

In a major boost, NSEL wins decree against ARK Imports

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Commodity trading platform National Spot Exchange Limited (NSEL), which faces an investigation by the Economic Offences Wing of the Mumbai police into the Rs 5,600 crore scam of 2013, has won an important case against one of its major defaulters.

The Bombay High Court awarded a decree against ARK Imports Pvt Ltd for recovery of Rs 719.37 crore, which will eventually be done by selling the company's assets. The order against the Ludhiana-based wool trading and manufacturing firm was

passed on July 20 by Justice SJ Kathawala.

The decree comes as a huge boost for NSEL, as it fixes responsibility for 13 per cent of the total loss to investors on ARK. This will also pave the way for NSEL to hold other investors to account.

The amount to be recovered through the decree will be put in the NSEL escrow account, from which the trading clients will be repaid. The total amount secured for recoveries stands at Rs 4,288.29 crore, out of which Rs 1,233.02 crore is by way of Decree on Admission and Rs 3,055.27 crore is through injunction from a total of 17 defaulters at present.

In an official statement issued by NSEL, Joint Managing Director

Prakash Chaturvedi said, "This decree passed by Bombay High Court is a major shot in the arm of NSEL's recovery efforts. With this, we have moved another step in the right direction, and look forward to similar decrees against other defaulters."

Chaturvedi further said, "NSEL has been relentlessly working at recovering the amounts due from these defaulters. Let this also be appreciated by those who, on the one hand, are running a calumny campaign against all in NSEL, and muffling the voice of the genuine trading clients on the other. We want stakeholders to join the sustained battle against the real culprits. With their cooperation, NSEL will be able to formulate a holistic strategy, and plan to

effect speedy recovery from the defaulters."

He added, "We still believe that the only solution is that all victims should get together on a common mission of recovery rather than running a vested interest agenda of someone against NSEL."

Officials from NSEL have also claimed that this breakthrough has been due to the singlehanded, relentless efforts made by NSEL and the NSEL recovery group without any support from so-called traders' forums, brokers and the Forward Markets Commission.

Meanwhile, hearing on the charge sheet filed by Enforcement Directorate in the NSEL scam is scheduled to begin on Thursday.

23RD ACCUSED ARRESTED IN CHANDIGARH

The Economic Offences Wing (EOW) of the Mumbai police recently arrested the 23rd accused in connection with the NSEL payment default scam. The arrested accused is one of the directors of White Water Foods Pvt Ltd, a Haryana-based company named as a defaulter in the scam.

The arrested accused has been identified as Mohit Diwan (pictured) and



was taken into custody at his home in Chandigarh, from where he was brought to Mumbai on transit remand. He was produced in a local court which sent him to police custody till August 3. Diwan has been booked under several sections of the Indian Penal Code - for cheating, forgery, criminal conspiracy - and the Maharashtra Protection of Interest of Depositors (MPID) Act.

The chargesheet filed by the EOW states that Diwan and his brothers as accused and their company have a default of Rs 84.82 crore to be paid to the trading clients. Last year, the Enforcement Directorate attached a rice mill in Haryana of Diwans' White Water Foods Pvt Ltd (WWPL), which was valued at an estimated Rs 41 crore. The WWPL has its headquarters in Chandigarh, where the Diwan brothers are based.

The EOW has secured four properties owned by the Diwans for attachment in connection with the default, which includes a 3,400-acre land in Simla, Himachal Pradesh, a 4,500-sq-foot bungalow in Haryana, a 4,500-sq-foot flat in Haryana, and two factories in the same state. "Interrogation is on and Diwan's arrest would help the case further as he is one of major defaulters involved," said a senior EOW officer.

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