

TERMS AND CONDITIONS FOR AGREEMENT FOR SALE BY VSP FOR EXPORTS OF IRON AND STEEL PRODUCTS ON FOB BASIS

1. Rashtriya Ispat Nigam Limited, Visakhapanam 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 herein after 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 herein after referred to as BUYER.

2.1 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 board (stowed), Visakhapatnam Port, Visakhapatnam, India or Gangavaram Port, Visakhapatnam, India or any other port as per RINL VSP as specified in NIT.

3.2 (Applicable for steel products only): The BUYER shall arrange at his own cost and expense to provide materials including dunnaging required for stowing, dunnaging, lashing, shoring and securing of the material inside the hatches/holds of the vessel at load port to the Master of the vessel nominated by BUYER and accepted by SELLER for delivery as

per clause 5., herein below. Labour charges involved in the work of dunnaging/stowing/ lashing/ shoring and securing of the materials shall be borne by SELLER.

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 FOBST.

3.4 Marine Insurance to be covered by the BUYER.

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 (Applicable for steel products only): Size wise and specification-wise break up shall be as agreed. Unless, otherwise agreed, SELLER has a right to sell/despatch/ship the material as per agreement with quantity variance of + or - 10% on total quantity with + or - 10% for each size and specification at SELLER's option with packing and marking as usually done by SELLER. Unless otherwise agreed, SELLER shall invoice on the basis of actual net weight. Quantity and quality shall be certified in Inspection certificate by an independent inspection agency, at load port. BUYER has freedom to nominate their own agency at BUYER's cost to Co-jointly carryout survey with the independent inspection agency appointed by the SELLER, in accordance with international standards, regarding the physical condition and packaging of the cargo at the transit storage yard port on a lot-wise basis.

4.3 (Applicable for pig iron material): No tolerance on contracted quantity is permissible. Weight (quantity) shall be established by draft survey at loading port by an independent inspection agency, and the quantity and quality established at load port shall be final. Weight of deleterious impurities such as nonferrous dirt, dust, moisture over 0.5% (half percent) shall be deductible from the final weight. BUYER has freedom to nominate their own agency at BUYER's cost to co-jointly carryout quality and quantity survey with the

independent inspection agency appointed by the SELLER, and the inspection is to be carried out in accordance with international standards applicable for pig iron for quality inspection and draft survey.

4.4 The cost of inspection by the independent inspection agency appointed by the SELLER, shall be borne by the SELLER. The inspection certificate issued by them shall certify, inter-alia,

that the materials were inspected at the loading port prior to loading and that the marking were as per requirements of the Agreement between the SELLER and the BUYER;

the sizewise break-up of quantity loaded on board the vessel indicating the number of bundles/ coils (APPLICABLE FOR STEEL PRODUCTS ONLY); and,

that the materials were loaded on board the vessel without apparent damage and were found to be in good order and that the materials were properly lashed and secured inside the hatches/ holds of the vessel.

5. DELIVERY/ SHIPMENT:

5.1 The SELLER shall deliver the Materials free in the holds of the vessel(s) nominated by BUYER and accepted by the SELLER as per these terms and conditions in one or more safe berths reachable on arrival always afloat at loading port which shall be Visakhapatnam, India. 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 The BUYER shall nominate the vessel with cancellation date of laycan falling within 7 days from the date of SELLER's NOR. The validity of the Letter of Credit for shipment and negotiation shall be extended by the Buyer, if required accordingly.

Subject to acceptance by the Seller of vessel(s) nominated by the Buyer and subject to the arrival of such vessel(s) at the load port within the agreed laycan, the Seller shall deliver the materials on FOB load port terms.

The vessel shall not be more than 25 years old and the BUYER shall take into account limitations of the Visakhapatnam Port Trust, such as, maximum LOA of 182.90 mts, maximum beam length of 32.50 mts and maximum laden draught of vessels as 10.06 mts in some berths and 11 mts in others.

