

LETTER OF UNDERTAKING (LOU)

We refer to email confirmation/ offer letter No BOBHKG/TF/BC/_____ of Bank of Baroda, Hongkong offering quote for Buyers credit against our LOU/ undertaking to our customer M/s _____ and accept the quote in full.

We, _____ (Name of the Bank) request Bank of Baroda, Hongkong to arrange Buyers Credit of USD _____ (Amount in words & Figures) for a period of _____ days from _____ (Date of availment), against our unconditional undertaking to pay the principal amount with the offered rate of Libor Plus _____ bps and other charges of USD100.00 on due date i.e. on _____ (Due date) for the following Trade Transaction.

1. NAME/ADDRESS/ OF IMPORTER
2. COUNTRY OF IMPORTER
3. BUSINESS ACTIVITY OF THE IMPORTER
4. IEC CODE OF THE IMPORTER AND DATE OF ISSUE
5. COMMODITIES FOR WHICH BUYER'S CREDIT IS REQUIRED
6. TYPE OF GOODS (CAPITAL GOODS / NON CAPITAL GOODS)
7. LC NO./BILL NO. AND DATE
8. INVOICE NO & DATE
9. BL / AWB NUMBER
10. SHIPMENT DATE
11. NAME/ADDRESS OF EXPORTER
12. COUNTRY OF EXPORTER
13. PORT OF LOADING (PORT / AIRPORT NAME AND COUNTRY)
14. PORT OF DISCHARGE (PORT / AIRPORT NAME AND COUNTRY)
15. COUNTRY OF ORIGIN OF GOODS
16. CARRIER NAME (SHIPPING COMPANY / AIRLINE NAME)
17. VESSEL NAME (NAME OF THE SHIP / FLIGHT NUMBER)
18. TRANS SHIPMENT DETAILS (IF ANY)

For the above requested Buyers Credit, We _____ (LOU Issuing Bank) hereby unconditionally agree/ undertake to Bank of Baroda, Hongkong as under:

1. We agree to pay you interest at the rate of Libor Plus _____ bps for the period of Buyers Credit plus your charges of USD100.00 for the transaction. In case of prepayment of the loan also we undertake to pay you interest for the full period or as advised by you.
2. We undertake to pay you the amount of Buyers Credit with interest and your charges and will credit the amount to your designated account on due date as per your instructions.
3. We also undertake that in the event of any delay in crediting the amount to your designated account on the due date, we will pay you delayed period interest or overdue interest at 2.50% p.a. over and above the applicable interest rate.
4. We will also reimburse you any charges deducted by our correspondent bank/intermediary from the amount due to you.
5. We hereby undertake to pay you amount of any losses, cost or damages you may suffer in our failure to credit your designated account on the due date.

Payment Instruction (along with amount and swift codes):

We request you to remit the Buyers Credit amount of USD _____ (Amount in words and figures) by MT 202 for credit to our account with _____ Bank (SWIFT CODE _____) for further credit to _____ account No _____.

We further certify that :

1. The documents for the said transaction have been received and are in order. In case of need, we will make available to you or your authorized representatives all the documents relating to this transaction for your examination/ verification.
2. Necessary requirements under RBI/ FEMA/ AML/ Know Your Customer Policy have been complied with and the underlying transaction is a Bonafide Commercial Trade related transaction.
3. We confirm that the account of our Importer Customer, at our end, is classified as STANDARD asset.
4. We confirm that the importer, exporter and other related parties are not in banned entity list.
5. Necessary approvals from competent authority have been obtained and all regulatory guidelines in force have been duly complied with.
6. No other financial liability is outstanding in respect of the said transaction.
7. We confirm that the tenor of the BC is in tune with the operating cycle of the commodities and satisfied upon.

We agree and note that based on our above undertaking the Trade Finance is extended to us and without any demand or demur we will pay you the amount with applicable interest and charges on the due date.

In case of need you may contact _____ over phone No _____ E mail id - _____
(Name, telephone number, Email id of the Bank/contact person of the LOU Bank)