WTM/GM/EFD/ 74 / 2018-19

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

In respect of SEBI Orders dated July 15, 2014 and September 10, 2015 and SAT orders dated May 12, 2017 and August 11, 2017 in the matter of Satyam Computer Services Ltd. (SCSL)

In respect of:

Sr. No.	**Noticees**	**PAN**
1.	B. Ramalinga Raju	ACVPB8311J
2.	B Rama Raju	ACEPB2813Q
3.	B. Suryanarayana Raju	ACEPB2811N
4.	SRSR Holdings Private Limited	N.A.

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 final order dated July 15, 2014 (hereinafter referred to as "**the first SEBI order** ") against B. Ramalinga Raju and B. Rama Raju who were promoters/directors of SCSL, holding them liable for having violated section 12A (a), (b), (c), (d) and (e) of the SEBI Act; regulation 3(b),(c) and (d), regulation 4(1) and regulation 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 them having orchestrated fraudulent and manipulative practices by falsifying financial statements of SCSL and for having made illegal gains by indulging in insider trading in SCSL's shares. In the said order for the purpose of calculation of the illegal gains by B. Ramalinga Raju and B. Rama Raju, the shares sold by their relatives including Noticee No. 3 i.e. Suryanarayana Raju were also added to arrive at the illegal gain made by Noticee Nos. 1 and 2. Further, the amounts raised by Noticee No. 4 i.e. SRSR Holdings *(being a private company owned by Ramalinga and Rama Raju and their*

spouses), by way of pledge of SCSL shares were also included as illegal gain made by Ramalinga Raju and Rama Raju.

2. Subsequently, SEBI passed final order dated September 10, 2015 (hereinafter referred to as "**the second SEBI order**"), against the relatives/associates of Ramalinga Raju and Rama Raju including Noticee Nos. 3 and 4 i.e. B. Suryanarayan Raju and SRSR Holdings. This order held the said relatives/associates including B. Suryanarayana Raju and SRSR Holdings to be insiders in SCSL and had dealt in SCSL' shares on the basis of unpublished price sensitive information. Consequently the said relatives/associates were held to be liable for having violated section 12A (d) and (e) of the SEBI Act and regulation 3(i) of the PIT Regulations. The second SEBI order also made the following significant clarification:

"

63. The SCNs dated June 19, 2009 and September 15, 2009, in effect, contemplate disgorgement of same amount i.e. ₹ 543.93 crore (for sale/transfer of shares) and ₹ 1,258.88 crore (for pledge of shares) from the noticees in the instant case. Since the aforesaid ill-gotten gains have been arrived at on account of the same transactions by the noticees which were the subject matter of the order dated July 15, 2014 and also of the instant proceedings, the intention does not seem to be to disgorge the same amount twice. Further, Mr. B. Ramalinga Raju and Mr. B. Rama Raju, on their own made unlawful gains of ₹26,62,50,000 and ₹29,54,35,195 respectively, (which is part of the said ₹543.93 crore of unlawful gain derived by sale / transfer of shares) by sale/transfer of shares of Satyam Computers held by them, while in possession of 'unpublished price-sensitive information', which in my opinion cannot be disgorged from the noticees in the instant case.

64. As found hereinabove, SRSR Holdings Pvt. Ltd. has served as a front for promoter group and related entities including Mr. B. Ramalinga Raju and Mr. B. Rama Raju to obtain funds through the pledge of shares of Satyam Computers with active involvement and the direct or indirect connivance /collusion of Mr. B. Ramalinga Raju and Mr. B. Rama Raju who were its directors and also 'insiders' in Satyam Computers and in possession of the 'unpublished price-sensitive information' in this case and made an unlawful gain of ₹ 1258.88 crore.

65. Mr. Anjiraju Chintalapati (since deceased), Ms. B. Appalanarasamma, Ms. B. Jhansi Rani, Mr. B. Rama Raju Jr., Mr. B. Suryanarayana Raju, Mr. B. Teja Raju, Chintalapati Holdings Pvt. Ltd., Mr. Chintalapati Srinivasa Raju and Maytas Infra Limited made unlawful gain on account of sale / transfer of shares while in possession of 'unpublished price-sensitive information' with complicity and involvement of Mr. B. Ramalinga Raju and Mr. B. Rama Raju. The unlawful gains made by Mr. B. Ramalinga Raju and Mr. B. Rama Raju on account of their individual sales and those of the noticees, as noted from the record, are mentioned in the following table:

....
66. Considering the above facts, it is hereby clarified that pursuant to the SEBI order dated July 15, 2014, Mr. B. Ramalinga Raju and Mr. B. Rama Raju have to inter alia jointly and severally disgorge ₹56,16,85,195 (i.e., sum of ₹26,62,50,000 and ₹29,54,35,195) which they had earned by sale/transfer of shares held by them in Satyam Computers. The remaining unlawful gains as contemplated in the SCNs shall be disgorged as directed herein. Accordingly, I, hereby, in terms of sections 11 and 11B of the SEBI Act read with para. 147 of the order dated July 15, 2014 direct:
(i) SRSR Holdings Pvt. Ltd. to disgorge the wrongful gain of ₹1258.88 crore jointly and severally with Mr. B. Ramalinga Raju and Mr. B. Rama Raju;
(ii) Mr. Chintalapati Srinivasa Raju, for himself and for Mr. Anjiraju Chintalapati (since deceased) to disgorge the amounts mentioned against their respective names as described in Table 7 of this order, jointly and severally with Mr. B. Ramalinga Raju and Mr. B. Rama Raju;
(iii) Ms. B. Appalanarasamma, Ms. B. Jhansi Rani, Mr. B. Rama Raju Jr., Mr. B. Suryanarayana Raju, Mr. B. Teja Raju, Chintalapati Holdings Pvt. Ltd. and IL&FS Engineering and Construction Company Limited to disgorge the amounts mentioned against their respective names as described in Table 7 of this order, jointly and severally with Mr. B. Ramalinga Raju and Mr. B. Rama Raju."