In case of GPL, LOA of 240 mts, maximum beam length of 28 mts and maximum laden draught of vessels as 14.0 mts.

5.2.1 In case there is a delay by the SELLER to confirm

Notice of readiness of materials and the BUYER had made financial arrangements as agreed, the BUYER has the option to cancel the contract or take the delivery of the material at the contract price and terms within a period of 90 days beyond the originally agreed delivery period.

5.3 While nominating a vessel the BUYER shall communicate following particulars for the nomination:

- (a) Name of the Vessel
- (b) Year of built & Flag
- (c) Classification
- (d) LOA/Beam/Draft at max DWT.
- (e) Loadable tonnage/ nominal tonnage for delivery
- (f) No of Decks: (single decker/TWEEN decker if TWEEN, the third deck, if any)
- (g) No of Holds/Hatches
- (h) Hatch Openings: Weather deck/ Tween deck
- (i) Type of hatch covers: Weather deck/ Tween deck
- (j) Cargo gear capacity: Cranes - single swinging Derricks-Configuration Hatchwise -Derricks working in union purchase-not acceptable
- (k) ETA/ laydate/cancellation date at load port

5.3.1 The SELLER is entitled to following additional information if required:

- (l) Original name of vessel if changed at present
- (m) Whether disponently owned
- (n) Owners P & I Club
- (o) Disponent Owners P & I Club
- (p) Last special survey
- (q) Last dry docking
- (r) Position of engines

5.4 The vessel nominated by the BUYER shall be geared and equipped with cranes/ derricks capable of lifting minimum specified tonnage at a time as below from the wharf and placing the materials in the places of the hatches including wing spaces and having minimum four available hatches. The SELLER shall guarantee a loading rate of 2000 MT per weather working day of 24 consecutive hours Sundays, holidays and non-weather working days excepted even if used (2000 MT PWWD SASHEXEIU) for Steel Products and a rate of 4000 MT PWWD SASHEXEIU for Pig Iron subject to these terms and conditions on the basis of five or more available workable hatches or hooks, whichever is less. The SELLER is not obliged to accept vessels with gear capacities, less than what is specified below or vessels offering less than three hooks. If due to any reason, a vessel is accepted with lower gear capacity or lesser number of hatches/hooks, the load rate shall be reduced prorata. The rate of demurrage/despatch shall be as mentioned in the below table:

In case any / all vessel gears are not suitable for loading the cargo, due to any reason and in case buyer provides shore

crane berths and shore cranes at his cost the same will be considered as gear for the purpose of laytime calculations. In such an event waiting time for getting shore crane berth shall be excluded from time used.

In case any hatch is doubled up, it shall be considered as double hatch only when two cranes that are capable of being worked by two gangs simultaneously are made available for not less than 75% of loading time of that hatch.

Product	Nom.Quantity for delivery (MT)	Gear Capacity MT (MIN)	Demurrage/ Despatch USD per day
Pig Iron	10000 or below	15	NIL /NIL
Pig Iron	>10000-20000	20	4000/2000
Pig Iron	>20000	20	6000/3000
Steel WRC	10000 or below	10	NIL /NIL
Steel	>10000 -20000	15	5000/2500
Steel	>20000	15	6000/3000
Steel OTHERS	10000 or below	15	NIL /NIL
Steel	10000- 20000	15	5000/2500
Steel	20000 & above	20	6000/3000

In case buyer nominates vessel with Derricks the minimum gear capacity should be 25 MT else buyer has to provide shore crane berths with gear capacities as above.

NOTE: Union Purchase Type Gear is not acceptable. The loading shall be on CQD basis for cases of NIL demurrage/despatch. It is preferable to have tween decker for wire rods and single decker for pig iron. Stacking below wing space will be three high for wire rods, above which the coils will be rolled on plates below the wing space and drop stowed in the hatch openings. Tank tops should be able to support forklift along with materials for loading steel cargo. Tank top strength should be 10T/M2 in respect of 3T forklift for 3 high stacking and 16T/M2 for 10T forklift for 4 high stacking. All cargo except WRC will be drop stowed in the hatch opening within the reach of vessel cranes only.

