

LDOC 8

**APPLICATION FOR IRREVOCABLE
DOCUMENTARY CREDIT**

Bank of Baroda,

Dear Sirs

Applicant's name and address:	Letter of Credit No. -----
Beneficiary's Name & Address:	Amount not exceeding in figures
Advising Bank:	I/We hereby request you to issue irrevocable letter of credit available upto the aggregate sum not exceeding as above by negotiation of the Beneficiary's sight/presentation of _____ days usance draft to be drawn on your bank (A/c Applicant name above) and bearing the clause 'drawn under Bank of Baroda _____ branch Credit No. _____

covering full / _____ % invoice value of shipments [despatches purporting to be

from _____ to _____ FOB / C.F.R / CIF _____

Partial shipment permitted / not permitted

Transshipment permitted / not permitted.

Drafts are to be accompanied by the following documents in English, in duplicate, unless otherwise specified.

1. Signed Commercial Invoices, in triplicate, quoting Import License No. _____ / (import not included in the negative list of export import policy of 2002-2007) and certified that the goods are as per order / indent no. _____ dated _____ of M/s _____
2. Certificate of _____ origin issued by a chamber of Commerce.
3. Full set, Signed, Clean, on board ocean Bills of Lading made out to order and blank endorsed marked "Freight prepaid / Freight payable at destination" and claused "Notify Bank of Baroda" _____ and also _____ Applicant) indicating letter of credit number and date and evidencing current shipment of merchandise stated above.

4. Marine Insurance Policy covering inter-alia Transit Clause (warehouse to warehouse) pertaining to current shipment / despatch covered by transport documents called for herein unto order and blank endorsed for 10% over invoice value covering Institute Cargo Clause 'A' , Institute War Clause (cargo) and Institute Strike Clause (cargo) with claims payable in _____ .
5. Class Certificate certifying that shipment by sea worthy vessels which are not more than 25 years old classed 100 AI by American Bureau of Shipping (ABS), Bureau Veritas (BV), Det Norske Veritas (DNV), Germanischer Lloyd (GL), Nippon Kaiji Kyokai (NKK) and Lloyd's Register of Shipping (LRS) or equivalent classification society .
6. Test Certificate / Inspection Certificate dated _____ and issued by _____ specifying contents as per invoice.
7. Packing list with details as per invoice.
 - 1) Bills of Lading must be dated not later than _____ nor prior to the date of this credit.
 - 2) Bills of Exchange must be dated and presented / negotiated not later than **at the counters of advising Bank**, however, it should be negotiated / presented within __days after the date of each shipment / despatch within validity of this Credit .

This credit is subject to the additional conditions / documentation overleaf.

I/We hereby engage with the drawers, endorsers, and/or bona fide holders of draft/s drawn under and in compliance with the terms of this credit that such draft/s shall be duly honoured on presentation and that draft/s accepted with the terms of this credit will be duly honoured at maturity and delivery of documents as specified above. Except as otherwise expressly stated, this credit is subject to the **uniform customs and practice for documentary credits (1993 revisions) International Chamber of Commerce Publications No. 500.**

Customer's Signature.

ADDITIONAL CONDITIONS / DOCUMENTATION

- (1) All Bank charges are for beneficiary's / opener's account.
- (2) Invoices in excess of the Draft amount are not acceptable.
- (3) The gross FOB/CFR/CIF value of the goods before deduction of agents' commission, if any, must not exceed the credit amount.
- (4) Third party Bills of Lading/Airway Bills are not acceptable.
- (5) Any documents called for herein produced by reprographic process /computerised system are acceptable, provided all such original documents are manually signed.

- (6) Transport documents bearing reference by stamp or otherwise to costs additional to the freight charges are not acceptable.
- (7) If dispatches by airfreight are permitted :-
- (A) Air consignment notes signed by the carrier or by signatory authorised by the carrier, consigned to Bank of Baroda _____ (branch) A/c _____ (Applicant) indicating Letter of Credit Number and Date, marked 'Freight Prepaid/Freight Payable at destination' evidencing despatch not later than _____ must accompany the documents in lieu of Bills of Lading. The flight date will be considered to be the date of despatch.
- (B) Beneficiary's certificate that two copies of the invoice and a copy of the Air Consignment note are sent along with the consignment for delivery to the consignees through the carrier's agent at destination, must accompany the documents.
- (C) Under documentary requirement No. 4 words 'Cargo' in bracket should read 'Air Cargo' and the "Marine insurance" to be read as "Air insurance".
- (D) Word Bill of Lading' are to be substituted by words 'Airway Bill' wherever appearing in credit .

