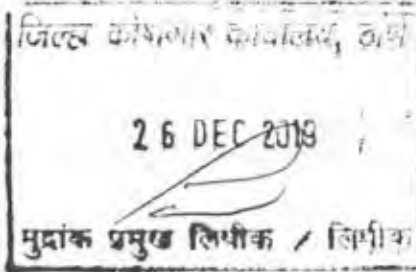




महाराष्ट्र MAHARASHTRA

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AU 935126



Before the Arbitral Tribunal
Comprising of
Mr. Chandrakant Kamdar, Sole Arbitrator

In the Matter of Arbitration under Bye-laws, Rules & Regulations of
Indian Commodity Exchange Limited (ICEX)
Arbitration Matter No: ICEX/Q1/2019-20

BETWEEN

M/s Karvy Comtrade Ltd
Karvy House
46, Avenue 4, Street No.1
Banjara Hills,
Hyderabad 500034

.....

Applicant



AND

Mr. Rakesh Ashok Bhalotiya Respondent
S/O Ashok Gyarasilal Bhalotiya
Plot No. 198, Cement Road
Mauda Badaganj, Satnami Nagar
Nagpur, Maharashtra 440008

1.00 Appearance

For the Applicant: Mr. Anil B Thorat DGM Business Development
Authorized Representative.

For the Respondent: None for the respondent

2.00 Arbitration Reference / Hearing

- 2.01 This is an arbitration matter filed by M/s. Karvy Comtrade Limited the applicant against Mr. Rakesh Ashok Bhalotiya, the respondent.
- 2.02 I, Chandrakant Kamdar was appointed as Sole Arbitrator under Bye-laws, Rules & Regulations of Indian Commodity Exchange Limited (ICEX), which was duly accepted by me.
- 2.03 The reference was initiated vide letter dated November 18,2019 of the Head-IGS of the Indian Commodity Exchange Limited (ICEX) upon receipt of the application dated NIL/10/2019 enclosing copy of arbitration application for reference. The Head IGS of ICEX in the matter under reference requested me to indicate available dates for hearing.



2.04 Accordingly, I, indicated the dates as Thursday December 5, 2019 to schedule the hearing at ICEX corporate office at Reliable Tech Park, 403-A, B Wing, 4th Floor, Thane – Belapur Road, Airoli (E), Navi Mumbai 400708. The notice was issued by ICEX intimating both parties about appointment of Mr. Chandrakant Kamdar as sole arbitrator and further informing both parties regarding fixing the date of the first hearing of the matter on Thursday December 05, 2019 at the corporate office of ICEX at Navi Mumbai 400708 at 11.30 am. The said Notice of hearing was duly served on both parties.

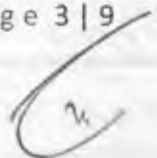
3.00 Statement of claim filed by the applicant member of the Exchange consisting of statement of claim and exhibits A to F (total 154 pages)

3.01 The Statement of claim briefly states as under:

3.02 The Applicant M/s Karvy Comtrade Limited is a Trading cum Self Clearing Member of Indian Commodity Exchange of India Limited (ICEX)

3.03 The Respondent Mr. Rakesh Ashok Bhalotiya executed digitally signed the Know Your Client (KYC) Application form which includes Risk Disclosure Document (RDD), Rights and Obligations, Do's and Don'ts', terms and conditions and other mandatory documents on 8th July 2019 and was allotted Unique Client Code No: C0810100. The copy of KYC is annexed as **Exhibit A** and welcome letter sent to the respondent is annexed as **Exhibit B**.

3.04 As per the instructions of the respondent, the applicant had affected transactions through ICEX (Exchange) for and on behalf of the respondent in his account from time to time. The applicant had sent electronic contract notes (ECN) for transactions executed in the respondent's account at the registered e-mail ID of the respondent. Further the applicant had also sent SMS alert informing the respondent. The copy of contract notes, with ECN logs annexed as **Exhibit C** and SMS log annexed as **Exhibit D**.



3.06 The applicant had issued demand notice dated 13.09.2019 to the respondent which was duly served on 15.09.2019. The respondent did not choose to make payment of outstanding debit balance due and payable or replied. Copy of demand notice annexed as **Exhibit F** along with proof of service.

3.07 In view of the facts stated hereinabove it is apparent that the respondent intentionally & deliberately is avoiding to make payment of the aforesaid legitimate outstanding dues. The applicant claims a sum of Rs. 9,64,878.31 along with interest @ 24% p.a. from 13.09.2019 to 30.09.2019 of Rs. 11,419.90 totaling to Rs. 9,76,298.21. The applicant further claims interest @ 24% p.a. from the date of filing arbitration application till payment.

4.00 Statement of Defense by the respondent to the applicant's claim

4.01 The respondent has not submitted any statement of defense nor have appeared at the personal hearing held on December 5, 2019.

5.00 Hearing

5.01 In terms of the notice sent to both parties by the Exchange, the hearing was held on December 5, 2019 at corporate office of the Exchange office at Navi Mumbai.