If one or more parties nominate a vessel for lifting part quantity of pig iron in different sale contracts, the dem/dis amount shall be calculated as per the rates applicable for the total quantity loaded in the vessel by all parties concerned and the dem/dis amount so arrived shall be payable on prorata basis as per the quantities lifted by the respective individual parties /in different sale contracts.

In case party nominates part vessels for steel consignment, the despatch / demurrage calculations will be made based on per working per hatch per day or per workable hatch per day basis as given below :

"PER WORKING HATCH PER DAY" or "PER WORKABLE HATCH PER DAY" - means that laytime is to be calculated by dividing the "quantity of cargo in the hold with the largest quantity" by the result of multiplying the agreed daily rate per working or workable hatch by the number of hatches serving that hold. Thus :

$$\text{Laytime} = \frac{\text{Largest Quantity in one hold}}{\text{Daily Rate per Hatch X Number of Hatches serving that hold}} = \text{days}$$

Laytime used shall be corresponding to the hold in which largest quantity is loaded with allowable exceptions as per our standard terms and conditions. The time spent for loading cargo in all other holds will not count as laytime.

5.5 The SELLER shall communicate acceptance/non-acceptance within next working day and with reasons in case of non-acceptance. However, the SELLER is not obliged to consider any nomination of the vessel unless financial arrangement is made by the BUYER as agreed.

5.6 Upon arrival of the vessel within the limits of the loading port and after

- (A) ensuring that the hatches/holds of the vessel have been thoroughly cleaned,
- (B) obtaining free pretique and
- (C) ensuring that the vessel is load-ready in all respects, **including filing of necessary papers with Port/Customs Authorities by the vessel agent.**

the Master of the vessel shall serve the Notice of readiness of the vessel to load the Materials (i.e. Master's N/R) on the port office of the SELLER/Seller's Stevedoring Agent at the loading port, during normal office hours which are 9.30 AM to 4.30 PM from Monday to Saturday. The master's N/R shall not be served on Sundays/ Port holidays/ Charter Party holidays/Non – weather working days.

5.7 Upon arrival of the vessel within the limits of the loading port or at any time later till completion of loading, if the SELLER or the load port authorities consider that the cranes/ gears of the vessel are not capable of lifting the materials of the weights and dimensions as agreed, from the wharf and placing the material inside the hatches as required for loading, the SELLER has a right to reject the vessel outright without any liability including dead freight and all other

consequences/losses arising thereof. In case it is considered that the gears are not capable of maintaining the loading rate guaranteed, the SELLER has a right to assessment by an independent marine surveyor to determine such load rate and the same shall be binding on the BUYER. In case the surveyors find the gears not capable of loading from wharf to any part of the hatches, nomination/ acceptance stands cancelled with no risks/ costs to the SELLER and the charges of the independent marine surveyor shall be borne by BUYER.

5.8 The BUYER shall ensure that the charter party governing the shipment shall, inter-alia, include following provisions:

5.8.1 The ship owners shall appoint their own agents at load port.

5.8.2 The ship owners shall bear all ports dues/charges/levies except port loading charges, tonnage dues, light dues and other taxes, assessments and charges which are customarily payable by shippers.

5.8.3 Three days prior to ETA of vessel at load port, the master of the vessel shall give telex/cable/fax intimation to the SELLER.

5.8.4 Thereafter at the interval of 48 hrs/24 hrs before the ETA of the vessel, master of the vessel shall send telex/cable/radio messages regarding the ETA of the vessel to the SELLER and as well as to the Port office of the SELLER.

