

FORM OF BANK GUARANTEE

(To affix adhesive stamp of Rs. 100/-)

THIS SECURITY BOND made this _____ day of _____, _____

BY

_____ a Banking Company, incorporated under the _____ and having its Registered Office at _____ and one of its Branch Offices at _____ (hereinafter referred to as the "Surety")

IN FAVOUR OF

GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LTD. a Public Company incorporated in the State of Gujarat under the Companies Act,1956 (Act I of 1956) and having its Registered Office at P.O. Narmadanagar-392 015, Dist. Bharuch, Gujarat (hereinafter referred to as "GNFC" / "Owner")

WHEREAS

- I. Owner has invited tenders for PURCHASE OF DAP, under its letter no. _____ dated _____ offered the tenderers to furnish the Earnest Money Deposit (EMD) by way of a Bank Guarantee.
- II. In response to such invitation, M/s. _____ a Proprietorship/Partnership/Private/Public Limited Company having its registered office at _____ (hereinafter referred to as "the bidder") intends to submit to the Owner its tender under cover of its letter No. _____ dated _____ for such supply of DAP.
- III. In exercise of the option offered by the Owner in regard to EMD, the bidder is now required to furnish a bank guarantee by way of surety from a Scheduled Bank operating in India in favor of the Owner in the amount of Rs. 25 lacs or equivalent amount in US \$ (Rupees Twenty Five lacs only or equivalent amount in US \$), being the amount of the EMD, undertaking that should the bidder fail or refuse to sign to execute the agreement in favor of the Owner for the aforesaid work in the form and manner satisfactory to the Owner within thirty days after the written notification of the award of contract to or within such further time as may be allowed by the Owner in writing from time to time and/or undertaking that if it commits any breach, failure or default in providing, doing, performing, executing, fulfilling, keeping or carrying out any, each and every obligations and liabilities as agreed to in terms of the awarding of the contract in pursuance of the tender under reference, the bidder will be considered to have abandoned its tender and/or has committed the breach of any of the terms & conditions of the contract awarded, then the aforesaid amount of Rs. 25 lacs or equivalent amount in US \$ (Rupees Twenty Five lacs only or equivalent amount in US \$) will thereupon be due and owing by the bidder to the Owner as liquidated damages for the such failure or refusal which shall then be forfeited or same shall be liable to be paid by the surety to the owner and that it will thereupon be lawful for the Owner to award the contract to any other bidder.
- IV. The Surety has at the request of M/s. _____ (the bidder) agreed to issue this Security Bond as the irrevocable Letter of Bank Guarantee in favor of the Owner, which the GNFC has agreed to accept.

NOW KNOW ALL MEN BY THESE PRESENTS THAT WE, the Surety, is hereby held and firmly bound unto the Owner in the sum of Rs. 25 lacs or equivalent amount in US \$ (Rupees Twenty Five lacs only or equivalent amount in US \$) for the payment of which sum well and truly to be made to Owner at its Regd. Office on first demand without any demur, dispute or objection, the Surety hereby unconditionally and irrevocably bind itself and its successors, executors, administrators, assigns, and transferees firmly by these presents.

NOW THE CONDITION OF THE ABOVE WRITTEN OBLIGATIONS IS THAT

If the said tender of the bidder shall be rejected by the Owner

OR

- (i) If the said tender of the bidder shall be accepted by the Owner and the contract shall be awarded to the bidder, the bidder shall, within thirty days after its being given written notification of the award of contract to it or within such further time as may be allowed by the Owner in writing from time to time, sign and execute the agreement with the Owner as aforesaid;

AND

- (ii) On award of contract, the bidder shall do, perform, execute, fulfill, keep or carry out any, each and every obligations and liabilities as agreed to between the Owner and the bidder, under the Contract.

THEN, the above obligation shall be void: otherwise the same shall remain in full force and effect.

PROVIDED ALWAYS, AND IT IS HEREBY UNCONDITIONALLY AGREED AND DECLARED that the liability of the Surety hereunder shall not be impaired or discharged by reason of any time being granted to the bidder by the Owner for the signing and execution of such agreement and/or for providing, doing, performing, executing, fulfilling, keeping or carrying out any, each and every of the obligations and liabilities on execution of the agreement as aforesaid or by reason of any forbearance, act, or omission on the part of the Owner, whether with or without the knowledge or consent of the Surety, nor shall it be necessary for the Owner to sue the bidder before suing the Surety for the recovery of the amount hereunder.

The Surety's liability hereunder is restricted to Rs. 25 lacs or equivalent amount in US \$ (Rupees Twenty Five lacs only or equivalent amount in US \$) and this bond shall remain in force till the end of twelve (12) months from the date hereof or successful completion of the contract which ever is earlier. Unless a claim or demand hereunder is filed with the Surety within 3 months from the date of expiry of this bond i.e. by dt. _____ all rights of the Owner under this bond shall be forfeited and the Surety shall be relived and discharged from all liabilities hereunder.

The rights of Owner to recover the amount of this Bank Guarantee as aforesaid from the Surety in the manner aforesaid shall not be affected by reason of the fact that any dispute or disputes have been raised by the Bidder with regard to its obligations, liabilities or otherwise under the tender offer or the contract awarded to it.

The Guarantee herein contained shall not be determined or affected by the change in the constitution or liquidation or winding up or insolvency of the Bidder and shall in all respects and for all intents and purposes remain in full force and effect and shall be

binding and operative until payment of all moneys due to the Owner hereunder is fully made.

It is further specifically agreed and undertaken that the Surety shall not revoke or cancel this guarantee at any time during its currency without the prior written consent of the Owner.

Upon expiration of the term of validity, this Bank Guarantee shall be regarded as ineffective and may be returned to the Surety.

IN WITNESS WHEREOF, the surety hereto acting through its properly constituted representatives, thereunto duly authorized, has caused this bond to be signed and executed in its name and on its behalf and delivered at _____ on the _____ day of _____, _____.

SIGNED SEALED AND DELIVERED
BY THE SURETY WITHIN NAMED

FOR AND ON BEHALF OF

SURETY