

Fx- 9
(to be stamped as Agreement)

Application for opening of irrevocable documentary letter of credit - import

(all pages to be signed by affixing applicant seal)

To

Date:

The Branch Head
The Karur Vysya Bank Ltd
.....Branch

Dear sirs,

We request the Bank to open an irrevocable letter of credit for purchase of

☐ Raw Material ☐ Capital Goods ☐ Import of services ☐ MTT

(tick one) as per details given below:

31D	Date and place of expiry	Expiry Date : Place:
40E	Applicable rules	UCP / URR Latest Version
50	Name And Address Of The Applicant	
59	Name And Address Of The Beneficiary	
32B	Currency and amount of Credit	In figures In words
39A	Credit amount tolerance	%
41 (A/D)	Credit available with Credit available by (Pls. tick one)	• ANY BANK • ADVISING BANK (Bank name and swift code) ➤ Acceptance ➤ Deferred payment ➤ Negotiation ➤ Payment
42C	Drafts at (Pls. tick one)	• Sight • Usance Days from date of ➤ Shipment ➤ Bill of Lading ➤ Negotiation

43P	Deferred payment details	
42 M:	Mixed payment details	
42A	Drafts drawn on (Pls. tick one)	• THE KARUR VYSYA BANK LTD • CONFIRMING BANK
43P	Partial Shipments (Pls. tick one)	• PROHIBITED • PERMITTED
43T	Transshipments (Pls. tick one)	• PROHIBITED • PERMITTED
44A	Place of taking in charge/ Dispatch from/Place of receipt	
44E	Port of loading/ Airport of Departure	
44F	Port of discharge/ Airport of destination	
44B	Place of final destination / for transportation to/ Place of delivery from/ Place of receipt	
44C	Latest date of shipment	(DD/MM/YYYY)
45A	Description of goods	
	Contract Terms (Pls tick one)	1. EX-WORKS 2. FOB 3.CPT 4.CFR 5. CIF 6. FCA 7. CIP Or any other please specify
	Mode of Transport	1. Sea 2.Air
	Import License Details HS code of commodity	1. OGL 2. Under License No..... 2. HS Code no.
46A	Documents required (Strike off whichever is not applicable)	1. Signed Commercial Invoices in original plus copies for a value not exceeding the draft amount quoting import under prevailing Foreign trade policy and certifying that the goods are as per the Proforma Invoice No/Sales contract No. Dated of the Beneficiary. The commercial invoice should mention the IE Code of the applicant and the HS Code of the goods imported. The gross CIF/CFR/FOB value of the goods before deduction of agents commission, if any, must not exceed the credit amount.

		2. Certificate of origin in fold issued by the Chamber Of Commerce. 3. TRANSPORT DOCUMENT A. FOR SEA SHIPMENT: I) Full set, Signed, 'Clean', 'On Board', ocean bills of lading of a conference / Non conference line vessel made out to order of 'The Karur Vysya Bank Limited, Branch, India', marked 'Freight Prepaid/Freight payable at Destination' and notify us and the applicant.
		II) <u>(FOR CIF CONTRACT)</u> Marine Insurance Policies/Certificates in fold dated not later than the date of shipment unto order and blank endorsed for 10 percent over the invoice value covering Institute Cargo Clause(A), Institute War Clause (Cargo), Institute Strikes Clause (Cargo) and Warehouse to Warehouse clauses with claims payable in India irrespective of percentage. Transshipment/ Deckshipment risks must be covered, if the goods are subject to Transshipment / Deckshipment <u>(FOR CNF/FOB/CFR/EX WORKS CONTRACT)</u> Marine Insurance covered by Applicant vide Certificate/ Cover Note Policy No. Datedby Insurance Company. A certificate from the beneficiary to the effect that shipment particulars like name of the vessel, number and date of bill of lading, quantity of the consignment despatched, the amount of invoice have been informed to the applicant by cable/fax/Email III) Shipping Company's/Shipping Agent's Certificate stating that the carrying Vessel is classified by an approved Classification society as per the institute Classification Clauses and is Classified as Lloyds 100 A1 or its Equivalent Classification and is not more than 25 years old and is seaworthy. B. FOR AIR SHIPMENT: I) Airway bill/Air Consignment notes addressed to the Karur Vysya Bank Limited

