

FORMAT OF BANK GUARANTEE FOR ADVANCE PAYMENT

Note:

1. This Guarantee should be furnished by a Nationalized Bank/Scheduled Bank.
2. The Bank Guarantee should be furnished n Stamp paper as per Stamp Paper Act (at present not less than Rs.80/-)
3. The stamp paper should have been purchased in the name of the Bank executing the Guarantee.

Advance Payment Guarantee No.-----

Place-----

Date-----

TO

The General Manager/M.M.

M/s. Neyveli Lignite Corporation Limited,

Neyveli-607 807,

Cuddalore Dist,

Tamil Nadu

India.

Dear Sirs,

1. Pursuant to the contract, hereinafter referred to as “The CONTRACT’ which M/s. _ _
_____ hereinafter referred to as the “CONTRACTOR”,
which expression shall, unless repugnant to the context or meaning thereof, include its
successors, administrators, representatives and assignees, have concluded with
NEYVELI LIGNITE CORPORATION LIMITED, NEYVELI, herein after referred to
as the “PURCHASER’, which expression shall, unless repugnant to the context or
meaning thereof, include its successors, administrators, representatives and assignees,
on _____ 20 _____ vide Letter of Intent No. _____

_____ dated _____ the Contractor have undertaken to _____

_____ manufactured in _____
and supplied on Ex-Works basis _____ particularly
listed in _____ of the contract as per the prices indicated
hereunder against each:

a. _____

b. _____

c. _____

2. According to the said contract, the PURCHASER has undertaken to make an advance payment of Rs. _____ (Rupees _____

_____ only) being the payment of _____ % for _____
_____ against issuance of an advance payment guarantee by a Bank.

3. For this advance payment, we, the undersigned _____
(address), hereinafter referred to as Bank, which expression shall unless repugnant to the contract or meaning thereof, include its successors, administrators, representatives and assignees, hereby guarantee to the effect that we irrevocably undertake to pay upon the PURCHASER mere on demand without any previous notice and without any demur and without recourse to the Contractor and without referring to any other source, any and all money payable by the Contractor towards the advance or part thereof paid by the PURCHASER, but not exceeding Rs. _____
_____ (Rupees _____
_____ only) provided the PURCHASER advises us that the Contractor has failed to fulfil his contractual obligations stipulated in the said Contract, Any such demand

made by the PURCHASER on the Bank shall be conclusive and binding, absolute and unequivocal not with standing any difference between the PURCHASER and the CONTRACTOR or any dispute or disputes raised/pending before any court. Tribunal, Arbitrator or any other authority.

- 4 This Guarantee will not be discharged due to the change in the constitution of the Bank or the CONTRACTOR(S)/SUPPLIER(S).
5. This guarantee will become invalid _____ months after the completion of the _____ by the contractor of all the parts of the _____ equipment under the contract or as soon as this letter of guarantee has been returned to us, at the latest, however, on _____ 200 unless a claim has been lodged with us under this guarantee before the date.
6. We, the _____ (Bank), further agrees that if the said contractor fails to adhere to the total or individual time schedules stipulated in the said Contract and if there be delay in the _____ to reimburse, to the PURCHASER, INTEREST AT THE PREVAILING BANK RATE APPLICABLE FOR cash/Credit facilities on the amount of advance payment made by the PURCHASER.
7. The PURCHASER shall have the fullest liberty without affecting in any way liability of the Bank under this guarantee from time to time to extend the time of performance by the CONTRACTOR. The Bank shall not be released from its liability under these presents by any exercise of the PURCHASER of the liberty with reference to the matter aforesaid.
8. The Bank also agrees that the PURCHASER shall be entitled at his option to enforce this guarantee against the Bank as a Principal Debtor, in the first instance not withstanding any other Security or guarantee that it may have in relation to the Contractor's liabilities.
9. This guarantee shall remain in force upto the including. _____ and shall be extended from time to time for such period as may be desired by

M/s. _____ on whose behalf this guarantee has been given.

10. The Bank further agrees that the decision of the PURCHASER as to the failure on the part of the CONTRACTOR to fulfil the contractual obligations stipulated in the said contract and/or to the amount payable by the Bank to the Purchaser shall be final, conclusive and binding.

11. This guarantee is revocable only with the written consent of the PURCHASER.

12. In any case, our liability under this advance payment guarantee does not exceed Rs. _____ (Rupees _____) subject, however, to the application of the interest clause envisaged in para-6 above which will be paid in addition to the said guarantee amount.

13. This guarantee deed must be returned to us upon the expiration, of the guarantee.

Dated this _____ day of _____ 20__

Witness:

1. _____ SIGNATURE _____

Signature with name in Block Letters
with designation.

2. _____ (Printed Name _____

Signature with name in Block Letters
with designation.

Designation:

Banker's

Common Seal _____