

STANDARD TERMS AND CONDITIONS FOR AGREEMENT FOR SALE BY VSP FOR EXPORTS OF IRON AND STEEL PRODUCTS ON EX-WORKS (EXW) BASIS TO NEPAL

1. Rashtriya Ispat Nigam Limited, Visakhapatnam Steel Plant, a Company incorporated in India under the Companies Act, 1956 having its registered office at Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam 530 031 hereinafter referred to as SELLER (which term or expression unless excluded by or repugnant to the context shall include its successor and permitted assignee) is the SELLER.
- 1.1 The SELLER is an independent legal entity with power and authority to enter into contracts solely in its own behalf under applicable laws of India and general principles of contract Laws. Government of India is not a party to any agreement as per these terms and conditions and is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of any agreement as per these terms and conditions and the BUYER shall waive, release and forego any and all actions for claims including loss claims, impleads claims or counter claims against Government of India arising out of this contract and shall not sue the Government of India as to any manner, cause of action or thing whatsoever arising of or under this agreement.
2. The Person/Company/Firm identified as BUYER in the agreement including his/its successor/permitted assignee shall be hereinafter referred to as BUYER.

The obligations in the agreement are between BUYER and SELLER and unless otherwise agreed any BUYER's representative in India is not liable or obliged by/to SELLER under any agreement as per these terms and conditions except that any communication to/from such representative shall be deemed to be to/from BUYER.

3. **PRICE BASIS:**

- 3.1 Unless otherwise agreed, price of the material shall be Free on Train/Free on Truck, on Ex-Works (EXW), Visakhapatnam Steel Plant, Visakhapatnam, India basis.
- 3.2
 - (A) **In case of Road Dispatches** the BUYER shall arrange at his own cost and expense to provide materials including dunnaging required for loading and securing of the material on the trucks/trailors nominated by BUYER and accepted by SELLER for delivery as per clause 5, herein below. Labour charges involved in the work of loading of the materials shall be borne by SELLER.
 - (B) **In case of Rail dispatches**, SELLER will be engaging Railways on behalf of the BUYER for providing Rakes/wagons and loading of the contracted material. Authorization for the same by the BUYER to the SELLER will be deemed to have been provided on signing of the contract and release of Railway Freight Advance by the BUYER to the SELLER. Labour charges involved in the work of loading of the materials shall be borne by SELLER. However, Undercharges/Under loading charges, if any will be borne by the BUYER.
- 3.3 SELLER shall under no circumstances be liable for any costs / charges / liabilities/insurance/freight/taxes or duties/levies/fees whatsoever nature, including by reason of importation of the material in the country of import, arising subsequent to the delivery of the materials as per the agreement on the basis of Ex-Works, Visakhapatnam Steel Plant, Visakhapatnam, India.

4. **MATERIAL & QUANTITY:**

- 4.1 Subject to these terms and conditions (and expressly agreed deviations/deletions / additions if any), the SELLER is obliged to sell material of technical specifications as agreed and the BUYER is obliged to buy the same.
- 4.2 Product-wise, Size-wise and specification wise break-up shall be as agreed. Unless otherwise agreed, SELLER has a right to sell/dispatch the material as per agreement with quantity variance of +/-10% on total quantity with +/-10% for each size and specification at SELLER's option with packing and marking as usually done by SELLER.
- 4.3 Weighment: Unless otherwise agreed, SELLER shall invoice on the basis of actual net weight. **The weight (quantity) recorded at the SELLER's weighbridge is final and shortage claims if any will not be entertained. BUYER or their authorized representative, may if so desired, witness the loading as well as Weighment of the material.**

In addition to the above, for dispatches by RAIL, the BUYER is also advised to take up with Railways in their own interest if any shortages are suspected to have the wagons reweighed and contents checked immediately on arrival at destination Railway Siding, before taking delivery of the material. SELLER will not be responsible for any loss or shortages on arrival and BUYER may take up such issues with the Railways only. Any charges raised by Railways on this account shall be borne by the BUYER.