		for account openers indicating letter of credit number, date and marked 'Freight Prepaid/ Freight Payable at Destination'. Airway bill/air consignment notes must indicate Flight number and date II) (FOR CIP CONTRACT) Air Risk Insurance Policy/Certificate in duplicate dated not later than the date of Airway bill in full set unto order and blank endorsed for ten percent over invoice value covering Institute Cargo Clause (Air), Institute War Clause (Air Cargo) and Institute Strike Clause (Air Cargo), warehouse to Warehouse clauses with claims payable in India irrespective of percentage. (FOR CPT/FCA CONTRACT) Air Risk Insurance covered by Applicant vide Certificate/ Cover Note Policy No. Datedby Insurance Company. A certificate from the beneficiary to the effect that Dispatch particulars like flight number and date, number and date of air waybill, quantity of the consignment dispatched, invoice amount have been informed to the applicant by cable/fax/Email 4. Packing list infold 5. Certificate issued by SGS or similar other independent Inspection Agencies (Any other documents required, please mention here)
47A	Additional conditions	1. All bank charges outside India are for beneficiary / applicant account 2. Interest is payable @..... % pa for the Usance period 3. All documents dated prior to the LC opening date is not Acceptable 4. All documents should mention the credit number and date 5. All documents should be in English 6. Transport documents bearing reference by stamp or otherwise To cost additional to the freight charges are not acceptable

		7. If bills are received with discrepancies, a discrepancy fee of <u>USD 75.00/ EUR 60.00 / GBP 55.00</u> will be charged if the discrepancies are accepted by us and the applicants which will be deducted from the bill proceeds. 8. LC to be opened as <u>confirmed/ not confirmed/ may add</u> (tick appropriate) 9. Documents to be presented within 21 days from the date of shipment but within the validity of the credit 10. Deckshipment <u>PERMITTED/PROHIBITED</u> <u>APPLICABLE FOR USANCE INTEREST ONLY</u> 11. Usance interest is payable by the applicant at Libor of respective currency plus basis points per annum prevailing on the date of negotiation from the date of negotiation till the date of payment. Negotiating bank must indicate Libor of respective currency in their bill covering schedule. 12. Separate invoice and draft are required for the interest amount. If the bills are retired before the due date, then interest will be paid for the proportionate usance period only.
	Import – Export Code Number (IE CODE)	
	GST Number is	
	We attach the following documents: 1. Proforma invoice • indent • sale contract 2. insurance cover note / policy (applicable in case of CFR/CNF/FOB/FCA) 3. Exchange control copy of import licence	

DECLARATION:

We undertake

1. To furnish the evidence of imports pertaining to shipment under this credit within the stipulated period.
2. We hereby agree that the above application and the issuance of Letter of Credit is subject to the provisions of the Uniform Customs and Practices for Documentary Credits (2007) Revision, ICC Brochure No 600 as amended.
3. In addition, we hereby irrevocably and unconditionally agree to accept the General Conditions of the continuing agreement and indemnity signed in the Bank favour from time to time.