3. An appeal was preferred against the first SEBI order before the Securities Appellate Tribunal (SAT) and an order dated May 12, 2017 was passed by SAT (hereinafter referred to as "**the first SAT Order**"). The first SAT Order upheld the findings in the first SEBI order on merits. However, SAT held that there were infirmities with the directions of disgorgement and debarment passed in the first SEBI order. Consequently, SAT remanded the matter for a fresh decision on the quantum of illegal gains to be disgorged by Noticee Nos. 1 and 2 and the period for which the said noticees are to be restrained from accessing the securities market. The relevant extracts of the first SAT order pertaining to Noticees 1 and 2 herein are reproduced below for reference:

"33.
......
b) By the impugned ex-parte order dated 15.07.2014 the WTM held that the illegal gain arising on sale/ transfer of Satyam shares by the connected entities were the illegal gain made by Ramalinga Raju and Rama Raju and accordingly directed them to disgorge not only the illegal gain made by them but also to disgorge the illegal gain arising from sale/transfer of Satyam shares by the connected entities. In the impugned order, the WTM has not given any reason as to why the illegal gain made by the connected entities were liable to be treated as illegal gain made by Ramalinga Raju and Rama Raju especially when the show cause notice dated 19.06.2009 seeking to recover the said illegal gain from the connected entities was pending. ...
c) It is interesting to note that the very same WTM has disposed of the show cause notice dated 19.06.2009 by order dated 10.09.2015, wherein he has held

that the illegal gain made by the connected entities were liable to be disgorged by the respective member of the connected entity group, jointly and severally with Ramalinga Raju and Rama Raju. Thus, in relation to the illegal gain made by the connected entities, the WTM has passed two different orders which are mutually contradictory. …

d) Very fact that the WTM by his order dated 10.09.2015 has held that the illegal gain made by the connected entities are liable to be disgorged by individual member of the connected entity group jointly and severally with Ramalinga Raju and Rama Raju clearly shows that the WTM did not agree with his own decision contained in the impugned order dated 15.07.2014. In such a case, WTM ought to have recorded reasons as to why the order dated 15.07.2014 was erroneous and the reason as to why he is taking a contrary view in his order dated 10.09.2015. …

…

f) … In the present case, the WTM was required to consider the question, as to who had made illegal gain on sale/transfer of Satyam shares by the connected entities while in possession of UPSI and accordingly direct that person/ entity to disgorge the illegal gain. By the impugned order dated 15.07.2014 the WTM without assigning any reason held that the said illegal gain was made by Ramalinga Raju and Rama Raju and accordingly directed them to disgorge the illegal gain jointly and severally. In the subsequent order dated 10.09.2015 the WTM has held that the illegal gain was made by individual member of the connected entity and without assigning any reason held that the said illegal gain be disgorged by individual member of the connected entity group jointly and severally with Ramalinga Raju and Rama Raju. …

g) Similarly, direction given by the WTM that Ramalinga Raju & Rama Raju must jointly and severally disgorge `1258.88 crore is also without any merit. According to SEBI, in September 2006, Ramalinga Raju, Rama Raju and their spouses had transferred shares of Satyam held by them to SRSR Holdings Pvt. Ltd. ("SRSR" for short) a company wholly owned by Ramalinga Raju, Rama Raju and their family members. Between October 2007 and September 2008, SRSR pledged the Satyam shares transferred by Ramalinga Raju, Rama Raju and their spouses with a view to enable 10 group entities belonging to Ramalinga Raju and Rama Raju's family to avail loan from financial institutions. Without recording reasons in the impugned order as to how pledging Satyam shares through SRSR to avail loan for 10 group entities amounts to making illegal gain by Ramalinga Raju and Rama Raju, the WTM could not have directed disgorgement of `1258.88 crore by Ramalinga Raju and Rama Raju jointly and severally.

h) Fact that the financial institutions while sanctioning loan to the 10 group entities took the market value of Satyam shares pledged by SRSR and the market value of Satyam shares was based on inflated/manipulated books of Satyam could not be a ground for the WTM to hold that the sanctioned loan of `1258.88 crore was the unlawful gain made by Ramalinga Raju and Rama Raju. Even if higher loan was sanctioned on the basis of inflated price of Satyam scrip, loan sanctioned with an obligation to repay could not by itself constitute gain under any provision of the securities laws.

i) Apart from the above, facts on record reveal that out of the sanctioned loan of `1258.88 crore, the loan availed by the 10 group entities was `1219.25 crore and

the loan repaid by the said 10 group entities on account of invocation of pledge and by other modes was to the extent of `1215.83 crore. Thus, the balance loan repayable was only to the extent of ` 3.43 crore....
...

34.
c) For the reasons stated in para 33 hereinabove, we hold that the decision of the WTM in uniformly restraining all the appellants from accessing the securities market for 14 years without assigning any reasons is unjustified. Similarly, the quantum of illegal gain directed to be disgorged by each appellant is based on grounds which are mutually contradictory and also without application of mind. 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. Fresh order be passed as expeditiously as possible preferably within a period of 4 months from today. Appellants are directed to co- operate in the proceeding so as to enable the WTM to pass fresh order expeditiously."

