

BANK GUARANTEE

On Rs 100/- Stamp Paper

In consideration of the Managing Director, the Karnataka Silk Marketing Board Limited, Mysugar Building, J.C.Road, Bangalore – 560 002 (hereinafter called the ‘CREDITOR’ which expression shall unless repugnant to the context or meaning thereof includes its successors and assigns) having agreed to supply raw silk and Twisted Silk under credit note facility or against D/A bills to M/s.....

.....
(hereinafter called the ‘DEBTOR’ which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as per the terms and conditions between M/s.

and the Managing Director, the Karnataka Silk Marketing Board Limited, Bangalore, we the Bank, do hereby undertake to

pay the CREDITOR the amount not exceeding Rs./- (Rupees only) along with current rate

of interest at , credit repayment period with in 30days at the rate of 7% , credit repayment period between 31st days and with in 60 days at the rate of 9% P.A and credit repayment period between 61st days and with in 90 days at the rate of 12% P.A and for the bills becoming overdue , in addition to the normal rate of interest a penal rate of interest @ 2% P.A is charged and collected from 91st day to 180 days and 5% P.A panel interest is charged and collected from 181st day till the date of settlement, against any loss or damage caused to or suffered or would be caused to or suffered by the CREDITOR by person of any breach by the DEBTOR of any of the terms and conditions contained in the above agreement without any reference to the DEBTOR.

2. We, Bank, do hereby undertake to pay the amounts due and payable under this guarantee without any demur, merely on demand from the CREDITOR stating that the amount claimed is that due by way of loss or damage caused to or would be caused to or suffered by the CREDITOR by reason of any breach by the DEBTOR of any of the terms and conditions contained in the above agreement or by reason of the DEBTOR’S FAILURE To bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding Rs. (Rupees only) together with the interest at credit repayment period with in 30days at the rate of 7%, credit repayment period between 31st days and with in 60 days at the rate of 9% P.A and credit repayment period between 61st days and with in 90 days at the rate of 12% P.A and for the bills becoming overdue , in addition to the normal rate of interest a penal rate of interest @ 2% P.A is charged and collected from 91st day to 180 days and 5% P.A panel interest is charged and collected from 181st day till the date of settlement or such other interest fixed by KSMB from time to time plus panel interest of 5%in case of default on the said amount in case of failure to pay on demand.

3. We, Bank further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance

of the above agreement and that it shall continue to be enforceable till all the dues of the CREDITOR under or by virtue of the said Agreement have been fully paid and its claims satisfied or discharged or till the creditor certifies that the terms and conditions of the said Agreement have been fully and properly carried out by the said DEBTOR and accordingly discharges the guarantee. This guarantee shall be valid from to unless a demand or claim under this guarantee is made on us in writing on or before the we shall be discharged from all liability this guarantee thereafter.

4. We, Bank further agree with the CRDITOR that the CREDITOR shall have the fullest liberty without our consent and without effecting any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend time of performance by the said DEBTOR from time to time or to postpone for any time or from time to time any of the powers exercisable by the creditor against the said DEBTOR and to forbear or enforce any of the terms and conditions relating to the said Agreement and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said DEBTOR or by any such matter or thing whatsoever which under the law relating to sureties would but for this provision have effect of so relieving us.

5. The CREDITOR'S right to recover from us any amount due to them under the terms of guarantee Bond shall not be effected or suspended by reason of the fact that any dispute or disputes have been raised by the DEBTOR with regard to their liability pending before any arbitration, tribunal or Court, with regard thereto or in connection therewith.

6. We, Bank, lastly undertake not be revoke this guarantee during its currency except with the previous consent of the CREDITOR in writing.

DATED