5.8.5 Each vessel shall hold a valid gear certificate in conformity with the International Dock Safety Convention, covering the duration of each voyage and confirming that all the gears have been duly tested. The gear certificate shall be made available by the Master of the vessel to the representative of the SELLER for verification before/on berthing of the vessel at the loading port, in any case prior to commencement of loading. Similarly, the hatchwise loading plan for the Materials shall be furnished by the Master of the vessel before/on its berthing.

5.8.6 The Master of the vessel shall allow on board the vessel the representative of the independent inspection agency appointed by the SELLER and provide such information/ assistance as may be required by such agency in connection with the performance of their assigned duties.

5.8.7 The Master of the vessel shall provide free use of light on board the vessel as may be required for working the

vessel at the loading port at all times and in each case free of expense to the SELLER. The master of the vessel shall make available all the hatches for loading of the materials throughout the period the vessel is worked for loading of the materials except in such hatches where the materials have been completely loaded.

5.8.8 Laytime and excepted period:

5.8.8.1 Laytime shall commence at 1300 Hrs if Master's N/R is served in the forenoon and at 0800 Hrs of the next working day if the Master's N/R is served in the afternoon.

However, in case of Red Clause invocation, it will be the buyer's responsibility to arrange for berthing of the vessel and Laytime shall commence after vessel is berthed, gangway is placed and hatch inspection, if required, is over.

If a vessel comes beyond the agreed Laycan, the responsibility of berthing the vessel will be to the buyer's account and Laytime shall commence after vessel is berthed gangway is placed and hatch inspection, if required, is over.

If a vessel calls on before the Laycan and tenders NOR, but does not get a berth to load, then NOR to be accepted from 9.30AM of the first day of the Laycan period.

5.8.8.2 Time between noon on Saturday and 0800 Hrs on Monday and/or between noon on the last working day preceding a legal holiday and/or Port holidays/Charterparty holidays and 0800 Hrs in the next working day shall not count as laytime even if used, unless the vessel is on demurrage.

5.8.8.3 After berthing, if the port authorities or representative of the SELLER find that the vessel is not ready in all respects to load, the laytime will not commence until the vessel is in fact ready in all respects to load. The time used by the vessel in proceeding from the anchorage to the berth shall not count as laytime unless the vessel is on demurrage.

5.8.8.4 In the event of breakdown of vessel gear or other equipment of the vessel by reason such as insufficient power etc., not attributable to shipper, the period of such break down shall not count as laytime.

5.8.8.5 (i) Time lost due to any of the following reasons shall not count as laytime unless the vessel is on demurrage:

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- Non weather working days declared by the port authorities even if the vessel is worked.
- War, Rebellion, Tumult, Political disturbances, Insurrection.
- Lockout, Strikes, Riots, Civil commotions.
- Epidemics, Quarantine, Land-slips, Floods, Frost or Snow, Boretides, Bad Weather.
- Stoppage of work, whether partial or general by workmen/long shoremen/ tug-boatmen or other hands essential to the working of the vessel or loading of the materials into the vessel.
- Accidents at Wharf.
- Intervention of security, customs and/or other constituted authorities.
- Stoppage, whether partial or total, due to any other causes beyond the control of the SELLER.

ii) Time lost due to any of the following reasons shall not count as laytime

- ***Improper / late filing of required papers with Port/Customs authorities by the vessel agent resulting in delays.***
- ***Exercising the choice of a specific berth by the vessel owner/agent/Master or Buyer for reasons other than the technical limitations of the Port and the resultant delays***

5.8.8.6 The opening and the closing of the hatches of the vessel shall always be done by the vessel's crew and the cost and time involved therein shall be to the account of the vessel.

5.8.8.7 The time lost due to shifting of the vessel within the port limits shall not count as laytime. However, if the shifting is required by the SELLER, the shifting charges shall be to the account of the SELLER and time lost in shifting shall count as laytime.

5.8.8.8 The overtime of the crew and officers shall be to the account of the vessel.

5.8.8.9 Laytime ends with the completion of loading without any further reference to the subsequent activities like lashing, shoring and completion of Customs/Port formalities, etc.