5. DELIVERY/SHIPMENT:

- 5.1 Unless financial arrangement is made by the BUYER as per clause 6 below or otherwise as agreed by SELLER, the SELLER is not obliged to confirm delivery.
- 5.2 **In case of Road Dispatches** the SELLER shall deliver the materials free on trucks/trailers nominated by BUYER and accepted by the SELLER at Visakhapatnam Steel Plant, Visakhapatnam, India.
- 5.3 **In case of Rail Dispatches materials shall be delivered by the SELLER, free on Rakes/wagons, at Visakhapatnam Steel Plant, Visakhapatnam, India.** SELLER will not be responsible for any delay in placement of Rakes by Railways, Transit delays if any due to any reasons, and Missing/Non delivery of wagons for dispatch of material.

5. TERMS OF PAYMENT:

6.1

A) For Material Value:

Unless agreed otherwise, financial arrangements shall be made within 7 International Banking days from the date of Sale Confirmation/Issuance of Contract by the SELLER, in USD by the BUYER in favour of SELLER by means of confirmed irrevocable without recourse to the drawer's Letter of Credit (LC), governed by Uniform Customs and Practices for Documentary Credits (as applicable on date of opening of LC conforming to SELLER's standard format), representing the value of the contract quantity of the materials with positive tolerance, on the basis of EXW (Ex-Works), Visakhapatnam Steel Plant, Visakhapatnam, India, established through any first class International Bank in favour of Rashtriya Ispat Nigam Limited, Visakhapatnam Steel Plant, Visakhapatnam, India. The LC should be advised through

State Bank of India Commercial Branch Visakhapatnam IFSC: SBIN0014407 Swift code - SBININBB745 TEL NO.0891 2555587 / 86
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OR

Through any other Advising Bank in India as intimated by the Seller at the time of entering into Sales Contract, as per the negotiating documents negotiable at the counters of any branch or any Bank of India.
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B) For Freight in case of Rail Dispatches:

In addition to opening of the LC towards material value as above, BUYER has to arrange the payment towards Railway Freight in Indian Rupee, in advance, outside the LC. Payment towards Railway Freight is required to be transmitted by the BUYER as per the schedule communicated by the SELLER, through RTGS/NEFT to the SELLER's account details as given below:

Beneficiary:	Rashtriya Ispat Nigam Limited Visakhapatnam Steel Plant Main Admin Building Visakhapatnam-530031 AP, INDIA
Bank:	State Bank Of India Commercial Branch Visakhapatnam-530 016 AP, India
Account No:	31563188242
Type Of Account:	CASH CREDIT
MICR CODE:	530002059
SWIFT CODE:	SBININBB745
IFSCCODE:	SBIN0014407

Note: Unless financial arrangement towards Railway Freight (for Rail dispatches) and Material Value as above or otherwise as agreed by SELLER is made by the BUYER, the SELLER is not obliged to confirm delivery.

6.2 PAYMENT AGAINST LC:

- 6.2.1 **LC should be conforming to Seller's Standard LC Format enclosed with this agreement.**
- 6.2.2 The LC shall be available for payment of 100% of value of invoice (less if any advance is already paid by the BUYER), covering the material shipped against presentation of the SELLER drafts drawn at sight accompanied by following Bank documents.

- a) Copy of Road Consignment Note (RCN) and/or Copy of Railway Receipt (RR) [as applicable].
- b) SELLER's Packing list.
- c) SELLER's signed Commercial Invoice.
- d) SELLER's Certificate of Origin.
- e) Copy of Tax Invoice showing Zero Integrated Goods and Service Tax (IGST FREE) mentioning Letter of Undertaking (LUT) / Bond No. and quoting the Documentary Credit Number and its date. In case of non-submission of this document payment shall be made in equivalent Indian Currency only without any argument.

Note: One copy each alongwith ORIGINALS of the aforesaid documents shall be dispatched by the SELLER to the BUYER by Courier/Email or through any other mode within 7 working days from the RCN date/RR Date. However, SELLER shall not be liable for any demurrage and wharfage or other charges or expenses which may accrue as a result of delay in receipt of RRs by the BUYER.

