

State Procurement Contract №ET-/

Tbilisi

“ ____ ” _____ 2017

“Vardnili HPP Cascade” LLC, legal address: No.8, Politkovskaya Str., Tbilisi, actual address: Gali region, village Rechkhi, hereinafter – the “Purchaser”, represented by its director – Mr. Shota Sanadze, acting according to the Charter of the company, on the one hand, and

-----, also acting according to the Charter of the company, on the basis of the electronic tender - SPA ----- announced through the Unified Electronic Procurement System, hereby conclude this state procurement contract on the following:

1. Interpretation

- 1.1. “State Procurement Contract” (hereinafter – the “Contract”) - Present contract concluded by and between the Purchaser and the Supplier, signed by the parties, together with all documents attached to it.
- 1.2. “Contract Price” - Total amount that should be paid by the Purchaser for full and proper performance of the obligations imposed hereunder by the Supplier.
- 1.3. “Day”, “week”, “month” - A calendar day, week, month.
- 1.4. “Purchaser” - The organization carrying out procurement.
- 1.5. “Supplier” - The person that carrying out supply under the Contract.
- 1.6. “Goods” - The subject of the Contract provided for by the Article 2 hereunder.
- 1.7. “Terms of Reference” - The technical specification of the tender documentation, that will be attached to the Contract, as its integral part.

1. Subject Matter of the Contract and Classifier

- 1.1. Subject matter of the contract shall be as follows:
Procurement of new rotor wheel (ИЛ 60/5a – B – 410) of turbine of No.3 hydraulic unit by “Vardnili HPP Cascade” LLC, supervisory service in the process of on-site supply and installation of goods. .
- 2.2. Classifier: 42664000.

2. 3. Terms and Conditions of Delivery of Goods

- 3.1 Place of supply of the goods: Georgia, Abkhazia, Gali Region, settlement Saberio, Pirveli Gali.
 - a. By non-resident persons – Goods shall be supplied according to DAP Georgia (Incoterms 2010);

b. By resident persons - Goods shall be supplied according to DDP Georgia (Incoterms 2010).

- 3.2. Supply of the goods shall be carried out within the period of 1 (one) year from the date of signing of the State Procurement Contract. At the same time, the Supplier has the right to supply the goods before the due date.
- 3.3. The goods to be supplied shall be accompanied with the original or a notarized copy of the product quality certificate and the operation instructions in Russian or English languages.

4. Procedure for Acceptance and Delivery of the Procurement Object

- 4.1. The delivery-acceptance certificate for the supplied goods shall be signed after actual supply of the goods.
- 4.2. Persons authorized by the Purchaser to sign the delivery-acceptance certificate are:
Chief engineer of "Vardnili HPP Cascade" LLC - Giga Katalandze;
Deputy chief engineer of "Vardnili HPP Cascade" LLC - Zurab Zakaraia;
Deputy chief engineer of "Vardnili HPP Cascade" LLC in the field of maintenance - Vakhtang Mosidze;
Deputy chief engineer of "Vardnili HPP Cascade" LLC in the field of operations - Zviad Shakaia.

5. Quality and Warranty of the Goods

- 5.1. The Supplier guarantees that the quality of the supplied goods fully corresponds to the data provided for in the quality certificate.
- 5.2. At least 3-year warranty period shall apply to the supplied goods - rotor wheel for new turbine (ПЛ 60/5a-B-410) - except for consumables and accessories. The term will begin from the moment of putting the goods into operation.
- 5.3. Malfunctions revealed during the warranty period should be eliminated and / or replaced by the Supplier at its expense.

6. Price of the Contract and the Form and Terms of Payment

6.1. Price of the contract is _____ (_____) GEL;

6.2. In case of demand, the contract price may be fixed in foreign currency (USD/EUR/RUB), according to the official exchange rate towards the national currency – GEL fixed by the National Bank of Georgia as of the date of bargain.

6.3 Payment shall be carried out through bank transfer,

6.4 Payment:

6.5 The Purchaser shall pay 70% of the Contract price to the Supplier (in case of demand) by installment in the form of advance payment, 30% - by the moment of signing of the Contract, and the rest 40% - during 4 (four) months, however after June 1, 2018. Advance amounts shall be issued during 5

(five) business days after submission of the bank guarantee for the same amount. Unconditional, irrevocable guarantee shall be submitted from the banking institution licensed by the National Bank of Georgia or the insurance company licensed by LEPL "Insurance State Supervision Service of Georgia". The bank guarantee shall be valid during at least 30 calendar days over the period of validity of the contract.