5.8.9 If any damage is caused to the vessel at the loading port at the time of loading of the Materials by the Stevedores engaged by the SELLER, the claim, if any, for such damage shall be settled directly between the ship owners and stevedores. The Master of the vessel shall lodge such claim, if any, on the stevedores, promptly after the damage has been sustained and then confirm in writing duly supported by the Third Party Damage

Reports, prior to the departure of the vessel from the loading port, failing which the claim shall stand barred and the stevedores shall stand absolved and relieved or fall responsibility. Subject to compliance with the conditions enumerated in the clause, in case the stevedores failed to settle the same, the SELLER shall be responsible for settlement of such claims.

5.8.10 Statement of Facts : Immediately after completion of loading of the materials into vessel and before the sailing of the vessel from the loading Port(s) a statement of facts shall be made out by the vessel's agent at the loading Port (s) duly signed by and distributed amongst : (a) Master of the vessel /Agent of the vessel at the loading port (b) Agents/Representative(s), if any of the BUYER at the loading port and (c) representative of the SELLER at the loading port.

5.8.11 The Master of the vessel shall deliver a stowage plan in triplicate duly signed by him before loading and immediately after completion of loading and sailing of the vessel, if sought by the SELLER.

5.8.12 The ship owners shall instruct their Agents at the loading port to issue the Bill(s) of Lading with marking as per LC (see 6.2.1(a)) to the representative of the SELLER, immediately but within one day from the date of completion of loading of the materials into the vessel.

5.9 Freight enquiries shall be notified in advance to:

Ministry of Surface Transport
Chartering wing (Transchart)
Transport Bhavan, Sansad Marg
NEW DELHI 110 001 (INDIA)

TELEX: 031-61147, 61158, 61159 VAHAN ND

while nominating a vessel and preference is to be given to Indian flag vessels.

6. TERMS OF PAYMENT :

6.1 Unless agreed otherwise, financial arrangements shall be made within 7 international banking days of acceptance of offer by the SELLER or before nomination of the vessel whichever is earlier, in USD by the BUYER in favour of SELLER by means of a 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 FOBST, 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
[Tel:0891-2555553](tel:0891-2555553)
SWIFT:SBININBB745

The seller may also intimate any other bank as LC advising bank before opening of the LC of the buyer as per the negotiating documents negotiable at the counters of any branch or any bank of India.

6.2 PAYMENT AGAINST LC

6.2.1 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 (and also against Clause No.6.8 herein below).

- a) 3/3 original on board Ocean or Charter Party Bill (s) of Lading.
- b) SELLER's Packing list
- c) SELLER's signed Commercial Invoices
- d) Works Test Certificate(s) issued by the SELLER
- e) Pre-shipment Inspection certificate - issued by the independent inspection agency appointed by the SELLER.

Note: One copy each of the aforesaid documents shall be despatched by Courier by the SELLER to the BUYER within 7 working days from the date of BL.

6.2.2 The LC shall also be available for payment against 100% of Invoice value as per clause No.6.8 herein below.

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.

6.3 The LC shall specifically provide that Bill(s) of Lading and Pre-shipment Inspection Certificate with remarks such as:

some ties broken/missing,
atmospheric/surface/superficial rust/edge rust
unprotected cargo,

stored in open area prior to loading, rust
stained/partly rust stained

shall be acceptable for negotiation.

6.4 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 upto actual date of completion of shipment in the vessel nominated by BUYER and 21 days beyond that for negotiations of documents.

6.5 All Bank and other charges incurred outside the territory of India shall be borne and paid for by the BUYER. LC confirmation charges, if required, shall be borne and paid for by the SELLER.

6.6 The financial arrangement required to be made by the BUYER shall be deemed to be made only on receipt of L/C 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 EMD if any with the SELLER.

