



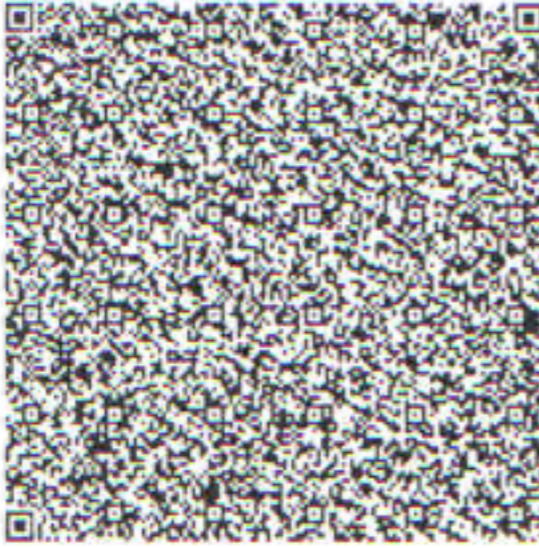
सत्यमेव जयते

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Certificate Issued Date : 09-Jan-2013 03:21 PM
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Unique Doc. Reference : SUBIN-DL77610331344575155007L
Purchased by : MCX STOCK EXCHANGE LTD
Description of Document : Article 12 Award
Property Description : NA
Consideration Price (Rs.) : 0
(Zero)
First Party : MCX STOCK EXCHANGE LTD
Second Party : NA
Stamp Duty Paid By : MCX STOCK EXCHANGE LTD
Stamp Duty Amount(Rs.) : 100
(One Hundred only)



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Mr. R.K.Ahooja, Sole Arbitrator In the Matter of Before under the Bye-laws, Rules and Regulations of the MCX-SX

Arbitration Matter No. DEL-09/2012

Between

Ravinder Kumar Srivastava

Constituent

Applicant

And

Religare Securities Ltd.,

Trading Member

Religare

Respondent

Statutory Alert:

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Respondent

Ravinder

AWARD

The applicant who had opened a trading account with the Respondent alleges that while he had deposited a sum of Rs.5 lakhs with the Respondent for purchase of NCDs and Mutual Funds the latter indulged in unauthorized trading in his account of over Rs. 88 crores thereby causing him a loss of Rs.9,37,761/-. Through the present arbitration proceedings he seeks reimbursement of this amount from the Respondent.

2 The Respondent denies the claim. The version of the Respondent is that the Applicant opened his account in September 2011 and the first currency trade on the platform of MCX-SX took place in his account on 12th October while the last trade took place on 27th December 2011. During this period the Respondent sent contract notes of all the trades promptly and regularly to the Applicant both through e-mail as well as through hard copy. Besides, there are recordings available of telephonic intimations of such trades and the acknowledgements given by the Applicant. Hence the Applicant cannot deny knowledge of his trades. In view of this fact the complaint raised by the Applicant after nearly three months of the first trade is, according to the Respondent, only an attempt on his part to palm off his losses on to the Respondent. The Respondent further argues that the Applicant had no need to open a trading account if his purpose was only to buy NCDs and Mutual Funds. It is also pointed out that the Applicant had upon opening his account opted for currency trading and made more than one payment indicating his desire to continue with such trades.

3. I have heard the parties who more or less re-iterated the stand taken by them in their respective written statements.

4. There is sufficient direct and indirect evidence to bear out the version of the Respondent that the Applicant had been kept informed of the trades in his account on a regular basis. It was argued on behalf of the Respondent that as no objection was raised at the relevant time by the Applicant the only conclusion possible was that all the disputed trades had his consent. In broad terms, I would consider such an inference justifiable. However the present case presents an aspect which affects, in my view, the consequences of such a conclusion.

5. It is the case of the Applicant that he had no knowledge of the currency trading and it was the Relationship Manager of the Respondent, one Varun Gupta, who did all the trading in his account. It is also his case that he had deposited the cash and shares with the Respondent for the purpose of investment in mutual funds and NCDs. Two admitted facts indicate that the probability of this version having some substance cannot altogether be ruled out. Firstly, the trading in the account which is mainly confined to a period of six weeks between 12th October 2011 to 25th November 2011 came to over Rs 88 crores. Trading of this magnitude over such a short period appears unusual for a beginner such as the Applicant herein. There is thus a strong possibility of an active role played by the Relationship Manager as alleged by the Applicant. Secondly, the fact that NCDs of Rs. 2 lakhs and some shares were purchased by the Respondent on behalf of the Applicant indicates that at least part of the funding provided by the Applicant in his account was for the purpose of long term investment.

6. It was, of course, for the Applicant to look after his own interests and therefore the primary responsibility for his losses rests on his own shoulders. Nevertheless a contributory part seems to have been played by the Relationship Manager who did the trading on behalf of the Applicant. Some

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responsibility must also fall on the Respondent in not supervising the activities of the Relationship Manager who incidentally is no longer in its service. The Respondent also benefitted through the heavy brokerage resulting from the voluminous trade. As per the Applicant this came to no less than Rs. 3.30 lakhs. In the circumstances I consider it fit and proper that the Respondent should also share some of the loss of the Applicant in however small and symbolic way it might be.

7. Accordingly in the light of the discussion and reasons adduced above, I award a sum of Rs.1 lakh (one lakh) to the Applicant to be paid by the Respondent within one month from the date of this award failing which the respondent will also be liable to pay interest at the rate of 18% per annum from the due date to the date of actual payment. The parties will however bear their own costs.

New Delhi

January 10, 2013


R.K. Ahooja

Sole Arbitrator