4. An appeal was also preferred against the second SEBI order before SAT and an order dated August 11, 2017 was passed by SAT (hereinafter referred to as "**the second SAT Order**"). The second SAT order upheld the merits of the second SEBI order except those pertaining to Ms. Jhansi Rani. However the second SAT Order set aside the directions in the second SEBI Order with respect to the quantum of illegal gain to be disgorged and the period of restraint in dealing in securities and accessing the securities market. Relevant extracts of the second SAT order are as follows:

"20. There can be no dispute that the role played by SRSR, Chintalapati group and other appellants in facilitating and liquidating the shares of Satyam when in possession of UPSI differ substantially. In such a case, without considering the merits of each case the WTM of SEBI could not have imposed uniform restraint order against all the appellants.
21. Apart from the above, having held in his order dated 15.07.2014 that the gains arising on sale/ pledge of Satyam shares by the appellants were the unlawful gains made by Ramalinga Raju and Rama Raju, and having directed them to disgorge the said unlawful gain, the WTM could not have held in the impugned order that the very same gains were the unlawful gains made by the appellants and direct each appellant to disgorge that unlawful gain jointly and severally with Ramalinga Raju and Rama Raju. Thus, the order passed by the WTM of SEBI in case of Ramalinga Raju and Rama Ramu on 15.07.2014 and the impugned order passed against the appellants on 10.09.2015 are mutually contradictory because in one order it is held that the unlawful gains specified therein are made by Ramalinga Raju and Rama Raju and in another order it is held that the said gains are the unlawful gains made by the appellants herein. In these circumstances, we deem it proper to set aside the impugned order, to the extent it imposes uniform restraint order and determines the quantum of unlawful gain (except in the case of B. Jhansi

Rani) and restore the matters for fresh decision on merits and in accordance with law.

22. Before passing fresh order on remand, the WTM of SEBI shall give an opportunity of hearing to the appellants and consider their plea on merits, including the plea of SRSR that it had acquired the shares of Satyam for valuable consideration and that the loan obtained by pledging shares of Satyam have been substantially repaid. Similarly, while computing the unlawful gain the WTM of SEBI shall consider the cost of acquisition, if any, incurred by each appellant. Till the WTM of SEBI passes fresh order on merits on the above issues, the appellants shall not deal in securities or access the securities market in any manner whatsoever."

5. In the second SAT order, SAT had directed that a fresh order be passed within a period of 4 months from the date of its order. Subsequently, in C.A. No. 8242 of 2017 filed by G. Ramakrishna *(one of the employees of SCSL who was a noticee in the first SEBI Order)* against the orders of the SAT, the Hon'ble Supreme Court directed vide its order dated 21.07.2017 (as corrected by its order dated 15.09.2017) that *" Be that as it may, having heard learned counsel for the parties, we direct that the undertaking shall remain in force till we adjudicate this appeal. In the meantime, as far as the proceedings on remand are concerned, such proceedings before the WTM, SEBI, shall continue and order be passed but the same shall not be given effect to without leave of this Court."* In the Civil Appeals filed by Ramalinga Raju (CA. No. 9493/2017) and Rama Raju (C.A. No. 9524/2017), the Hon'ble Supreme Court vide its order dated November 09, 2017 held as follows: "*Interim order passed by this Court's order dated 21.07.2017 as corrected on 15.09.2017 shall apply to these cases on the same terms."* As regards SRSR Holdings Pvt. Ltd. and B. Suryanarayana Raju, it is noted that the second SAT Order had directed in para 23(c) thereof: *"Till fresh order is passed by the WTM of SEBI on the aforesaid issues, the appellants shall not deal in securities or access the securities market in any manner whatsoever."* Therefore, all the noticees in this Order as on date are under restraint from dealing in securities or accessing the securities market in any manner whatsoever.

6. The relatives/associates of Ramalinga Raju and Rama Raju including Noticee Nos. 3 and 4 had filed appeals before the Hon'ble Supreme Court against the second SAT order. SEBI filed an application in these appeals seeking to permit it to pass orders with respect to Ramalinga Raju and Rama Raju as well since the issues for consideration in the proceedings remanded to SEBI vide the first and second SAT

Orders were interconnected. The Hon'ble Supreme Court disposed of the said application in its final order dated May 14, 2018, as elaborated in the ensuing paragraph, in compliance of which the present order is passed.

7. In the aforesaid order, the Hon'ble Supreme Court held that except for Noticee Nos. 3 and 4 (i.e. Suryanarayana Raju and SRSR Holdings Pvt. Ltd.), none of the noticees to the second SEBI Order *(being the relatives/associates of Ramalinga Raju and Rama Raju)* could be held to be liable for violation of the PIT Regulations. Accordingly, the Hon'ble Supreme Court vide its order dated May 14, 2018, exonerated the relatives of Ramalinga Raju and Rama Raju, namely B. Rama Raju (Jr.), B. Appalanarasamma, B. Teja Raju, Chintalapati Srinivasa Raju, Chintalapati Holdings Pvt. Ltd. and Anjiraju Chintalapati. Consequently, the scope of this Order is limited to reconsideration of the directions for disgorgement of illegal gain and restraint on trade pertaining to Ramalinga Raju, Rama Raju, B Suryanarayana Raju and SRSR Holdings Pvt. Ltd. as per the direction in the first and second SAT orders. Hence, any submissions made by the exonerated relatives are neither recorded here nor are they taken up for consideration for the purposes of this Order.

8. An opportunity of personal hearing was granted to the Noticees. The dates on which the said personal hearings took place, the names of the representatives of the Noticees and the dates of the written submissions filed by the respective noticees are as follows:

(TABLE 1)

Noticee	**Date of Hearing**	**Representative**	**Date(s) of Written Submission**
B. Ramalinga Raju	14.11.2017	R. Sridhar Reddy, Advocate	20.11.2017
B. Rama Raju			
B. Suryanarayana Raju	02.08.2018	Kevic Setalvad, Senior Advocate and Advocates L.S.Shetty, Arnav Mishra, Sanjay Varma and R L Shankar	14.11.2017 05.07.2018 21.08.2018 28.08.2018

SRSR Holdings Pvt. Ltd.	07.11.2017	Advocates KRCV Seshachalam, Sanjay Varma	Received on 14.11.2017

9. The written and oral submissions/replies made by the noticees are summarised in the following sub-paragraphs. Since the replies of Ramalinga Raju and Rama Raju are similar almost verbatim, they are recorded under one head.

Noticee Nos. 1 and 2 - Ramalinga Raju and Rama Raju

(i) SEBI erroneously passed the impugned order without realizing that the parties against whom the SCN dated 19.06.2009 was issued are the parties who have sold/pledged SCSL shares. SEBI subsequently took up the proceedings of the SCN dated 19.06.2009 and passed the order dated 10.09.2015 seeking to disgorge the same amounts without even considering its own averments in the SCN leave alone the submissions of the noticees therein.