6.7 If any advance is made by the BUYER against any contract, in part or full, if the BUYER is not able to indicate sizewise breakup of the material atleast 4 weeks prior to the expiry of contractual delivery period.

i) In case of fall in prices, the SELLER is entitled to recover difference in contract price and the weighted average price realized by SELLER for the deliveries made in the last month within the contract delivery period and return the balance and EMD to the BUYER without interest.

ii) The SELLER will return the advance without interest in case the weighted average prices realized for the last month of delivery as per contract is more than the contract price.

6.8 In the event of

- (A) the failure of the BUYER to nominate suitable vessel within agreed laycan with any extension acceptable to Seller, or within 7 days from the N/R of cargo, whichever is earlier, or
- (B) the vessel nominated by the BUYER and accepted by the SELLER failing to arrive at the designated load port within the agreed lay-days for reasons other than Force Majeure as defined under clause No.10 herein below, or

(C) the vessel (nominated by the BUYER and accepted by the SELLER) being found unsuitable after its arrival at designated load port as certified by independent marine surveyors,

the SELLER shall have the option to negotiate his commercial invoice against the LC opened by the BUYER and realize 100% of the value of the materials ready for shipment on the basis of certificate issued by the Independent Inspection Agency appointed by the SELLER, certifying the quantity of the materials ready for shipment and also certifying that the materials are in good condition. The materials will thereafter be held in the custody of the SELLER at the risk and responsibility of the BUYER at the load port, subject to DELAY CHARGES as below:

- i) For the first 30 days from the date of payment / negotiation : NIL*
- ii) For period beyond 30 days @ USD 1 PMT per week or part thereof for the unshipped quantity.*

(Delay to be counted upto the date of acceptance of Vessel's NOR by VSP after it calls at the Load port)

The BUYER shall settle the DELAY CHARGES within 15 days from the date of lodging claim by the SELLER; else the amount shall be recovered from the EMD/Security Deposit or any other available balance lying in the accounts of the BUYER.

The BUYER shall however nominate a suitable vessel within reasonable time for taking delivery of the cargo for which payment has been realized by the SELLER as aforesaid and subject to such vessel arriving at load port within agreed laydays, the SELLER shall at his cost deliver the materials FOB (Stowed).

7. SETTLEMENT OF DEMURRAGE/ DESPATCH MONEY IN RESPECT OF EACH SHIPMENT:

Based on the Statement of Facts, the computation of laytime allowed and laytime used shall be based on provisions contained in clause 5 and its sub clauses herein above. Despatch money, if any, calculated on the basis of "Working time Saved" shall be arranged to be remitted by the BUYER to the SELLER within sixty days from the date of receipt of the claim of the SELLER with lay time statements. EMD shall be released after receiving remittance in full towards pending despatch amounts due, if any. In case of demurrage, the agreed amount shall be adjusted by the SELLER against the despatch money pending from the BUYER if any. If not, the SELLER shall endeavour to remit the agreed amount of demurrage within sixty days from the date of receipt of claim from BUYER with supporting documents.

8. RISK AND TITLE:

Except in the case of negotiation under LC as per clause No.6.8 herein above, with respect to each shipment, the risk shall pass from the SELLER to the BUYER as soon as the materials cross the ship's rails at the port of loading 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.

9. 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.

10. 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.

11. 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 1990, latest revision, shall be applied.

12. 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.

13. JURISDICTION OF COURTS:

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

14. 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.

15. 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.

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FORMAT FOR LETTER OF CREDIT

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

TO:

STATE BANK OF INDIA
COMMERCIAL BRANCH VISAKHAPATNAM
43-29-54/8, BALAJI METRO CHAMBER
DONDAPARTHY
VISAKHAPATNAM

IFSC: SBIN0014407
Tel:0891-2555553
SWIFT CODE - SBININBB745

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

BENEFICIARY: RASHTRIYA ISPAT NIGAM LIMITED, VISAKHAPATNAM STEEL PLANT, 1ST
FLOOR, EXPORT DIVISION, ADMINISTRATIVE BUILDING, VISAKHAPATNAM -
530031, 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 -ONE ORIGINAL PLUS TWO SIGNED COPIES COVERING MATERIALS SHIPPED.
2. FULL SET 3/3 ORIGINAL ON BOARD OCEAN OR CHARTER PARTY BILLS OF LADING
ISSUED TO ORDER OF THE BENEFICIARY AND BLANK ENDORSED MARKED "FREIGHT TO PAY" OR
"FREIGHT PAYABLE AS PER CHARTER PARTY" EVIDENCING SHIPMENT FROM VISAKHAPATNAM PORT/
GANGAVARAM PORT, INDIA TO NOTIFYING
3. WORKS TEST CERTIFICATE ISSUED BY THE BENEFICIARY - IN DUPLICATE.
4. INSPECTION CERTIFICATE ISSUED BY INDEPENDENT INSPECTION AGENCY APPOINTED BY THE SELLER,
CERTIFYING QUANTITY AND QUALITY OF THE MATERIALS SHIPPED - IN DUPLICATE.
5. PACKING LIST - IN DUPLICATE.
6. CERTIFICATE OF ORIGIN ISSUED BY, THE VIZAGAPATAM CHAMBER OF COMMERCE &
INDUSTRY, VISAKHAPATNAM, OR, THE BENEFICIARY, - IN DUPLICATE.

DESCRIPTION OF THE MATERIALS, QUALITY, PACKING & MARKING

QUANTITY :
 UNIT PRICE : USD PMT FOB ST VISAKHAPATNAM
 SHIPMENT FROM : VISAKHAPATNAM PORT INDIA
 SHIPMENT TO :

LATEST SHIPMENT DATE :
 L/C EXPIRY DATE :
 PLACE OF LC EXPIRY : INDIA

PARTIAL SHIPMENTS : PERMITTED
TRANSHIPMENT : PROHIBITED

SPECIAL CONDITIONS:

1. OCEAN FREIGHT SHALL BE SETTLED BY THE LC APPLICANT OUTSIDE OF THIS LETTER OF CREDIT.
2. MARINE INSURANCE, IF REQUIRED, TO BE COVERED BY THE LC APPLICANT.
3. ALL BANK CHARGES INCLUDING OPENING OF LETTER OF CREDIT 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. IN THE EVENT OF (A) THE FAILURE OF THE LC APPLICANT TO NOMINATE SUITABLE VESSEL FOR SHIPMENT WITHIN AGREED LAYCAN WITH ANY EXTENSION ACCEPTABLE TO SELLER, OR WITHIN 7 DAYS FROM NOR OF CARGO, WHICHEVER IS EARLIER.

OR (B) THE VESSEL NOMINATED BY THE LC APPLICANT AND ACCEPTED BY THE BENEFICIARY FAILING TO ARRIVE AT VISAKHAPATNAM PORT WITHIN AGREED LAYDAYS OR (C) THE VESSEL (NOMINATED BY THE LC APPLICANT AND ACCEPTED BY THE BENEFICIARY) BEING FOUND UNSUITABLE AFTER ITS ARRIVAL AT VISAKHAPATNAM PORT AS CERTIFIED BY INDEPENDENT MARINE SURVEYORS, THIS CREDIT IS PAYABLE AT SIGHT AT THE COUNTERS OF NEGOTIATING BANK AT VISAKHAPATNAM AGAINST PRESENTATION OF BENEFICIARY'S DRAFT DRAWN ON OURSELVES FOR 100 PERCENT VALUE OF INVOICE ACCOMPANIED BY THE FOLLOWING DOCUMENTS:-