FOR USANCE L/C ONLY

- (8) As the drafts are to be drawn at _____ days from the date of Bill of Lading / Airway Bill- Payment will be made to you with interest @ _____ % p.a. on due date within the credit amount (however interest should not exceed the prime rate ruling on the date of negotiation in the country of the currency in which goods are invoiced) **OR** Interest @ _____ % payable outside the credit amount without any engagement on the Bank's part, will be paid directly by us on due date.
(delete whichever is not applicable).
- (9) Separate sets of drafts and invoices to be prepared for interest amount.

Customer's Signature

IN CONSIDERATION OF YOUR OPENING THE ABOVE CREDIT, I/WE HEREBY AGREE AND UNDERTAKE AS FOLLOWS :

1. I/We hereby agree and undertake to accept and pay all Bills of Exchange drawn or purported to be drawn pursuant to the terms of the credit and take up and pay for all the documents negotiated thereunder in accordance with the terms thereof, as also for any disbursement made or liability incurred by you for my / our account under the credit, together with interest, costs, charges and expenses due to you in respect thereof as hereinafter mentioned.
2. (A) I/We further agree to pay to you interest on the amount(s) payable in respect of my / our liability under the credit , at the rate of _____ per cent per annum over SIBOR/LIBOR or at such other rate as may be prescribed by the Bank from time to time for advances to non-priority sectors.

(B) 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 up to 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 clause -5(I)-Below, whichever is earlier, after which interest shall be payable at the rate stipulated in the said clause -5(I).

3. I /We further agree to pay to you on demand (I) The charges that may levied 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 at the rate of 0.15% on the amount of the bill(s) drawn under the credit.
4. I/We also agree to pay to you on demand, all costs (legal costs on full indemnity basis) customs duty, penalty, demurrage, storage charges, clearing and forwarding charges and all other charges and expenses which you may be put to or suffer or incur in connection with the goods and or the documents of title to goods covered by the credit including for reshipment 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 you safe and harmless and keep you indemnified against any claim , action or proceeding made or brought against you , your correspondents or agents, as also against any liability or loss incurred or suffered by you, your correspondents or agents by reasons of your having established the credit pursuant to my/our application or otherwise howsoever in the premises.
5. (A) If I/We fail to make due payment to you 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 you shall be at liberty without prejudice to your rights hereunder, to crystallise my/our liability on the Foreign Currency Bill by converting the Foreign Currency Amount into S\$/US\$/EUR/GBP on the 10th day from the date of receipt of documents by you under the credit in the case of a Sight Bill remaining unpaid till then, or on the date of maturity in the case of a Usance Bill whereupon I/We shall be liable to pay you the Indian Rupees equivalent of such Foreign Currency amount as calculated at the Rate Of Exchange mentioned below, together with Interest thenceforth at the rate of _____ per cent per annum with monthly rests, or at such other rate and / or with such other rests as may be notified by you from time to time, until payment or realisation, and all costs charges and expenses payable by me/us hereunder.

(B) The Rate of Exchange applicable to such conversion of the Foreign Currency amount into S\$/US\$/EUR/GBP shall be;

(I) Your applicable Bill Selling Rate prevailing on the 10th day from the date of receipt of documents by you under the credit in the case of a Sight Bill or on the date of maturity in the case of a Usance Bill provided however that if the relevant Rate of Exchange is not quoted or available for any reason on such 10th day in the case of a Sight Bill or on the date of maturity in the case of a Usance Bill 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.

(II) The Forward Exchange Contract Rate in case a Forward Exchange contract has been booked be me/us with you.

(C) The date of receipt of documents by you under the credit as registered in your record shall be conclusive and binding on me/us.

