

## **BANK GUARANTEE IN LIEU OF SECURITY DEPOSIT<sup>1</sup>**

Dated \_\_\_\_\_

Bank Guarantee No. \_\_\_\_\_

This deed of guarantee is made on this \_\_\_\_\_ day of \_\_\_\_\_ between Vedanta Limited- Aluminium & Power a Company incorporated and registered under the Companies Act, 1956 having its Registered Office at Sesa Ghor, 20, EDC Complex, Patto, Panaji, Goa – 403001 India and having its plant at Village- Bhurkamunda, Jharsuguda-768202, Orissa (hereinafter referred to as “Company” which expression shall unless excluded by or repugnant to the context include its successors and assigns) of the one part and the \_\_\_\_\_ [Name of Bank] operating through its branch at \_\_\_\_\_ (hereinafter referred to as “Bank” which expression shall unless excluded by or repugnant to the context include its successors and assigns ) of the other part.

Whereas the Company has entered into Contract No. \_\_\_\_\_ dated \_\_\_\_\_ (hereinafter referred to as the “Agreement”) for \_\_\_\_\_ at a Contract Price of \_\_\_\_\_ with M/s. \_\_\_\_\_ having its Registered office at \_\_\_\_\_ (hereinafter called the “Contractor” which expression unless repugnant to the subject or context include its successors and assigns). The Agreement provides that the Contractor shall Submit Cash Security Deposit or Bank Guarantee to the Company to the extent of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) being \_\_\_\_% of the Value of the Agreement.

And whereas at the request of the Contractor, the Bank hereby agrees and covenants with the Company as follows:

1. The Bank hereby irrevocably & unconditionally undertakes and guarantees to Company that if the Contractor fails to fulfill its obligations or is in breach of the terms of the Agreement for any reason whatsoever, the Bank shall merely on demand and without demur, pay to Company all and any sum up to a maximum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) without any reference to the Contractor and irrespective of the fact whether the Contractor admits or denies such claim.
  
2. The Bank further agrees that the Company shall be the sole judge as to whether the Contractor has failed to abide by the terms of said Agreement or has failed to perform the said Agreement in any respect of the whole or part of the payment made by the Company has become payable. Any demand made on the Bank by the Company shall be conclusive and binding upon the Bank.

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<sup>1</sup> The Bank Guarantee should be executed on Stamp Paper of Rs. 100/- or such higher value as per the Stamp Duty applicable in the State in which the Guarantee is issued. Stamp Paper should be in the name of the Bank Issuing the Guarantee

3. The Bank shall pay forthwith the amount demanded by the Company notwithstanding any dispute, if any, between the Company and the Contractor. The Bank further undertakes to pay the Company any amount claimed under this Guarantee, notwithstanding any suit proceeding before any Court or Tribunal, the liability of Bank under this Guarantee being absolute and unequivocal.
4. This Guarantee shall not be affected by any change in constitution of the Contractor, the Company or the Bank nor shall it be affected by any change in constitution or by any amalgamation or absorption or reconstruction thereof.
5. The Bank further agrees that the Company shall have the fullest liberty without affecting in any way obligation of the Bank hereunder, with or without consent or knowledge of the Bank to vary any of the terms and conditions of the said Agreement. The Bank shall not be relieved from its liability by reason of any such variation or any indulgence or forbearance shown or any act or omission on the part of the Company or by any such matter or thing whatsoever under the law relating to sureties would but for this provision have the effect of so relieving the Bank.
6. It shall not be necessary for Company to proceed against the Contractor or to give notice to the Contractor, before proceeding against the Bank and the Guarantee herein contained shall be enforceable against the Bank, notwithstanding any security which Company may have obtained or obtain from the Contractor at any time or when proceeding taken against the Bank, hereunder, be outstanding or realised. The Bank further agrees, that in order to give full effect to the guarantee herein contained the Company shall be entitled to act as if the Bank were principal debtors of the Company in respect of claim against the Contractor hereby guaranteed by the Bank as aforesaid and the Bank hereby expressly waives its rights of suretyship and other rights if any which are in any way inconsistent with the above or any other provision of this Guarantee.
7. The Bank further agrees, that this Guarantee shall not be revoked by the Bank at any time during its currency without previous consent in writing of the Company accompanied by Original Bank Guarantee. The Bank further agrees to not to entertain any request/representation from the Contractor for revoking this bank Guarantee and/or not making payment to the Company for any reasons whatsoever.
8. Any demand made under this bank guarantee shall be conclusive final and binding on the bank without any further proof as regards the non-compliance with the terms and conditions contained in the Agreement.
9. Any notice by request, demand or otherwise may be sent by post, courier or any other means to the Bank at any of its addresses mentioned above. Any Certificate by an officer of the Company that the envelope was so posted shall be conclusive and sufficient to prove that the

envelope containing notice was posted/served on the bank within the validity period of guarantee.

10. The Bank further agrees that any legal action or proceedings arising out of this Guarantee shall be brought in the courts or tribunals at Jharsuguda in India and irrevocably submit themselves to the jurisdiction of such courts and tribunals.
  
11. Notwithstanding anything contained herein before, the liability of the Bank under this guarantee is restricted to Rs \_\_\_\_\_(Rupees \_\_\_\_\_) and shall remain in force up to \_\_\_\_\_ unless a claim under the Guarantee is filed against the Bank on or before \_\_\_\_\_ (180 days beyond the expiry date of the Guarantee)[Thus if the Guarantee is valid up 1st April, 2008 the claim lodging period shall be upto 30th Sep, 2008] and expires in full automatically, irrespective of whether the Guarantee is returned to the Bank or not.