4. We confirm we have not opened any other letter of credit against the said purchase order /Proforma invoice /Contract with any other bank
5. We authorize the Bank to debit our current account no _____ for all charges in connection with the issue of this Letter of Credit (unless otherwise specified elsewhere in this application).
6. In case of open insurance policy, we hereby confirm that:
“There is sufficient balance available in the insurance policy no. _____ dated _____, to cover the shipment under the LC and we will take care of necessary periodic declarations to be made to the Insurance Company, if any required regarding the shipments covered under this LC.”
7. We understand that The Karur Vysya Bank Ltd will be routing the LC transmission through its network of correspondent Banks.
8. I/We hereby declare that the transaction the details of which are specifically mentioned in the Schedule hereunder does not involve, and is not designed for the purposes of any contravention or evasion of the provisions of the aforesaid Act or of any rule, regulation, notification, direction or order made there under.
9. I/We also hereby agree and undertake to give such information / documents as will reasonably satisfy the Bank about this transaction in terms of the above declaration.
10. I/We also understand that if I / We refuse to comply with any such requirement or made only unsatisfactory compliance therewith, the Bank shall refuse in writing to undertake the transaction and shall if it has reason to believe that any contravention / evasion is contemplated by me / us report the matter to Reserve Bank of India.
11. I/We further declare that the undersigned has / have the authority to give this declaration and undertaking on behalf of the firm / Company.
12. I/We declare that the transaction does not have linkage with any Specially Designated Nationals and Blocked Persons (SDN)/countries listed under OFAC in any manner. If the transaction involves linkage with any Specially Designated Nationals and Blocked Persons (SDN)/countries listed under OFAC in any manner, I/We undertake not to hold The Karur Vysya Bank Ltd responsible for any of its action or in action in respect of the OFAC-linked transactions.

Authorized Signatory
Company seal/ Stamp

Dear sir,

In consideration of the Bank the Bank opening the above credit as per application given in page 1 to 5 mentioned as above, I/We hereby agree and undertake as follows:

1. I/we understand that the Bank the Bank have the right to refuse the documents presented under the letter of credit if the documents presented are not conforming with the terms and conditions of the letter of credit, and the Bank the Bank may decide to refuse without referring to us. However, if the Bank the Bank decide to refer the same to us for decision of acceptance/rejection, we hereby undertake to inform our decision to the Bank the Bank within a reasonable time as may be permitted by UCPDC. However, in spite of our readiness to accept the documents, if the Bank decide to reject the documents if the circumstances warrant the same, I/we agree to abide by the Bank's decision and undertake to indemnify the Bank for any losses that may arise due to such decision.
2. I/we hereby agree and undertake to pay all bills of exchange drawn on the Bank /accepted by the Bank or purported to be drawn pursuant to the terms of the credit and take up and pay for all the documents negotiated there under in accordance with the terms thereof, as also for any disbursement made or liability incurred by the Bank for my/our account under the credit, together with interest, costs, charges and expenses due to the Bank in respect thereof as hereinafter mentioned.
3. (i) I/we further agree to pay to the Bank interest on the amount(s) payable in respect of my/our liability under the credit, at the rate of.....per cent per annum which is % over and above the marginal cost of funds based lending rate (present MCLR is % p.a.) or at such other rate as may be prescribed by the Bank's guidelines/ by Reserve Bank Of India from time to time.
 (ii) the aforesaid rate of interest shall however be applicable only during the period from the date of negotiation of the bill/documents under the credit upto and inclusive of the date immediately preceding the date of payment by me/us or the date of crystallisation of my/our liability on the foreign currency bill pursuant to clause5(i) below whichever is earlier, after which interest shall be payable at the rate stipulated in the said clause5(i).
 (iii) I/we hereby agree to pay to the Bank on demand (i) the charges that may be levied as per the Foreign Exchange Dealers Association Of India or extant guidelines of the bank in force from time to time for any early/late delivery of the relevant foreign exchange/currency under the forward exchange contract, if any, booked by me/us and (ii) the commission or handling charges as per the Foreign Exchange Dealer's Association Of India or the extant guidelines of the bank in force from time to time on the amount of the bill(s) drawn under the credit.
4. I/we also agree to pay to the Bank on demand, all costs (legal costs on full indemnity basis) customs duty, penalty, demurrage, storage charge, clearing and forwarding charges and all other charges and expenses which the Bank may be put to suffer or incur in connection with the goods and/or the documents of title to goods covered by the credit including for re-shipment thereof for any reason whatsoever, or in the exercise or enforcement of any right or power hereby

conferred or otherwise howsoever, and further agree and undertake to hold the Bank safe and harmless and keep the Bank indemnified against any claim, action or proceeding made or brought against the Bank, the Bank's correspondents or agents, as also against any liability or loss incurred or suffered by the Bank, the Bank correspondents or agents by reason of the Bank having established the credit pursuant to my/our application of otherwise howsoever in the premises.