(ii) SRSR Holdings had filed its reply and written submissions during the course of proceedings before SEBI furnishing details regarding the exact amounts of loan obtained by various entities (about Rs. 1219 crore) and the exact loan amounts that were repaid to Lenders/Trustees and the exact amounts that were realised after sale of pledged shares by the lenders. It was submitted in the aforesaid reply of SRSR Holdings that the sale of shares upon invocation of pledge fetched about Rs. 675 crore only. Further, it was also submitted that about Rs. 330 crore was fetched from pledge of Maytas Infra Ltd. (MIL) shares. The said submissions were not considered in the Order dated 10.09.2015.

(iii) In the light of findings of SAT and the submissions made by SRSR, SRSR, if at all, could be alleged to have made an unlawful gain of Rs. 3.43 crore. This is the amount that could be disgorged and nothing else.

(iv) Ramalinga Raju is not responsible for the liability of SRSR as it is a separate legal entity. A separate Show Cause Notice dated 19.06.2009 was issued to the said Company stating that it is the Company i.e. SRSR that has made the alleged illegal gains.

(v) Once the violation of insider trading regulations are found against a person and if it is proved that he had made any unlawful gains, only that person is liable to disgorge the amounts which are unlawful gains made by the said person. Extending the liability to another person making him jointly and severally liable to

pay, that too without notice or plausible explanation to show cause, leads to justice and gross violation of natural justice.

(vi) The 6 lakh shares of Satyam sold by Ramalinga Raju against which a total amount of Rs. 26,62,50,000/- is shown as illegal gains in the SEBI Order dated 10.09.2015 were sold in May 2005 for philanthropic purposes the details of which are as follows:

Emergency Management and Research Institute (EMRI)	149266	3.6.2005	Rs. 13,50,00,000/-
Byrraju Foundation	149267	3.6.2005	Rs. 13,17,50,000/-
Total			Rs. 26,67,50,000/-

(vii) Ramalinga Raju had conceptualized the idea of service to medical emergencies through 108 ambulance scheme (EMRI) in the then state of Andhra Pradesh which now is not only serving in the state of Andhra Pradesh and Telangana but also in 15 other states in the Country. The ambulance service so far served more than 50 million emergencies and saved about 2 million lives which were in critical condition. The scheme is serving a population covering around 800 million people.

(viii) Valuation of Information Technology companies is driven by several factors, primarily by the intangible assets the company builds over a period of time. The implied asset base of Satyam, while arriving at the market capitalization of a company, consists of the following.

- Fixed assets
- Current assets, including cash balances
- Brand value, given the fact that Satyam operated in more than 65 countries.
- Customer loyalty, particularly considering the fact that Satyam worked for more than 165 fortune 500 companies.
- Human resources in the form of experienced and well trained work force of more than 53,000 Associates/Employees.

Therefore, the intrinsic value is calculated as follows:

Transaction Date	No, of Shares	Amount realized (Rs. In crores)	Average Price (Rs.)	Period of results applied	Results declared on	Revenue published for the year ended 31-03-2005 (Rs.in crores)	Actual revenue for the year ended 31.03. 2005	Intrinsic values per shares (Rs)	Price variance per share (Rs.)	Proceeds attributable to variance in price (Rs. In Crores)
	a	B	c=b/c			d	e	F = eXe/d	g=e-f	h=g*a
30/05/2005	0.06	26.08	44.66	2004-05	21/04/2005	3464.23	3154.78	409.94	39.72	2.38

Accordingly, the alleged unlawful gain is computed as Rs. 2.38 crore.

Reply of Noticee No. 3- B. Suryanarayana Raju

(i) In view of the above finding of Hon'ble SAT and further in view of the fact that the SCN issued to the Noticee does not make out any case that the Noticee sold/transferred shares of Satyam 'on the basis of' UPSI, the amounts on transfer of shares prior to 20.02.2002 have to be deducted from the total alleged unlawful gains.

(ii) It is for SEBI to stipulate norms for disgorgement of unlawful gains. Order passed by SEBI mentions the manipulation of accounts based on published bank balances. Any calculations only based on the proportion of the published bank balances and actual bank balances would be totally untenable and unjustifiable as the intrinsic value of the share and the market capitalization of a company depends on several underlying factors. Companies in the IT industry are essentially dependent on intangible assets in the form of value of its human resources and brand value. Therefore, it is to be understood that liquid assets like Balances/ FDs with Banks constitute a small portion of the asset base of the IT company. A closer look at the published annual report of SCSL shows that the intangible assets constitute 82% to 85% as against bank balances / deposits constituting 10% to 11% of the total assets.

(iii) Suryanarayana Raju had sold shares from 2001 to 2003. The SCN gives details of bank balances and the extent of overstatement on a yearly basis. Therefore, the Noticee herein is taking the bank balances during the period of sale of shares for the purpose of arriving at the intrinsic value of the share during the period of sale. The inflation in share price of Satyam share for the sales made from

22.11.2002 to 27.12.2002 stands at Rs. 31.64 per share. Similarly, the inflation in share price of Satyam share for the sales made from 5.09.2003 to 11.12.2003 stands at Rs. 44.54 per share, and for the sales made on 19.11.2004 stands at Rs. 54.34 per share.

(iv) An alternative method of calculating wrongful gain is summarised as follows- As per SEBI and the Learned WTM order dated 10-9-2015, the UPSI came into existence from January, 2001. The last traded price of Satyam share just before the UPSI came into existence i.e., on 29-12-2000 is Rs 323.35 per share. This price without any doubt represents the real value of the share as this is prior to the existence of the UPSI. Therefore, Rs 323.35 should be taken as the real value to calculate the wrongful gain. As can be seen from Annexure II, inflated component in the share price is arrived at by taking the actual sale price minus the real value of Satyam share as Rs 323.35. The inflated share price multiplied with number of shares sold by me adds up to a wrongful gain of Rs 1.29 crore, after taking credit of proportionate taxes paid. It is, therefore, submitted that the amount to be disgorged, if at all, is only Rs 1.29 crores.