5.02 After waiting till 12.15p.m. for the respondent to appear during the hearing, the proceedings were commenced.

5.03 The applicant was heard in detail in absence of the respondent. The Sole arbitrator had directed the applicant to furnish certain details within seven days as under:



A handwritten signature or mark in black ink, consisting of a large, sweeping curve that starts from the right and loops back towards the left, with a small 'S' or similar character inside the loop.

1. Voice call recording with transcript of placement of order.
2. Explanation of MTM that how its reflected in ledgers and how the claim amount is arrived at.
3. Explanation in Margin levied and request demanded made for additional margin / fund by the Member
4. Whether client had made profits during its trading period.

5.04 The hearing was concluded and matter was reserved for award.

5.05 The applicant had submitted their written submission in compliance with the Sole Arbitrator 's direction the details as sought in para 5.03 vide their e-mail dated December 16, 2019.

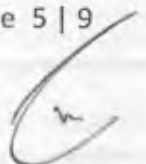
6.00 Findings and Reasoning

6.01 The issue raised by the applicant (Trading Member) is the recovery of the outstanding ledger balance of Rs. 9,64,878.31 along with interest @ 24% p.a. from 13.09.2019 to 30.09.2019 of Rs. 11,419.90 totaling to Rs. 9,76,298.21 along with further interest @ 24% p.a. from date of filing arbitration application till realization.

6.02 The sole Arbitrator has heard the applicant (Trading Member) in detail at the hearing held on December 5, 2019 and as well perused the arbitration application and documents attached thereto.

6.03 The Respondent (Constituent) has chosen neither to file statement of defense/reply nor appear personally or through his authorized representative during the hearing despite service of arbitration application along with documents and notice of hearing by the Exchange.

6.04 It is observed from the documents submitted by the applicant that:



- a) The Respondent had opened a trading account with the Applicant under Client Code C0810100 by executing necessary trading account forms and formalities.
- b) The Respondent commenced trading from July 15, 2019 after paying an initial amount of Rs. 2,00,000/- on July 12, 2019. The Respondent traded till August 13, 2019. In all 14 contracts were executed in the respondent's account relating to "FUTCOMSTEEL".
- c) The respondent had further paid a sum of Rs.2,00,000/- on August 6, 2019 to clear his ledger debit balance of Rs. 4915.29 on August 6, 2019.
- d) For all the trades executed by the Respondent through the Applicant, the Applicant issued electronic contract notes and bills for such transactions, by e-mail and trade confirmation through SMS to the Respondent's registered e-mail ID and Mobile no., which are maintained by the Applicant as running ledger balance in its books of account.
- e) The respondent had a debit balance of Rs. 9,64,878.31 as on 13.09.2019
- f) The applicant has submitted additional submission as sought by the Sole arbitrator during the hearing held on December 5, 2019 vide e-mail dated December 16, 2019 as under:

1. Query: *Voice call recording with transcript of placement of order.*

Answer: There is no dispute regarding transactions by the client till date. Client has traded for a short period i.e., 15-07-2019 to 13-08-2019. For your perusal, sample call recordings of trades and confirmation of debit balance by client are submitted.

2. Query: *Explanation of MTM that how its reflected in ledgers and how the claim amount is arrived at.*



Answer: All pay in, payout, MTM profit & loss and other applicable charges will be reflecting in the ledger. Mark-to-Market (MTM) profit and loss shows how much profit or loss the client made against the position in future commodities trading, irrespective of his open/square off positions. In case if the client position is squared off MTM profit or loss, will be reflect in the client's ledger as "DAILY FUTURE MTM". MTM calculations for open positions and intraday/ square off transactions are settled at the end of each day.

TOTAL MTM PROFIT	1470668.36
TOTAL MTM LOSS	-2660408.27
DIFFERENCE	-1189739.91
TOTAL PAYIN	400000.00
TOTAL PAYOUT	0.00
Short Margin Penalty**	-174878.80
Aoc/SMS Charges:***	-259.60
TOTAL LEDGER DEBIT	-964878.31

** As per exchange norms.

*** As per company norms.

3. Query: *Explanation in Margin levied and request demanded made for additional margin / fund by the Member.*

Answer: Margin was levied as per exchange risk management system. It is the responsibility of the client to maintain sufficient margin in his ledger to trade. In case the client does not maintain sufficient margin, the position will be squared off with immediate effect. Margin Obligation SMS will be sent by the member on daily basis.



6.06 Accordingly, the sole Arbitrator makes the following award

AWARD

1. The respondent Mr. Rakesh Ashok Bhalotiya Constituent) is directed to pay a sum of Rs. 9,64,878.31 (Rs, Nine lakhs sixty-four thousand eight hundred seventy-eight and paise thirty-one only) to the applicant M/s Karvy Comtrade Limited - Trading-cum- Self Clearing Member.
2. The respondent is directed to pay interest @ 10% (ten percent) p.a. on the award amount of Rs. 9,64,878.31 from 30.09.2019 till payment or realization.
3. No order to any costs.
4. The award is signed and stamped in originals and in two certified copies. The Exchange (ICEX) to retain the stamped original and forward certified copies to M/s Karvy Comtrade Limited, the applicant trading cum self-clearing Member and Mr. Rakesh Ashok Bhalotiya, the respondent - constituent.



Chandrakant Kamdar
Sole Arbitrator

Mumbai, dated December 30th 2019 

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