5. (i) if I/we fail to make due payment of a sight bill on its presentation or a usance bill on the date of its maturity, which is drawn or purported to be drawn under the credit and expressed to be payable in a foreign currency, then the Bank shall be at liberty without prejudice to the Bank's rights hereunder, to crystallise my/our liability in the foreign currency bill by converting the foreign currency amount into Indian Rupees on the 10th day or any other day as may be prescribed by the extant rules, after the date of receipt of documents by the Bank under the credit in the case of a sight bill remaining unpaid till then, or on the date of maturity in the case of an usance bill, whereupon I/we shall be liable to pay to the Bank the Indian Rupee equivalent of such foreign currency amount as calculated at the rate of exchange mentioned below, together with interest thenceforth at the rate ofper cent per annum with monthly rests, or at such other rate and/or with such other rests as may be notified by the Bank from time to time, until payment or realisation, and all costs, charges and expenses payable by me/us hereunder.
- (ii) the rate of exchange applicable to such conversion of the foreign currency amount into Indian Rupees shall be:
 - (a) the Bank's applicable bill selling rate prevailing on the date of crystallisation as described above, provided however that if the relevant rate of exchange is not quoted or available for any reason on the date of crystallisation, then the rate prevailing on the immediately next working day when such rate shall be quoted or be available, shall be the applicable rate of exchange: or
 - (b) the forward exchange contract rate in case a forward exchange contract has been booked by me/us with the Bank.
- (iii) the date of receipt of documents by the Bank under the credit as registered in the Bank's record shall be conclusive and binding on me/us.
- (iv) I/we confirm that crystallisation of my/our liability on the foreign currency bill by the Bank and the charging/payment of interest at a higher rate as aforesaid shall not be deemed to create any right in me/us to keep any bill unpaid when due.
6. I/we hereby further agree that the Bank shall have a pledge upon all goods and documents of title to goods and other documents covered under the credit which may have been already delivered or shall be hereafter delivered into the Bank's possession or into the possession of the Bank's agents by me/us or by any person, firm or company on my/our behalf as a result of opening the credit by the Bank or in connection with the transaction thereunder.
7. The said goods and the documents shall be deemed to be so delivered in pursuance of my/our agreement to pledge them to the Bank as security for all payments which may be made by the Bank or the Bank's correspondents or agents under the

credit for my/our account as also for any liability whatsoever incurred or which may hereafter be incurred by the Bank or the Bank's correspondents or agents as a result of the opening of this credit, together with interest costs, charges and expenses as hereinabove mentioned.

8. In the event of my/our committing a default in making due payment of any bill drawn or purported to be drawn under the credit or in making reimbursement on demand of any payment made by the Bank for my/our account in respect of any liability that may be suffered or incurred by the Bank or the Bank's correspondents or agents under or in connection with the credit, then the Bank shall be entitled, without prejudice to any of the Bank's rights and without notice to me/us (which I/we hereby expressly waive), to sell the goods covered under the credit (the said "goods") whether before or after their arrival, either by public auction or tender or by private contract and subject to such conditions as the Bank may deem fit to impose, or otherwise dispose of or deal with the said goods or any part thereof and/or deal with the relative documents of title to goods in any manner whatsoever, without being bound to exercise any of these powers or liable for any loss in the exercise or non-exercise thereof. The net proceeds realised from sale of the said goods or transfer of any document of title, remaining after deducting therefrom the costs and expenses of and incidental to such sale or transfer, shall be applied in or towards payment or satisfaction of the amount(s) due to the Bank in respect of any payment or disbursement made by the Bank under the credit for my/our account, and interest thereon and all costs, charges and expenses as hereinabove mentioned. I/we agree to accept bank's account of sale or realisation as conclusive evidence both in and out of Court as to the amount(s) realised and expenses incurred, and to pay forthwith any shortfall or deficiency remaining after such application. I/we further agree that the Bank shall not be liable to me/us for any loss which may occur pending sale or disposal of the goods and/or documents of title to goods, whether by reason of theft, damage, deterioration or decay of the goods or depreciation in the value thereof or otherwise whatsoever be the cause. I/we also agree that surplus remaining, if any, may be used by the bank to settle any of my/our liabilities with the bank at the sole discretion of the bank.
9. I/we agree to keep the said goods further insured from the time of expiry of insurance cover under the initial policy or policies of insurance, against all risks which are normally covered for goods of the nature purchased under the credit as also against such other risk(s) as may be required by the Bank, and in the event of my/our failing to do so, the Bank shall be at liberty to insure the said goods at my/our cost and expenses without prejudice to the Bank's rights hereunder, until all the Bank's dues in respect of the credit are paid in full. I/we agree to pay to the Bank forthwith all moneys if received by me/us under any policy or policies of insurance and until payment to the Bank of such insurance moneys. I/we undertake to hold the same in trust for the Bank. However, we understand that the bank is not obliged to cover insurance and this may be done only as a matter of service to me and I/we shall not claim the act of omission of the bank as a cover for not paying the liability and we undertake to indemnify the bank for any losses which may arise due to non coverage of insurance.

10. I/we further agree and undertake to sign, execute and deliver to the Bank from time to time on demand made by the Bank, such further or other deeds, documents and writings and do all such acts, matters and things as may be required by the Bank for better perfecting the Bank's title to the said goods and documents covered under the credit and/or to render the same readily saleable or transferable by the Bank to any purchaser(s) at all times.
11. It is understood that the transmission of all instructions under the above credit and the shipping of documents and goods thereunder is entirely at my/our risk. The Bank and the Bank's correspondents or agents not be responsible for any error or delay in such transmission or loss or delay in delivery of documents or the goods nor shall the Bank or the Bank's correspondents or agents be liable in any respect beyond ensuring that the bill(s) drawn under the credit and the relative documents covered thereunder purport to comply with the terms and conditions of the credit.
12. I/we have made adequate arrangement for retiring the bills under the credit and do not contemplate to seek any financial assistance from the Bank for the purpose.
13. I/we agree to the negotiations of the drafts under the credit being confined to the Bank's branches or agencies or to any bank acceptable to the Bank.
14. I/we confirm that the goods described above or covered under my/our below mentioned import licence.
15. I/we enclose for the Bank's perusal:
 - (i) Order together with the order confirmation of overseas supplier or
 - (ii) Proforma invoice of overseas supplier duly countersigned by us or;
 - (iii) Indent/offer from overseas supplier or his authorized agent together with the Exchange control copy of the relative import licence.
 - (iv) I/we undertake to submit to the Bank the exchange control copies of the relative bill of entry/postal/courier wrappers within the stipulated period as per the exchange control regulations.
16. This application shall be deemed to have been accepted and the credit deemed to have been established when swift message is transmitted.
17. I/we agree and confirm that this credit may be amended and/or modified by the Bank in absolute discretion including for an increase in limit, on our giving the Bank written instructions for the same and in such an event, such amendment /modification will be deemed to form part of this credit application and will be governed by the terms hereof and I/we agree, covenant, record and confirm that I/we shall be bound by the same as if such amendment / modification including the increased limit had originally constituted the term of this credit.
18. This agreement shall be binding upon me/us, my/our heirs, executors and administrators/successors and shall ensure to the benefit of and be enforceable by the Bank's successors, transferees and assigns.

EXCEPT AS OTHERWISE EXPRESSLY STATED THIS CREDIT IS TO BE OPENED SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (as applicable on the date of submission of the request for letter of credit) as contained in the International Chamber Of Commerce Publication No.500 as amended from time to time.

Present UCPDC Version is 2007 Revision ICC PUBL no. 600

I/we hereby agree as a pre-condition of the loan/advances given to me/us by the bank that in case I/we commit default in the repayment of the loan/advances or in the repayment of interest thereon or any of the agreed instalment of the loan on due date/s, the bank and/or the Reserve Bank Of India will have an unqualified right to disclose or publish my/our name or the name of our company/firm/unit and its directors/partners/ proprietors as defaulter in such manner and through such medium as the bank or Reserve Bank Of India in their absolute discretion may think fit.

