAT, in order to determine the period of restraint required to be imposed, I am, *inter alia,* required to analyse the functional ambit of these noticees with respect to the specific nature of their duties and the extent of their negligence which facilitated perpetration of fraud by the promoters. Noticee Nos.1 and 2, being CFO and VP (Finance) respectively were discharging functional roles, which involve direct oversight of some critical business parameters like sales growth, increase in expenditure, growth in net profits, net profit margin, cash position, bank balances etc. Every important parameter in the Financial Statements necessarily had to pass the scrutiny of CFO and VP (Finance). Thus, these notices, as employees holding senior level positions in Satyam, played a role in operationalizing the fraud masterminded by Ramalinga Raju and Rama Raju.

30. As opposed to the roles of Noticee nos. 1 and 2, the role of Noticee no. 3 was different. His role did not require him to take up cash and bank balance verification, except for zero balance accounts as the rest was left to the domain of the statutory auditors. While he did bring out three instances of lack of reconciliation in invoices, he had to abide by the instructions of Rama Raju, the Managing Director, to close the same. Given this backdrop and other circumstantial evidence, it would be appropriate to consider the role of Noticee no. 3 as less incriminating than that of Noticee Nos. 1 and 2 in timely detection of falsification of accounts.

DIRECTIONS

31. In view of the above, in partial modification of the SEBI order dated July 15, 2014, in order to protect the interest of investors and the integrity of the securities market, I, in exercise of the powers conferred upon me under section 19 of the SEBI Act, 1992 read with section 11, 11(4) and 11B of the SEBI Act, and regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, and regulation 11 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, hereby restrain V. Srinivas (PAN: ABEPV4019P) and G. Ramakrishna (PAN: ACAPG1654L) and from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any

manner, whatsoever, for a period of 7 years. In the case of Noticee No. 3 i.e. VS Prabhakara Gupta (PAN: AEAPP2815G), the restraint period for accessing the securities market and for buying and selling of securities will be for a period of 4 years, commensurate with the aspects mentioned in the previous paragraph. It is also clarified that the period of restraint already suffered by the noticees since July 15, 2014 shall be taken into account for calculating the period of restraint now imposed.

32. The Noticees shall disgorge the wrongful gains as tabulated below, with simple interest at the rate of 12% per annum from January 07, 2009 till the date of payment. They shall pay the said amounts within 45 (forty five) days from the date of this Order becoming effective, by way of demand draft drawn in favour of "Securities and Exchange Board of India", payable at Mumbai.

Noticee	**Amount to be disgorged (Rs.)**
Vadlamani Srinivas	15,65,97,987
G.Ramakrishna	11,50,00,000
Prabhakara Gupta	48,00,105

33. As directed by the Hon'ble Supreme Court in C.A. Nos. 11298/2017, 8242/2017, and 10215/2017, this Order shall come into effect from such date as the Hon'ble Supreme Court directs. Till such decision of the Hon'ble Supreme Court, the Noticees shall continue to abide by their undertakings submitted to the Hon'ble Supreme Court in the aforementioned Appeals.

DATE: October 16, 2018
PLACE: Mumbai

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA