

PERFROMANCE BANK GUARANTEE

FORM NO.VI

PERFORMANCE BANK GUARANTEE

(Guarantee for Performance, Workmanship, Defects and Deficiencies)

(To be executed on a non-judicial stamp paper)

THIS SECURITY BOND made this _____ day of _____ 20__

BY

_____, a banking Company, incorporated under the _____ and having its Registered/Head office at _____ and branch office at _____ (hereinafter referred to as the "Surety").

IN FAVOUR OF

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED, 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. FERTILIZERNAGAR-391 750, District BARODA (hereinafter referred to as the "Owner").

WHEREAS

1. The Owner has placed Purchase Order No. _____ dated _____ on Messrs. _____, a _____ Company incorporated in the State of _____ under the _____ Act _____ of _____) having its Registered Office at _____

OR

Sarvashri _____ aged _____ Partners of M/s. _____ a partnership firm registered under the Indian Partnership Act, 1932 carrying on its activities in the firm name and style of M/s. _____ having its principal place of business at _____.

OR

Shri _____ aged _____, Sole Proprietor of _____ a Proprietary concern carrying out its business of _____ and having its place of business at _____ (hereinafter referred to as the "Supplier") for _____. The Supplier has accepted the said Purchase Order under its letter No. _____ dated _____. The said Purchase Order as accepted by the Supplier is hereinafter referred to as the 'Order' and the said _____ to be supplied are hereinafter referred to as the "Supplies".

2. Under the provisions/clause No. _____ of the Order, the Supplier is required to furnish at its cost to the Owner, a Security Bond in the form of a Bank Guarantee, in the amount of Rs. _____ (say Rupees _____ only), being the amount equivalent to _____ % (_____ per cent) of the total amount of cost of the Supplies, namely, Rs. _____ (say Rupees _____ only) to cover the supplier's obligations and liabilities as to the due performance, workmanship, defects and deficiencies of and in the Supplies, valid till the end of _____ months after the date of satisfactory completion and acceptance of the entire supplies in all respects.
3. The Surety has at the request of the Supplier agreed to issue this Security Bond as the irrevocable letter of Bank Guarantee in terms of the said clause _____ of the Order on behalf of the Supplier and the Owner has agreed to accept the same.

NOW THIS BOND WITNESSETH AND KNOW ALL MEN BY THESE PRESENTS that the Surety is hereby held and firmly bound unto the Owner in the sum of Rs. _____ (say Rupees _____ only) to be paid to the Owner at its Registered Office on first demand without any demur, dispute or objection, of whatsoever nature for the payment of which sum well and truly to be made, the Surety hereby unconditionally and irrevocably binds itself, its successors, and assigns, firmly by these presents.

IT IS HEREBY STIPULATED AND AGREED that the Surety shall pay to the Owner as aforesaid at the Registered Office of the Owner, without any demur, dispute or objection of whatsoever nature forthwith on receipt of a written request from the Owner notifying any breach, failure or default by or on the part of the Supplier in providing, doing, performing, executing, fulfilling, keeping or carrying out any, each and every obligations and liabilities as agreed to by and between the Supplier and the Owner under the stipulations, terms and conditions of Order in regard to performance, workmanship, defects and deficiencies of and in the Supplies, or any loss or damage caused to or suffered by the Owner by reason of any such breach, failure or default by or on the part of the Supplier in providing, doing,

performing, executing, fulfilling, keeping or carrying out any, each and every of the obligations and liabilities under and in respect of the stipulations, terms and conditions of the Order in regard to performance, workmanship, defects and deficiencies of and in the Supplies. The surety hereby agrees, undertakes and confirms that the aforesaid written request so received from the owner notifying breach, default or failure on the part of the supplier shall be construed and deemed as final and conclusively binding upon the surety who shall forthwith pay the aforesaid amount without any demur or dispute whatsoever.

NOW THE CONDITION OF THIS OBLIGATION IS THAT if the Supplier shall faithfully provide, do, perform, execute, fulfil, keep and carry out any each and every of its obligations and liabilities under the Order in regard to performance, workmanship, defects and deficiencies of and in the Supplies in time and manner provided therein and to the fullest satisfaction of the Owner, and the Owner shall certify that the claims or dues, if any, under or by virtue of the Order in regard to performance, workmanship, defects and deficiencies of and in the Supplies, are all fully paid, satisfied and discharged and/or the obligations, liabilities, stipulations, terms and conditions under the Order in regard to performance, workmanship, defects and deficiencies of and in the Supplies have been fully and properly provided, done, performed, executed, fulfilled, kept and carried out by the Supplier, and accordingly discharges this guarantee, then this obligation shall be null and void; otherwise the same shall remain in full force, virtue and effect.

The Owner shall be at full liberty without any reference to the Surety and without in any way affecting or impairing the guarantee given hereunder to postpone for any time or from time to time the exercise of any of the powers and rights conferred on the Owner under the Order or to enforce or to forbear from enforcing any such powers and rights, and the liability of the Surety hereunder shall not in any way be affected, impaired or discharged by reasons of any time or indulgence being granted to the Supplier by the Owner for the provision, doing, performance, execution, fulfilment, keeping and carrying out by the Supplier of all or any of its obligations and liabilities under the Order in regard to performance, workmanship, defects and deficiencies of and in the Supplies, 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 Supplier before suing the Surety for the total recovery of the amount due and payable from time to time hereunder.

The right of the Owner to recover the amount of this Security Bond from the Surety in the manner aforesaid shall not in any way be affected or impaired by reason of the fact that any dispute or disputes or demur have been raised by the Supplier with regard to its obligations, liabilities or otherwise under the Order.

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

shall be binding and operative unit full payment of all moneys due and payable from time to time to the Owner hereunder. This is a continuing guarantee and the liability of the Surety hereunder is limited to Rs. _____ (say Rupees _____ only).

This bond shall remain in full force virtue and effect till and including the _____ 20 ____ . Unless a claim or demand under this bond is filed with the Surety within six months from the date of expiry of this bond, all rights of the Owner under this bond shall be forfeited, and the Surety shall be relieved and discharged from all its liabilities and obligations hereunder and thereafter this bond shall be regarded as ineffective and may be returned to the surety.

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

NOTWITHSTANDING anything contained hereinabove, our liability under this Guarantee will be limited to Rs. _____ (Rupees _____). Our Guarantee shall be valid upto _____ (exclusive of claim period of 6 months). Unless a claim under this Guarantee is made on us in writing on or before _____ (inclusive of claim period of 6 months) all your rights under this Guarantee shall be forfeited and we shall be released and discharged from all liabilities hereunder. This Guarantee shall automatically stand cancelled if no claim is made by the Owner upto _____ notwithstanding that the original Guarantee is not returned to the Bank."

IN WITNESS WHEREOF the Surety hereto acting through its properly constituted representative, thereunto duly authorised, has caused this Security Bond to be signed and executed in its name and on its behalf and delivered on the day, month and year first hereinabove written.

SIGNED SEALED AND DELIVERED by the SURETY WITHIN NAMED

For and on behalf of

SURETY

