

ANNEXURE III

(-- in letter head of the importer applicant)

APPLICATION CUM UNDERTAKING FOR BUYER'S CREDIT

To,

The Manager

The Federal Bank Ltd, Br.....

Dear Sirs,

1. At our request you have been kind enough to arrange for a buyers credit of USD/EUR/GBP/_____ from **The Federal Bank Limited, IFSC/Banking Unit, Gift SEZ, Gift City, Gandhinagar, Gujarat** (hereinafter referred to as "Beneficiary"), on our behalf and further agree to issue a guarantee for securing the due repayment to the Beneficiary of buyers credit of USD/EUR/GBP/..... availed from them by me/us for the purpose of making reimbursement to the negotiating bank under your Letter of credit No.....dated of our liability under invoice no.....forming part of collection bill with reference no.....We understand that the guarantee to be issued to IBU as required under their offer of the buyers credit facility fordays from them, is an extension of the underlying letter of credit No.....dated._____ of our liability under collection item and that our obligation to arrange for making payment under the said Letter of credit / collection bill gets rolled over to the guarantee now furnished by the bank to Beneficiary.
2. We undertake to remit the required amount in rupee in ouraccount No..... with you on the due date for repayment of the buyers credit amount i.e. principal , interest and other charges which the bank has to undertake to pay to Beneficiary. We also authorize you to debit our aforesaid account for effecting such payment on due date. We also undertake to cover the exchange risk by booking forward contract. In case we do not cover the exchange risk by booking forward contract, we declare that we are fully aware of the exchange risk and that we are ready to face all the consequences and meet the commitments/liabilities in time.
3. We also understand that all the terms and conditions with regard to our obligation, as agreed to in the application for letter of credit executed at the time of issuing the underlying letter of credit No.....dated./ collection bill referred above shall get extended and made applicable to this financial arrangement which is a rollover of the aforementioned letter of credit opened by you. We further understand that by permitting you to avail buyer's credit on our behalf against

guarantee to be issued by you, you will be recovering the foreign currency amount on our behalf and settle our liability to Beneficiary in foreign currency. Such settlement by you will not in any way affect our liability to the bank to settle the import payment on the new due date.

4. We authorize you to debit our account for the required bank charges /commission for issuing the guarantee to secure the repayment of buyer's credit to be extended by the Beneficiary.
5. Kindly issue/transmit by swift the guarantee to the Beneficiary in the specimen format which has already been furnished to you while seeking your / RBI's approval / sanction for the buyer's credit facility for the import made under the abovementioned Letter of credit/ collection bill. We also declare that all exchange control requirements/ FEMA provisions for the transaction have been properly complied with.

Yours faithfully,

Place:

Date.