- 6.2.3 In case the LC opening bank does not pay the due amount as per the LC within specified time in the LC to the beneficiary's bank in India, the BUYER shall be liable to the SELLER for payment of interest charged by the negotiating bank for the delay in such remittances.
- 6.2.4 The LC should provide for shipment of materials with quantity tolerance as specified in clause 4 herein above **or as otherwise agreed**. It should be valid from date of opening upto date of shipment as per the agreement and 21 days beyond that for negotiations of documents.
- 6.2.5 All Bank and other charges incurred outside the territory of India shall be borne and paid for by the BUYER. All Bank and other charges incurred inside the territory of India including LC confirmation charges, shall be borne and paid for by the SELLER.
- 6.2.6 Weight mentioned in RR may differ with the weight mentioned in the TAX Invoice. However, TAX Invoice/ Commercial Invoice Quantity shall be considered for negotiation.
- 6.2.7 Discrepancy charges if any will be borne by the BUYER.
- 6.3 The financial arrangement required to be made by the BUYER shall be deemed to be made only on receipt of LC in the required format (alongwith amendments required if any) and advance Railway Freight in case of Rail dispatches, at the bank as specified in clause 6.1 above, unless agreed otherwise. In case the financial arrangement is not made by the BUYER within the agreed time, the SELLER may forfeit the Security Deposit submitted to the SELLER.

6. RISK AND TITLE:

The risk with respect to each shipment, shall pass from the SELLER to the BUYER as soon as the materials cross the Plant premises at Visakhapatnam and the title to the materials shall pass from the SELLER to the BUYER only after the SELLER has negotiated the documents and has received payment of the full invoice value of the materials shipped from the negotiating bank.

7. RIGHT OF TRANSFER:

Neither the BUYER nor the SELLER shall be entitled to assign or transfer contract resulting from this Agreement except to its successor or to the transferee of all or substantially all of its assets, and in the case of any such assignment or transfer, the contract shall be binding upon and shall insure to the benefit of such successor or transferee.

8. FORCE MAJEURE:

If the SELLER and/or the BUYER be prevented from discharging its or their obligation under this agreement by reasons of arrests or restraints of privacy of rules, Government or people, War, Blockade, Revolution, Insurrection, Mobilization, Strikes, Riots, Civil Commotions, Lockouts, Accidents, Acts of God, plague, or other epidemics, destruction of the materials by fire or flood or other natural calamity or on account of any other cause interfering with the production and/ or delivery of the materials as herein above contemplated, the time for delivery shall be postponed by the time or time during which production and/or delivery is prevented by any such causes as herein above mentioned, provided that in the event of such delay exceeding ninety days, the party other than the party which invokes the force majeure may at their option, cancel this agreement by Notice in-writing to the other party in respect of the undelivered quantity of the materials without, however, any right against or being responsible to the other party for such cancellation. The party invoking force-majeure shall within 15 days of the occurrence of force-majeure causes, put the other party on notice supported by certificate from the Chamber of Commerce or concerned governmental authority and shall likewise intimate the cessation

of such causes. If the force-majeure condition continues beyond a period of six months the SELLER or the BUYER may at his option cancel this agreement by notice in writing to other party in respect of the undelivered quantity of the materials without, however, any right against or being responsible to the other party for such cancellation.

9. LEGAL INTERPRETATION:

The contract of sale and purchase and these terms and conditions shall be governed and construed in accordance with the Laws of India for the time being in force. For all commercial terms and abbreviations used hereunder, which have not been otherwise defined, the rules of INCOTERMS 2010, latest revision, shall be applied.

10. SETTLEMENT OF DISPUTES:

All disputes or differences whatsoever between the parties hereto arising out of or relating to the construction, meaning or operation or effect of this contract or the breach thereof shall unless amicably settled between the parties hereto, be settled by arbitration in accordance with the Rules of Arbitration of the Indian Council of Arbitration (ICA), New Delhi, India by a sole Arbitrator appointed by the Arbitration Committee of the Indian Council of Arbitration, New Delhi, India and the Award made in pursuance thereof shall be binding on both the parties. The seat and venue for the arbitration proceedings shall be Visakhapatnam, India.

11. JURISDICTION OF COURTS:

All disputes shall be subject to the jurisdiction of the competent courts of Visakhapatnam, India.

12. IMPORT / EXPORT LICENSE:

It shall be the responsibility of the SELLER to arrange export license, if any, required and it shall be the responsibility of the BUYER to arrange for the import license, if required, in the country into which the materials are intended to be imported.

