...D S. MEHTA
...STOCK EXCHANGE BOMBAY)
...K SECURITIES & FINANCE BROKERS
OFFICE: 1205-6 & 1518 MAKER CHAMBERS V, 221 NARIMAN POINT, BOMBAY 400 021, INDIA.
PHONES: 202 4099, 202 4123, 287 1151, 223633, 223752, 240672, 245304, 245330.
MARKET OFFICE: CAMA BUILDING, 4TH FLOOR, DALAL STREET, FORT, BOMBAY-400 023, INDIA.
OFFICE: NO. 201-202 ARUNACHAL, 19 BARAKHAMBA ROAD, NEW DELHI-110 001. Tel: 371-2994, 371-3034/35, 371-6123, 371-6
TEL: 271790, 271
11 00763 GRO

Office of the Custodian
9th floor, Nariman Bhavan
Nariman Point
Bombay 400 021.

CANFINA

February 10, 1993.

Dear Sir,

Re : Claim on Canbank Financial Services Ltd. (CANFINA)
17% Tax Free National Thermal Power Corpn. (NTPC) Bonds
Face value Rs.81 crores

This is to inform you that on 2nd January, 1992 CANFINA borrowed a sum of Rs.102,32,71,232.88 for a period of 119 days at an interest rate of 21% p.a. payable half-yearly under the mechanism of ready forward. The above sum was borrowed under three transactions against the security of 9% Tax Free Indian Railway Finance Corpn. (IRFC) Bonds.

In the first transaction, on 2nd January, 1992, CANFINA did a ready forward for a face value of Rs.63.50 crore IRFC Bonds which were placed @ Rs.93/- per bond. A payment of Rs.59,07,06,575.34 was effected through my account in State Bank of India. CANFINA made out a Bank Receipt bearing no. 1414.

In the second transaction, on 2nd January, 1992, CANFINA did a ready forward for a face value of Rs.22 crore IRFC Bonds which were placed @ Rs.93/- per bond. A payment of Rs.20,46,54,246.58 was effected by Corporation Bank on my account and CANFINA made out a Bank Receipt in favour of Corporation Bank, bearing no.1411.

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In the third transaction, on 2nd January, 1992, CANFINA did a ready forward for a face value of Rs.24.50 crore IRFC Bonds which were placed @ Rs.93/- per bond. A payment of Rs.22,79,10,410.96 was effected by Standard Chartered Bank on my account and CANFINA made out a Bank Receipt in favour of Standard Chartered Bank, bearing no.1413.

On 3rd February, 1992, CANFINA requested for change of asset wherein it wanted to replace its security of 9% IRFC Bonds of Rs.85.50 crore face value (securities offered under the first and the second transactions) in favour of 17% NTPC Bonds of a face value of Rs.81 crore. As requested by CANFINA, on 3rd February, 1992, transaction for asset change was effected. CANFINA purchased 9% IRFC Bonds of a face value of Rs.85.50 crore @ Rs.93/- for an amount of Rs.80,21,07,123.29 and sold 17% NTPC Bonds of a face value of Rs.81 crore @ Rs.99/- for an amount of Rs.80,64,27,123.29. CANFINA was lent an additional amount of Rs.43,20,000/- from my account with State Bank of India, and it issued a Bank Receipt for 17% NTPC Bonds bearing no.1544.

On 30th April, 1992, CANFINA was required to reverse the transaction but due to "BANDH" it was agreed that the transaction would be reversed on 5th May, 1992 with additional interest at the same rate for the extended period. On 5th May, 1992 CANFINA was required to repay an amount of Rs.85,66,52,488.22 (Details as per Annexure). On the due date CANFINA did not honour their commitment despite our repeated telephonic reminders and requests.

You are now requested to raise a claim on CANFINA for an amount of Rs.103,49,32,955.20 as per claim sheet enclosed in the Annexure. The claim amount is computed on the assumption that CANFINA honours its

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commitment say on 01/03/93 and charging an interest of 24 % p.a. from the date of default. I may also point out that the market value of 17% NIPC Bonds has fallen down to a level of around Rs.92/- whereas CANFINA is required to purchase the same @ Rs.126/- on 01/03/1993. The difference in CANFINA's reversal rate and the current market rate works out to Rs.27,54,02,064.79. The Bank Receipt of 17% NIPC Bonds of Rs.81 crores was lying with National Housing Bank and is a part of claim made by me to your office by my letter addressed to you on 6th February, 1993 (copy enclosed). In effect, if the same is tendered to Canfina, your office would realise the above amount of Rs.103,49,37,955.20 as these bonds are fully paid for by me.

I wish to point out to you that this claim is arrived at relying on memory and left over papers and without an access to complete books of accounts and staff members. My endeavour is to help your office in quickly arriving at my asset and claim details. In case any further details are required, you may get back to me for clarification. Kindly note that claim on Canfina for the balance borrowing against Rs.24.50 crore face value 9% IRFC Bonds mentioned as third transaction above is being computed and furnished separately.

In the meantime, I request you to keep me posted of the developments in the matter.

Thanking you,

Yours faithfully,

(Harshad S. Mehta)

encl: 1. Annexure CLAIM COMPUTATION.
2. Letter dated 6th February, 1993.

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ANNEXURE

CLAIM COMPUTATION

PARTICULARS	Rupees
AMOUNT LENT ON 02/01/92 (IRFC 63.5cr)	59,07,06,575.34
AMOUNT LENT ON 02/01/92 (IRFC 22.0cr)	20,46,54,246.58
TOTAL AMOUNT LENT ON 02/01/92 (IRFC 85.5cr)	79,53,60,821.92
ADDITIONAL AMOUNT LENT ON 03/02/92	43,20,000.00
AMOUNT RECEIVABLE ON 05/05/92 (79,53,60,821.92 * 21% * 124 days)	85,21,03,824.11 (PUR)
ADDITIONAL AMOUNT RECEIVABLE ON 05/05/92 (43,20,000 * 21% * 92 days)	45,48,664.11
TOTAL AMOUNT RECEIVABLE ON 05/05/92	85,66,52,488.22
INTEREST @24% p.a.UPTO 02/07/92 (58 DAYS)	3,26,70,144.21
AMOUNT RECEIVABLE ON 02/07/92	88,93,22,632.43
INTEREST @24% p.a.UPTO 02/01/93 (184 DAYS)	10,75,95,856.03
AMOUNT RECEIVABLE ON 02/01/93	99,69,18,488.46
INTEREST @24% p.a.UPTO 01/03/93 (58 DAYS)	3,80,19,466.74
AMOUNT RECEIVABLE ON 01/03/93 i.e. FOR FACE VALUE OF Rs.81.00 CR. @ Rs.126.0003, SAY Rs.126.00 (A)	103,49,37,955.20
CURRENT PURCHASE COST OF THE SAME SECURITY @ Rs.92 FOR DELIVERY ON 01/03/93 (B)	75,95,35,890.41
DIFFERENCE BETWEEN COUPTUA's REVERSAL VALUE AND CURRENT PURCHASE COST (A - B)	27,54,02,064.79