The borrower understand that as a pre-condition, relating to grant of loans/advances /other non funded based credit facilities to them, the bank requires their consent for the disclosure by the bank, the information and data relating to borrower, obligation assumed/to be assumed by the borrower in relation thereto and default, if any committed in discharge thereof.

Accordingly, the borrower hereby agree and give consent for the disclosure by the bank of all or any such:

- A) information and data relating to the borrower
- B) the information or data relating to any credit facility availed of/to be availed by the borrower
- C) default if any committed by the borrower, in discharge of such obligation

As the bank may deem appropriate and necessary to disclose and furnish to Credit Information Bureau (India) Ltd., and to any other agency authorized in this behalf by RBI.

The borrower declares that the information and data furnished by them to the bank are true and correct.

The borrower undertake that:

- A) the Credit Information Bureau (India) Ltd, and any other agency so authorized may use, process the said information and data disclosed by the bank in the manner as deemed fit by them and
- B) the Credit Information Bureau (India) Ltd and any other agency so authorized may furnish for consideration the processed information and data or products thereof prepared by them to banks/financial institutions and other credit grantors or registered users, as may be specified by the Reserve Bank Of India in this behalf.

Licence no.

For Rs.

Date :

Borrower

Branch certificate

- a) We hereby certify that the original of this agreement duly stamped is held by us in joint custody.
- b) We certify that the signature of the applicant on this application form is duly verified by us.
- c) This facility for opening this letter of credit is sanctioned by..... Vide reference no.....
Date.....due on..... The LC liability including this LC is within the sanctioned limit.
- d) We have collected a margin of Rs..... and kept in A/c. (if no margin is collected please state "nil").
- e) We certify that lien has been duly marked on the margin deposited.
- f) We forward herewith the insurance cover note and premium receipt. (Applicable in the case of C & F and FOB contracts).
- g) We hereby certify that the item is imported under OGL
Appx. No.
List no.....part no.....
page no.....item no.....
- h) We forward herewith the exchange control purposes copy of import licence.
- i) We certify that all the terms and conditions of the sanction order have been complied with.
- j) We certify that the collateral securities have been duly charged, and legal opinion, engineer's valuation and form.M.121 have been submitted to the satisfaction of the central office.
- k) We certify that additional charges wherever required have been duly created and informed to the satisfaction of the Central Office.
- l) We undertake to obtain from the L/C opener, the exchange control copy of the bill of entry and submit to CFPC, within a period of three months from the date of realization of import bill received.
- m) We enclose the relative Proforma / indent no..... Dated of M/S..... Please establish the

letter of credit on our behalf and there is sufficient balance in the applicant's account to meet the opening commission/cable charges, postage etc.

Enclosures:

Indent/Proforma Invoice no.....

Licence no.....

Insurance Cover Note No.....

We confirm obtention of necessary permission from appropriate authorities for the waiver of following protective clauses:

Waiver of Shipping Company Certificate - Lloyds Clause, Seaworthy and Age of the vessel:

Sanction Ref No Dated.....

- (1) A certificate from Lloyds agency or equivalent agency, certifying that the carrier is seaworthy, not more than 20 years old, belongs to a conference line and is classed with an approved classification society, as per institute classification clauses and class maintained equivalent to Lloyds 100 A;
&
- (2) Certificate of pre-shipment inspection of merchandise by a well known International Inspection Agency, like Lloyds Agency or a Member of SGS.

Seeking approval from CFPC for deletion/inclusion of clauses in import letters of credit

Clause to be added

1. Charter Party Bill of lading

Clause to be deleted

1. SGS Inspection Certificate

Reasons for deletion / addition of the above clause

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for The Karur Vysya Bank Limited

Branch Head

Please note:

**CFPC will not establish the credit if the certificate is not completed properly.
(branch certificate should be duly filled in and signed by branch head)**