(v) It is submitted that the interest, if any, shall be charged only from the date of expiry of 45 days from the date of the passing of the order in the present proceedings. As for the levy of interest @ 12% per annum, the same is unusually on a higher side. Even going by the present prevailing MCLR/Base Rate, the rate of interest should not be more than 9% per annum. That apart, the rate of interest contemplated here is not penal rate of interest. In that view of the matter, the interest if at all, ought to be levied is not more than 9% per annum and that too only after the expiry of 45 days from the date of order in the present proceedings.

(vi) On considering the various factors such as the period of sale of Satyam shares by the Noticee and the supposed intrinsic value during the said period, the valuation price of Rs. 58/- per share as reckoned by the Tech Mahindra cannot be directly applied to this Noticee's case inter alia, for the following reasons :

(a) The price of Rs. 58/- per share was a fire sale price and not a true indication of Intrinsic Value as evident from the value at which shares were being traded in the market during that period.

(b) Tech Mahindra offer closed on 01-07-2009 and by that time itself the Satyam shares were trading in the Stock market at Rs 73.25/- per share.

(c) Tech Mahindra as part of the takeover, has made a Buyback offer at Rs 58/- per share to the then existing shareholders, but only a small minority of the existing shareholders agreed to participate in the buyback. The above factors clearly indicate that Rs. 58/- per share cannot be the true intrinsic value placed on shares by shareholders.

(d) This was the value of shares in the year 2009 when the manipulation of accounts reached its zenith. Whereas the Noticee sold his shares way back during the years 2002 and 2003, when the alleged fraud just started as per SEBI's own claim/ investigation and the size of the fraud is substantially lower and consequently, the intrinsic value of the shares was substantially higher.

(e) The intrinsic value in the year of sale of shares by the Noticee would have been definitely much higher. It is submitted that the SCN gives the inflated bank balances in Satyam on a yearly basis. In the year 2009 the total inflated bank balances were Rs 4119 Crore. On 06-01-2009, before the scam broke out, the price of Satyam share was Rs 178.95 per share. After the so called scam became public, the intrinsic value fell to Rs 103/-as analyzed earlier. So, it can be concluded that the share value collapsed by 42.44%.

(vii) The restraining period of 7 years was imposed considering regulation 11 of PFUTP along with violation of PIT Regulations. The said Order of the WTM at para 55 clearly exonerates the Noticee herein from violation of PFUTP Regulations. In the circumstances, the imposition of 7 Years debarment is unreasonable and excess as regulation 11 of PFUTP ought not to have been considered. The Noticee herein was not accessing the securities market since January 2009 when the alleged letter dated 07.01.2009 purportedly addressed by Mr. Ramalinga Raju became public. Further, as the government authorities had frozen Noticees' demat accounts and as the Noticee was facing day to day trial before the CBI court, the Noticee could not have accessed the securities market. In view of the said restraint which is in operation even till today since January 2009, which is more than eight and a half

years and which is more than the proposed restraint order of 7 years, no further restraint is necessary in the facts and circumstances.

Reply of Noticee No. 4- SRSR Holdings Pvt. Ltd.

(i) SRSR acquired 2,78,64,000 shares (pre bonus) of Satyam Computers Ltd. through a block deal in the Stock Exchange paying approx. Rs.815/- per share for a total consideration of Rs.2266 Crores on 16th September 2006.

(ii) In the impugned order, it is wrongly stated that 10 entities mentioned therein have obtained loans worth Rs. 1258.88 crores. The impugned order failed to notice that this amount of Rs 1258.88 crores represents the loans sanctioned and that the loans availed by these 10 entities amount to Rs 1219.26 crores only. In this connection, it is pertinent to note that out of the total availed amount of Rs. 1219.26 crores, an amount of Rs 889.26 crores was sanctioned based on the security of M/s Satyam Computer Services shares and the balance amount of Rs 330/-crores was based on the security of M/s MIL shares. Of the said availed loan of Rs 1219.26 crores, an amount of Rs.1215.83 Crore was repaid by the said 10 borrowers, thus leaving an outstanding of Rs.3.43 crores only.

(iii) No case lies against the Company-SRSR in view of the clear finding of Hon'ble SAT. The Hon'ble SAT while remanding the matter back to SEBI for fresh decision on merits, categorically held in its order dated 12.05.2017 at para 33(h) that loan sanctioned with an obligation to repay could not by itself constitute gain under any provisions of securities laws. This finding would therefore clearly exonerate SRSR from disgorging any amounts leave alone unlawful gains.

(iv) The burden of arriving at the quantum of wrongful gain against the Company is on SEBI.

(v) The intrinsic value calculated on the basis of Market capitalization of shares based on published bank balances and actual bank balances gives the near correct view of the total loan availed and the value of the pledged shares based on its intrinsic value. While the loan taken by pledging SCSL shares stands at Rs. 889.26, the intrinsic value of the pledged shares stands at Rs 1794.36 crores. The value of the pledged shares based on the intrinsic value as such is more than the actual loan availed.

(vi) Any calculation based on the proportion of the published bank balances and actual bank balances simpliciter would be totally untenable and unjustifiable as the

intrinsic value of market capitalization of a company depends on several underlying factors.

(vii) In view of the fact that an amount of Rs.1215.83 crore was repaid, out of the total availed loan of Rs 1219.26 crores, the amount that can be disgorged, if at all, shall be Rs.3.43 crores only.

(viii) The restraining period of 7 years was imposed considering regulation 11 of PFUTP along with violation of PIT Regulations. The said Order of the WTM at para 55 clearly exonerates the Noticee herein from violation of PFUTP Regulations. In the circumstances, the imposition of 7 Years debarment is unreasonable and excess as regulation 11 of PFUTP ought not to have been considered.