(D) I/we confirm that crystallisation of my/our liability on the Foreign Currency Bill by you and the charging/payment of interests 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 further agree that you 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 your possession or into the possession of your agents by me/us or by any person, firm, or company on my/our behalf as a result of your opening the credit or in connection with the transaction thereunder. The said goods and the documents shall be deemed to be so delivered in pursuance of my/our this agreement to pledge them to you as security for all payments which may be made by you or your correspondents or agents under the credit for my/our account as also for any liability whatsoever incurred or which may be hereafter incurred by you or your correspondents or agents as result of the opening of this credit, together with interest, costs, charges and expenses as herein above mentioned.
7. In the event of my/our committing any 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 you for my/our account in respect of any liability that may be suffered or incurred by you or your correspondents or agents under or in connection with the credit, then you shall be entitled without prejudice to any of your rights and without notice to me/us (which I/We hereby expressly waive) to sell the goods (the said goods) covered under the credit, whether before or after their arrival, either by public auction or tender or by private contract and subject to such conditions as you may deem fit to impose, or otherwise dispose of or deal with the said goods or any part thereof and/or with the relative documents of title to goods in any manner whatsoever without being bound to exercise any of these powers or liable for 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 you in respect of any payment or disbursement made by you under the credit for my/our account and interest thereon and all costs, charges and expenses as herein above 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 you 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.
8. I/We agree to keep the said goods further insured from time to time on 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 risks as may be required by you and in the event of my/our failing to do so, you shall be at liberty to insure the said goods at my /our cost and expense without prejudice to your rights hereunder, until all your dues in respect of the credit are paid in full. I/We agree to pay to you forthwith all moneys if received by me/us under any policy or policies of Insurance and until payment to you of such Insurance moneys, I/We undertake to hold the same in trust for you.

9. I/We further agree and undertake to sign, execute and deliver to you from time to time on demand made by you, such further or other deeds, documents and writings and do all such acts, matters as may be required by you for better perfecting your title to the said goods and the documents covered under the credit and or to render the same readily saleable or transferable by you to any purchaser(s) at all times.
10. It is understood that the transmission of all instructions and communications under the above credit and the shipping of documents and goods thereunder is entirely at my/our risks. You and your correspondents or agents shall not be responsible for any error or delay in such transmission or loss or delay in delivery of the documents or the goods nor shall you or your correspondents or agents be liable in any respect beyond ensuring that the bills drawn under the credit and the relative documents covered thereunder purport to comply with the terms and conditions of the credit.
11. I/We have made adequate arrangement for retiring the bills under the credit and do not contemplate to seek any financial assistance from you for the purpose. I/We agree to the negotiation of the drafts drawn under the credit being confined to your branches or agencies or to any bank acceptable to you.
12. I/We confirm that the goods described above are covered under my/our below mentioned import license. /outside negative list as per the present Export Import Policy.
13. I/We enclose for your perusal ;
 - I. Order together with the order confirmation of overseas supplier; or
 - II. Pro forma invoice of overseas supplier duly countersigned by us; or
 - III. Indent offer from overseas supplier or his authorised agent together with the exchange control copy of the relative import license.
14. I/We undertake to submit to you the exchange control copy of the relative customs Bill of entry after clearance of the said goods or within three months from the date of remittance, whichever is earlier .
15. This application shall be deemed to have been accepted and the credit deemed to have been established when written advice thereof has been sent to the beneficiary.
16. I/We agree and confirm that this credit, may be amended and /or modified by you in your absolute discretion, including for an increased limit, on our giving you written instructions for the same and in such an event or events, 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 amendments / modifications including the increased limit originally constituted the terms of this credit. Notwithstanding my/our obligation to you hereunder, your Bank shall always be at liberty and have my/our authority to incorporate into and/or to amend the terms of the credit, at anytime or from time to time, as to payment, including by way of roll over/reimbursement, inter-se yourselves and the advising /confirming/ negotiating/ accepting/paying/reimbursing bank or any other bank, without reference to me/us.
17. This Agreement shall be binding upon me/us, my/our heirs, executors and administrator and shall enure to the benefit of and be enforceable by you, your

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 (1993 revision) as contained in the International Chamber of Commerce Publication No. 500 as amended from time to time.

18. I/We do hereby unconditionally and irrevocably agree as a condition of such credit extended to me /us by you that in case I /We commit default in the repayment of such credit/s or in the payment of interest thereon on due date , you and / or Reserve Bank of India will have an unqualified right to disclose or publish my / our name including our directors / partners as defaulter/s in such manner and through such mediums as you or Reserve Bank of India in their absolute discretion may think fit.

Date:

Yours faithfully

Place:

Signatures of Customer

Licence No.

Dated

For S\$/US\$/EUR/GBP

Valid upto