- (A) COMMERCIAL INVOICE - ONE ORIGINAL PLUS TWO SIGNED COPIES.
- (B) COPY OF BENEFICIARY'S NOTICE OF READINESS OF CARGO - IN DUPLICATE.
- (C) WORKS TEST CERTIFICATE ISSUED BY THE BENEFICIARY - IN DUPLICATE.
- (D) CERTIFICATE ISSUED BY INDEPENDENT INSPECTION AGENCY APPOINTED BY THE SELLER CERTIFYING MATERIALS WERE INSPECTED AT THE STORAGE YARD OF THE BENEFICIARY AT VISAKHAPATNAM PORT, AND, MATERIALS ARE IN GOOD CONDITION AND THE QUANTITY AS PER THE COMMERCIAL INVOICE ARE READY FOR SHIPMENT,
- (E) BENEFICIARY'S DECLARATION THAT SUITABLE VESSEL HAS NOT BEEN NOMINATED BY THE LC APPLICANT WITHIN AGREED LAYDAYS OR THAT THE VESSEL NOMINATED BY THE LC APPLICANT AND ACCEPTED BY THE BENEFICIARY FAILED TO ARRIVE AT VISAKHAPATNAM PORT WITHIN THE AGREED LAYDAYS FOR REASONS OTHER THAN FORCE MAJEURE OR THAT THE VESSEL (NOMINATED BY THE LC APPLICANT AND ACCEPTED BY THE BENEFICIARY) BEING FOUND UNSUITABLE AFTER ITS ARRIVAL AS CERTIFIED BY THE INDEPENDENT MARINE SURVEYORS (COPY OF CERTIFICATE OF MARINE SURVEYOR TO BE PRESENTED IN SUCH AN EVENT) AS THE CASE MAY BE.
- (F) BENEFICIARY'S DECLARATION THAT (1) THE MATERIALS AS MENTIONED IN THE COMMERCIAL INVOICE WILL BE HELD IN CUSTODY BY THE BENEFICIARY AT THE RISK AND RESPONSIBILITY OF THE LC APPLICANT AT THE STORAGE YARD OF THE BENEFICIARY AT VISAKHAPATNAM PORT, (2) UPON NOMINATION OF SUITABLE VESSEL WITHIN REASONABLE TIME BY THE LC APPLICANT FOR TAKING DELIVERY OF THE MATERIALS FOR WHICH PAYMENT HAS BEEN REALISED BY THE BENEFICIARY AS AFORESAID AND SUBJECT TO SUCH VESSEL ARRIVING AT VISAKHAPATNAM PORT WITHIN THE AGREED LAYDAYS, THE BENEFICIARY SHALL AT HIS COST DELIVER FOB (STOWED) THE MATERIALS FOR WHICH PAYMENT HAS BEEN REALISED BY THE BENEFICIARY AS AFORESAID.
5. REMARKS SUCH AS "MATERIAL WITH SUPERFICIAL/ SURFACE/ ATMOSPHEREIC/ EDGE RUST" AND/OR "UNPROTECTED CARGO" AND/OR "STORED IN OPEN AREA PRIOR TO LOADING" AND/OR "RUST STAINED" AND/OR "PARTLY RUST STAINED" APPEARING IN THE INSPECTION CERTIFICATE, AND/OR BILL OF LADING ARE ALSO ACCEPTABLE.
6. THIS LC CAN BE CONFIRMED BY ANY BANK IN INDIA, IF REQUESTED BY THE BENEFICIARY, AND SUCH CONFIRMATION CHARGES ARE TO THE ACCOUNT OF BENEFICIARY.
7. TOLERANCE OF +/-10% STEEL (Nil % for pig iron) ON CREDIT AMOUNT AND QUANTITY IS ACCEPTABLE.
8. THIS CREDIT IS AVAILABLE WITH ANY BANK IN INDIA FOR NEGOTIATION AND PAYMENT.

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9. THIRD PARTY DOCUMENTS ARE ACCEPTABLE.
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/SWIFT 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/SWIFT CLAIM IN US DOLLARS IN ACCORDANCE WITH THE NEGOTIATING BANK'S INSTRUCTIONS. INCASE OF ANY DELAY IN REMITTENCE, INTEREST CHARGED BY NEGOTIATING BANK SHALL BE PAID BY US.

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