SAT'S REASONS FOR REMAND

10. Disgorgement of illegal gain from the noticees and their associates/relatives was directed on the basis of their having dealt in the shares of SCSL on the basis of unpublished price sensitive information. In this regard, with respect to the noticees herein, the first and second SAT orders found fault with the first and second SEBI orders primarily on two grounds-

(i) While the first SEBI order cast liability on disgorgement of illegal gain on Ramalinga Raju and Rama Raju *(though recognising that sale of shares was also done by their relatives/associates)*, the second SEBI order cast joint and several liability on all the Noticees in the subsequent order while at the same time identifying illegal gain made individually by each of the noticees to the second SEBI order(i.e. relatives/associates of Ramalinga Raju and Rama Raju). Therefore there is a contradiction between the two SEBI orders;

(ii) Disgorgement has been directed with respect to loan amounts raised by pledge of SCSL shares, which according to SAT could not constitute gain under securities laws.

ISSUES FOR CONSIDERATION

11. As discussed earlier, with respect to each of the noticees, the Hon'ble Supreme Court's order and the first and second SAT Orders had upheld the finding in the first and second SEBI Orders that the noticees had violated the SEBI Act, PFUTP Regulations and PIT Regulations. In view of the finality, the role of each noticee in the

Satyam scam cannot be revisited in this Order. Therefore the limited points for consideration are as follows:

1. Whether the benefit of intrinsic value can be given to the Noticees while computing disgorgement?
2. Whether levy of interest on disgorgement amount at the rate of 12% from 2001 onwards is justified?
3. What is the quantum of illegal gain to be disgorged from each of the noticees? Whether disgorgement from SRSR Holdings should at all cover the loan availed by it on the pledge of SCSL shares and the disgorgement from other Noticees would stand reduced or not?
4. Whether an appropriate period of restraint to be imposed on each Noticee can be arrived at with supporting reasons?

INTRINSIC VALUE

12. The first and second SAT Orders have 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 noticees despite a specific plea to that effect from the Noticees. While the Hon'ble SAT directed WTM to give the benefit of cost of acquisition and taxes paid while computing illegal gains, its order is conspicuously silent on the aspect of "intrinsic value". Since the same set of issues were discussed in my order dated October 16, 2018 with respect to the employees of SCSL i.e. Vadlamani Srinivas, G. Ramakrishna and Prabhakara Gupta, I rely on the observations made in that order for the purpose of this Order as well. Relevant extracts of the said order are as follows:

> *" 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 undeserving 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."

INTEREST PAYABLE ON ILLEGAL GAIN

13. With respect to the interest levied on 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, Suryanarayana Raju has 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, the aforesaid noticee 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 crystallized 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 has argued 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 said submission.

14. 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 was despite the fact that there were two earlier 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. However the July 2014 order of SEBI has levied the same from the date of confession, i.e. January 7th of 2009.

15. 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."*

16. In the above cited case, the Hon'ble Supreme Court has clearly observed 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, it would be deemed appropriate and fully justified to levy interest from the date of accrual of illegal gain. However, I do not wish to interfere with the

earlier SEBI order to impose interest on the disgorgement amount from the date of confession, which is a much subsequent date to the date of the cause of action. Similarly given that the Hon'ble SAT has not directed SEBI to reconsider the rate of interest to be levied on the amount to be disgorged, submissions made in this regard by Suryanarayana Raju are not taken up in detail in this Order.

COMPUTATION OF DISGORGEMENT AMOUNT BASED ON INPUTS PROVIDED BY THE NOTICEES:

17. Disgorgement from B. Ramalinga Raju and B. Rama Raju

17.1 Both Ramalinga Raju and Rama Raju have contended that proceeds from the sale of their shares (amounting to 6 lakh shares each) were used to fund philanthropic purposes, in particular an ambulance service scheme. Consequently, the said receipt from sale of shares should not be treated as illegal gain. In any case, according to them, the intrinsic value of SCSL shares need to be reduced from the gain made by them in order to compute the illegal gain.

17.2 I cannot agree with the aforesaid submissions of the noticees. The end use of gains made by executing fraudulent trades or indulging in insider trading does not change the illegal nature of receipts. Directions for disgorgement of illegal gain depend upon whether the gain was illegal or not i.e. whether in contravention of securities laws or not, and not as to what purposes the gain was used for. Regarding the aspect of intrinsic value, since I have already addressed the same elaborately in preceding paragraphs, the same is not reiterated here in the interest of brevity. Suffice to state however that intrinsic value will not be considered in this Order towards deduction from the receipts from sale of shares in order to arrive at the illegal gain. As directed by the Hon'ble SAT and as already discussed in preceding paragraphs, the only items to be considered for the purpose of reduction from illegal gain are the cost of acquisition of shares and the statutory dues (taxes). However, neither Ramalinga Raju nor Rama Raju have provided any amounts in the written submissions filed by them to facilitate such calculations.

17.3 The illegal gains attributed to sale of shares individually by Ramalinga Raju and Rama Raju in the second SEBI order are Rs. 26,62,50,000 and Rs. 29,54,35,195 respectively. Since no information has been provided by them regarding cost of

acquisition or taxes paid by them, in my view, illegal gain to be disgorged would be the same as the gain made by them as recorded in the second SEBI order i.e. **Rs. 26,62,50,000** and **Rs. 29,54,35,195** respectively.