13. MODIFICATIONS/WAIVERS:

No change in respect of these terms and conditions are valid unless the same is agreed to in writing by both the parties. All previous negotiations / understandings between parties are cancelled while entering into an agreement as per these terms and conditions. Failure to enforce any conditions hereunder contained shall neither be deemed as waiver of the conditions itself nor authorize any subsequent breach thereof.

FORMAT FOR LETTER OF CREDIT

(PLEASE REFER CLAUSE 6.2 OF VSP'S STANDARD TERMS AND CONDITIONS FOR AGREEMENT FOR SALE BY VSP FOR EXPORTS OF IRON AND STEEL PRODUCTS ON EX-WORKS (EXW) BASIS TO NEPAL VIDE REF NO: VSP/EXPT/EXW-T&C DT.01/09/2018)

FROM: _____(NAME & ADDRESS OF THE LC OPENING BANK)

TO: STATE BANK OF INDIA, COMMERCIAL BRANCH, VISAKHAPATNAM,
IFSC : SBIN0014407, TEL: 0891 2555587 / 86, SWIFT CODE – SBININBB745

OR

THROUGH ANY BANK OF INDIA AS ADVISED BY THE SELLER AT THE TIME OF ENTERING INTO SALES CONTRACT

LC APPLICANT : (NAME & ADDRESS OF THE LC OPENER)

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BENEFICIARY: RASHTRIYA ISPAT NIGAM LIMITED, VISAKHAPATNAM STEEL PLANT, ADMINISTRATIVE BUILDING, VISAKHAPATNAM - 530 031, INDIA.

WE HAVE OPENED OUR IRREVOCABLE WITHOUT RECOURSE TO DRAWER LETTER OF CREDIT NO..... DATED..... FOR THE SUM NOT EXCEEDING US\$.....(US DOLLAR.....) PAYABLE AT SIGHT AT THE COUNTERS OF THE NEGOTIATING BANK IN VISAKHAPATNAM AGAINST PRESENTATION OF BENEFICIARY'S DRAFT DRAWN ON OURSELVES FOR 100 PERCENT VALUE OF INVOICE ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

1. COMMERCIAL INVOICE IN ONE ORIGINAL PLUS THREE SIGNED COPIES COVERING MATERIAL SHIPPED.
2. COPY OF RAILWAY RECEIPT (RAIL DESPATCHES)/ CONSIGNMENT NOTE (ROAD DESPATCHES):
 - 2.1. **FOR RAIL DESPATCHES**: COPY OF RAILWAY RECEIPT CONSIGNED TO THE LC OPENING BANK AND MARKED FREIGHT AS 'PAID'.
 - 2.2. **FOR ROAD DESPATCHES**: CONSIGNEE'S COPY OF ROAD CONSIGNMENT NOTE CONSIGNED TO ORDER OF THE BENEFICIARY AND BLANK ENDORSED MARKED "FREIGHT TO PAY" EVIDENCING SHIPMENT FROM VISAKHAPATNAM, INDIA TO.....
3. PACKING LIST - IN DUPLICATE OR AS REQUIRED.
4. CERTIFICATE OF ORIGIN ISSUED BY SELLER.
5. **COPY OF TAX INVOICE STATING 'IGST FREE OR ZERO IGST (INTEGRATED GOODS AND SERVICES TAX) EXPORT' AND MENTIONING LETTER OF UNDERTAKING (LUT) / BOND NO. AND QUOTING OUR DOCUMENTARY CREDIT NUMBER AND ITS DATE. INCASE OF NON-SUBMISSION OF ABOVE DOCUMENT PAYMENT SHALL BE MADE IN EQUIVALENT INDIAN CURRENCY ONLY WITHOUT ANY ARGUMENT.**

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DESCRIPTION OF THE MATERIAL, QUALITY, PACKING & MARKING

QUANTITY :
UNIT PRICE : USD..... PMT EXW VISAKHAPATNAM
SHIPMENT FROM : VISAKHAPATNAM STEEL PLANT SIDING, ANDHRA PRADESH, INDIA.
SHIPMENT TO :
LATEST SHIPMENT DATE:
L/C EXPIRY DATE :
PLACE OF LC EXPIRY : INDIA
PARTIAL SHIPMENTS : PERMITTED

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SPECIAL CONDITIONS:

1. RAILWAY FREIGHT SHALL BE SETTLED BY THE LC APPLICANT OUTSIDE OF THIS LETTER OF CREDIT.
2. INSURANCE, IF REQUIRED, TO BE COVERED BY THE LC APPLICANT.
3. ALL BANK CHARGES INCLUDING OPENING OF LETTER OF CREDIT, **REIMBURSEMENT CHARGES AND/OR LC CONFIRMATION CHARGES**, INCURRED OUTSIDE INDIA SHALL BE BORNE AND PAID FOR BY THE LC APPLICANT. ALL BANK CHARGES INCURRED IN INDIA SHALL BE BORNE AND PAID FOR BY THE BENEFICIARY.
4. THIS LC CAN BE CONFIRMED BY ANY BANK IN INDIA, IF REQUESTED BY THE BENEFICIARY, AND SUCH CONFIRMATION CHARGES **IF INCURRED IN INDIA**, ARE TO THE ACCOUNT OF BENEFICIARY.
5. TOLERANCE OF +/-10% (PERCENT) ON CREDIT AMOUNT AND QUANTITY IS ACCEPTABLE. ALL SPELLING MISTAKES AND TYPOGRAPHICAL ERRORS AND MISTAKES ARE ACCEPTABLE PROVIDED THAT THEY DONOT ALTER THE MEANING DESCRIPTION, SPECIFICATION, VALUE AND TERMS OF LC.
6. QUANTITY MENTIONED IN RAILWAY RECEIPT MAY DIFFER FROM OTHER SHIPPING DOCUMENTS. COMMERCIAL INVOICE SHALL BE GENERATED AS PER THE QUANTITY MENTIONED IN **'TAX INVOICE'** AND **'COMMERCIAL INVOICE/TAX INVOICE'** QUANTITY SHALL BE CONSIDERED FOR NEGOTIATION.
7. THIS CREDIT IS AVAILABLE WITH ANY BANK IN INDIA FOR NEGOTIATION AND PAYMENT.
8. THIRD PARTY DOCUMENTS ARE ACCEPTABLE.
9. INDIAN HSN CODE/HARMONIC CODE NUMBER IS ACCEPTABLE IN THE DOCUMENTS, FOR INDIAN CUSTOMS CLEARANCE AND NEGOTIATION WITH THE BANK.
10. DOCUMENTS TO BE PRESENTED FOR NEGOTIATION WITHIN 21 DAYS AFTER THE DATE OF ISSUANCE OF SHIPPING DOCUMENTS BUT WITHIN THE VALIDITY OF THIS CREDIT.
11. WE HEREBY AGREE WITH BENEFICIARY AND THE NEGOTIATING BANK THAT ALL DRAFTS DRAWN BY THE BENEFICIARY UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONOURED BY US AS PER REIMBURSEMENT INSTRUCTIONS APPEARING HEREIN BELOW:

REIMBURSEMENT INSTRUCTIONS:

UPON PRESENTATION OF DOCUMENTS COMPLYING IN ALL RESPECTS TO LETTER OF CREDIT TERMS (THIS WILL INCLUDE NEGOTIATION OF DOCUMENTS UNDER THE PROVISIONS OF CONDITION NO.4 OF SPECIAL CONDITIONS OF THIS CREDIT IF SUCH AN EVENTUALITY HAS ARISEN) THE NEGOTIATING BANK IS AUTHORISED TO CLAIM ON US BY TESTED TELEX CERTIFYING THAT ALL TERMS AND CONDITIONS HAVE BEEN COMPLIED WITH AND THAT THE RELATIVE DOCUMENTS HAVE BEEN FORWARDED TO US BY COURIER AND/OR REGISTERED AIRMAIL, WE UNDERTAKE TO REMIT WITHIN TWO WORKING DAYS AFTER RECEIPT BY US OF YOUR TESTED TELEX CLAIM IN US DOLLARS IN ACCORDANCE WITH THE NEGOTIATING BANK'S INSTRUCTIONS. IN CASE OF ANY DELAY IN REMITTANCE, INTEREST CHARGED BY NEGOTIATING BANK SHALL BE PAID BY US.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500. THIS TELEX IS OPERATIVE INSTRUMENT AND NO MAIL CONFIRMATION WILL FOLLOW.

END OF LETTER OF CREDIT FORMAT