18. Disgorgement from B. Suryanarayana Raju

18.1 In the first and second SEBI orders, the amounts received by Suryanarayana Raju from sale of SCSL shares on the basis of unpublished price sensitive information, was quantified as Rs. 89,71,70,765 *(The first SEBI order only stated the number of shares sold by Suryanarayana Raju without stating the value of such shares sold).* The second SAT order upheld the finding against Suryanarayana Raju stating the following-

> *"f) Till the accounting fraud of Satyam was revealed by Ramalinga Raju on 07.01.2009 Satyam was a promising and rising company. In such a case, ordinarily the appellants who were closely associated with Ramalinga Raju and Rama Raju would have resorted to consolidating their shareholding in Satyam. However, strangely, not only Ramalinga Raju & Rama Raju, but also all their family members including all the appellants herein who were deemed to be connected persons have resorted to selling the shares of Satyam during the years 2001-2008. It is relevant to note that the appellants not merely sold the shares of Satyam but virtually liquidated their shareholding in Satyam during the period from 2001 to 2008 and during the said period the investors were made to believe that Satyam is achieving greater heights year after year. None of the appellants have placed any material on record to suggest there were compelling reasons or circumstances which compelled them to liquidate their shareholding in Satyam during the period from 2001 to 2008. It is equally strange that during the entire period of eight years (2001 to 2008) none of the appellants at any point of time deemed it fit to acquire the shares of Satyam which was the flagship company of Raju family and was supposed to be financially a sound company. In these circumstances, inference drawn by the WTM of SEBI that the appellants being insiders have liquidated their shareholding in Satyam when in possession of UPSI cannot be faulted.*
>
> *...*
>
> *g) ... In the present case, the overwhelming circumstantial evidence clearly demonstrate that Ramalinga Raju and Rama Raju orchestrated the accounting fraud in Satyam and they along with their family members reaped the benefits of accounting fraud by selling the shares of Satyam to unsuspecting investors who were made to believe that Satyam was financially sound."*

As seen from the excerpt above, SAT has held that the family members of Ramalinga Raju and Rama Raju are insiders and had knowledge of the fraud and therefore their

sale proceeds for the years 2001-08 are liable to be disgorged. However, in the appeal filed by Suryanarayana Raju, the Hon'ble Supreme Court vide its order dated May 14, 2018 relied on the SFIO report in the SCSL scam to highlight his complicity in the fraud committed from 2001 onwards and held him liable as an insider. Consequently, the amount indicated to be disgorged from Suryanarayana Raju in the second SEBI order shall be taken into consideration allowing the reduction of taxes paid, as submitted during the present proceedings.

18.2 Suryanarayana Raju has sought deduction of the intrinsic value of SCSL's scrip from the gain made by him in order to arrive at the illegal gain. In his submissions he has used the inflation in bank balances method to determine what was the intrinsic value of SCSL's share. He has also submitted details of taxes paid by him towards sale of SCSL shares for the assessment years 2003-04 and 2004-05.

18.3 For the reasons discussed in the preceding paragraphs, this Order shall not be taking into account the intrinsic value of SCSL shares in order to arrive at the illegal gain to be disgorged from Suryanarayana Raju.

18.4 With respect to the taxes paid on sale of SCSL shares, Suryanarayana Raju has submitted returns of income filed for assessment years 2003-04 and 2004-05. Long term capital gain tax paid for AY 2003-04 amounts to Rs. 3,20,10,305.9 Therefore along with surcharge at the rate of 5% for the said assessment year, tax paid on sale of share amounts to Rs 3,36,10,821.19 for the AY 2003-04. For the AY 2004-05, the long term capital gain tax paid amounts to 4,10,22,085.2. Therefore, along with surcharge at the rate of 10% for the said assessment year, tax paid on sale of shares amounts to Rs. 4,51,24,293.72 for the AY 2004-05. Total tax amount paid as per the submissions of the noticee is therefore Rs. 7,87,35,114.91. Therefore the computation of illegal gain to be disgorged from B. Suryanarayana Raju is as follows:

(TABLE 2)

Total Illegal Gain as per SEBI and SAT Order	89,71,70,765.00
Less: Cost of Acquisition	N.A.
Less: Capital Gains Tax	7,87,35,114.91
Net Illegal Gain made	**Rs. 81,84,35,650.09**

19. Disgorgement from SRSR Holdings Pvt. Ltd.

19.1 The first and second SEBI orders had held that illegal gain amounting to Rs 1258.88 crore was made by SRSR Holdings by pledging SCSL shares. In the first SAT Order, the Hon'ble SAT held as follows:

Fact that the financial institutions while sanctioning loan to the 10 group entities took the market value of Satyam shares pledged by SRSR and the market value of Satyam shares was based on inflated/manipulated books of Satyam could not be a ground for the WTM to hold that the sanctioned loan of `1258.88 crore was the unlawful gain made by Ramalinga Raju and Rama Raju. Even if higher loan was sanctioned on the basis of inflated price of Satyam scrip, loan sanctioned with an obligation to repay could not by itself constitute gain under any provision of the securities laws.

i) Apart from the above, facts on record reveal that out of the sanctioned loan of `1258.88 crore, the loan availed by the 10 group entities was `1219.25 crore and the loan repaid by the said 10 group entities on account of invocation of pledge and by other modes was to the extent of `1215.83 crore. Thus, the balance loan repayable was only to the extent of ` 3.43 crore.

...

j)...Without expressing any opinion on the merits of the order dated 10.09.2015, we hold that the impugned order dated 15.07.2014 passed by the WTM treating `1258.88 crore being the loan sanctioned on pledge of Satyam shares was the illegal gain made by Ramalinga Raju and Rama Raju and directing them to disgorge the said of `1258.88 crore jointly and severally cannot be sustained, because, in the impugned order, the WTM has not recorded any reason as to why `1258.88 crore was the illegal gain made by Ramalinga Raju and Rama Raju, when the show cause notice dated 19.06.2009, issued to SRSR, SEBI had considered that the amount of `1258.88 crore being the loan sanctioned on pledge of Satyam shares was the illegal gain made by SRSR."

(emphasis supplied)

In the second SAT order, regarding SRSR Holdings, the following was decided:

"

22. Before passing fresh order on remand, the WTM of SEBI shall give an opportunity of hearing to the appellants and consider their plea on merits, including the plea of SRSR that it had acquired the shares of Satyam for valuable consideration and that the loan obtained by pledging shares of Satyam have been substantially repaid....

l) In the result, decision of the WTM of SEBI that SRSR was an 'insider' under the PIT

Regulations and that SRSR pledged and got the shares of Satyam belonging to Ramalinga Raju, Rama Raju and their spouses sold when in possession of UPSI and thus SRSR violated SEBI Act and the PIT Regulations cannot be faulted.

...

23. In the result we pass the following order:-

...

c) Impugned order passed by the WTM of SEBI on 10.09.2015 against all the appellants herein (except in case of B. Jhansi Rani, Appellant in Appeal No. 462 of 2015) is upheld to the extent that the appellants were insiders under the PIT Regulations and that the appellants had pledged/ sold the shares of Satyam when in possession of UPSI and thus, they have violated the SEBI Act and the PIT Regulations."

(emphasis supplied)

19.2 From the above two SAT orders, what transpires is that SAT had upheld SEBI's contention that SRSR Holdings had violated PIT Regulations but it did not view the receipt of money from pledge of shares as illegal gain since there was an obligation to repay and that the loan was repaid with only Rs 3.43 crore remaining unpaid. The Hon'ble Supreme Court upheld the decision in the second SAT Order thereby meaning that SRSR Holdings was infact liable for having violated PIT Regulations. Also SAT's observations in the first SAT Order regarding SRSR Holdings' pledge of shares and the issue as to whether it amounts to illegal gains in the hands of the borrowers, continue to be relevant for disposal of the current proceedings against SRSR Holdings.

19.3 I note that lenders had liquidated the SCSL shares owned by SRSR Holdings between 23.12.2008 to 07.01.2009 in order to realise the sum advanced to SRSR, when there was margin shortfall. Thus in my opinion, the pledging of shares and raising funds was done by SRSR on the basis of unpublished price sensitive information regarding the inflation in share price. This pledge transaction entered into by SRSR cannot be treated as a loan transaction simpliciter. Rather, it is an ingeniously structured transaction, to park the SCSL shares with the lenders and raise a loan to the tune of Rs 1219.25 crore and to eventually allow the lenders to realise the loan by liquidation of SCSL shares in the market. Therefore the amounts raised by SRSR for the benefit of the Satyam group entities to the extent of the loan amount realised by liquidation of SCSL shares would become part of the illegal gains liable to be disgorged. As per the annexures filed along with submissions made by SRSR Holdings before

SEBI, while Rs 540,43,82,089 was repaid out of 'other sources', Rs 675,39,48,813 was repaid by way of sale of SCSL shares. Therefore in my view the latter amount constitutes illegal gain made by SRSR Holdings and is liable to be disgorged.

JOINT AND SEVERAL LIABILITY OF NOTICEES TO DISGORGE

20. As discussed in the preceding paragraphs, the Hon'ble Supreme Court had exonerated all the relatives/associates of Ramalinga Raju and Rama Raju except for Suryanarayana Raju and SRSR Holdings. Since the exonerated relatives have been held by the Hon'ble Supreme Court as not having dealt in SCSL shares on the basis of unpublished price sensitive information, it follows that the gain identified *(by the first and second SEBI orders)* to have been made by the said relatives cannot be treated as illegal gain. On a re-appreciation of the facts of the case to decide on the disgorgement liability of the Noticees herein, in the light of the observations of the Hon'ble Supreme Court, I find that amongst the relatives/associates, only Suryanarayana Raju and SRSR Holdings can be said to have played a role in the fraud in collusion with Ramalinga Raju and Rama Raju. Consequently, in my view Ramalinga Raju, Rama Raju, Suryanarayana Raju and SRSR Holdings are jointly and severally liable to disgorge the illegal gain quantified in this Order arising from sale and pledge of SCSL shares.

PERIOD OF RESTRAINT

21. Indisputably, Ramalinga Raju and Rama Raju have perpetrated the fraud at SCSL which affected the integrity and credibility of the securities market. As far as Suryanarayana Raju is concerned, the Hon'ble Supreme Court has categorically pointed out his complicity in the fraud. As far as SRSR Holdings is concerned its liability in the fraud as upheld by SAT has been confirmed by the Hon'ble Supreme Court. Hence I find no reason to distinguish between SRSR Holdings and Suryanarayana Raju on the one hand and Ramalinga and Rama Raju on the other hand. All of them can be considered equal perpetrators of the same scam and therefore the period of restraint need not be different.

DIRECTIONS

22. In view of the above, in partial modification of the SEBI order dated September

10, 2015, 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 B Ramalinga Raju (PAN: ACVPB8311J), B. Rama Raju (PAN: ACEPB2813Q) , B. Suryanarayana Raju (PAN: ACEPB2811N) and SRSR Holdings Pvt. Ltd. (PAN:N.A) 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 14 years. It is also clarified that the period of restraint already suffered by B Ramalinga Raju and B. Rama Raju since July 15, 2014 shall be taken into account for calculating the period of restraint now imposed. Similarly the period of restraint already suffered by B. Suryanarayana Raju and SRSR Holdings Pvt. Ltd. since September 10, 2015 shall be taken into account for calculating the period of restraint now imposed.

23. Further, the noticees shall disgorge the wrongful gain made by them from their contraventions *(amounts of which are tabulated below)* with simple interest at the rate of 12% per annum from January 07, 2009 till the date of payment:

(TABLE 3)

Sr. No.	**Noticee**	**Illegal Gain to be disgorged (in ₹)** *(rounded of to the nearest integer)*
1.	B. Ramalinga Raju	26,62,50,000
2.	B. Rama Raju	29,54,35,195
3.	B. Suryanarayana Raju	81,84,35,650
4.	SRSR Holdings Private Ltd.	675,39,48,813
	TOTAL	**813,40,69,658**

They shall pay the said amount 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. 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.

24. As directed by the Hon'ble Supreme Court in C.A. Nos. 9493/2017 and 9524/2017, 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 the directions of the Hon'ble SAT (in its order dated August 11, 2017) and the Noticees' undertakings submitted to the Hon'ble Supreme Court in the aforementioned Appeals, as discussed in paragraph 5 of this Order.

DATE: November 02, 2018
PLACE: Mumbai

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