The non-resident "Supplier" shall submitted the unconditional, irrevocable guarantee issued by the issued by the bank licensed in Georgia or certified bank guarantee. The bank guarantee shall be valid during at least 30 calendar days over the period of validity of the contract.

6.5.2 The Purchaser shall release the advance amount on the basis of signing of the final delivery-acceptance certificate, in this case the bank guarantee shall be fully released, after which the bank guarantee shall be refunded on the basis of the Supplier's written request;

6.5.3 Final payment shall be made within 5 (five) working days from the date of drawing up of the final delivery-acceptance certificate and submission of the financial documentation;

6.5.4 In case of conclusion of the contract in foreign currency, payment shall be carried out according to the exchange rate defined by the National Bank of Georgia as of the date of payment.

7. Amendments and Termination of the Contract

7.1. Any changes, additions to the Contract can be made only in writing on the basis of mutual agreement of the parties.

7.2. Any changes to the Contract, including its price, shall not be made, if it provokes increase of the Contract Price or worsens the Contract provisions for the Purchaser, except for the cases defined in the Article 398 of the Civil Code of Georgia. The provisions of the Contract shall be revised according the rule prescribed by the applicable legislation of Georgia.

7.3. In case the conditions stipulated under the Article 398 of the Civil Code of Georgia occur, it shall be admissible to increase the total price of the Contract by more than 10%.

7.4. If one of the parties fails to fulfil the provisions of the Contract, the other party is authorized to make a decision on termination of the Contract unilaterally.

7.5. The party is obliged to notify the other party about its intention to make the decision provided for in the clause 7.4, not less than 5 calendar days in advance, in writing or using the electronic communication means.

7.6. The Contract can also be terminated on the initiative of the parties, on the basis of mutual agreement.

8. Rights and Obligations of the Parties

8.1. The Purchaser has the right:

- To check the compliance of the supplied goods with the provisions of the Contract;
- To control and supervise the Supplier's compliance with the provisions of the Contract;
- To refuse the poor quality goods.

8.2. The Purchaser is obliged:

- To notify the Supplier of all extraordinary circumstances in connection with the supply of the goods in writing;
- To carry out payment with the Supplier in accordance with the provisions of the Contract;
- To comply with other provisions of the Contract.

8.3. The Supplier has the right:

- To demand the Purchaser to pay the price of the goods supplied in accordance with the provisions of the Contract;

8.4. The Supplier is obliged:

- To warn the Purchaser about the delay in the process of supply of the goods;
- To comply with all the provisions of the Contract.

9. For the purpose of provision of the contract, the Supplier shall submit --% performance bond required by the tender documentation to the Purchaser;

9.2 Performance bond shall be received prior to conclusion of the contract and its validity shall exceed the period of validity of the contract for at least 30 calendar days.

9.3 Performance bond provided by the Supplier shall be used for compensation of any damage, that may be imposed to the Purchaser for failure and/or improper fulfillment of the conditions of the contract by the Supplier.

9.4 After complete fulfillment of the obligations imposed hereunder by the Supplier, the Purchaser shall be obliged to return the performance bond.

10. Advance Bank Guarantee

10.1. Validity of the advance bank guarantee in the amount of 30% of the price of the Contract submitted by the Supplier shall exceed the terms of supply of the goods specified in clause 3.2 of the Contract by 30 (thirty) days.

10.2. The Purchaser shall release the advance bank guarantee on the basis of signing of the final delivery-acceptance certificate, in this case the guarantee shall be refunded on the basis of the Supplier's written request.

10.3. The advance bank guarantee submitted by the Supplier can be used by the Purchaser in case if the Supplier is not able to ensure supply of the goods provided for by this Contract before expiration of the validity period of the bank guarantee.

11. Force-Majeure

11.1. Neither the Supplier nor the Purchaser shall be liable for failure to fulfil their Contract liabilities in full or partially, if such failure is caused by force-majeure circumstances, such as flood, fire, earthquake and other acts of God, as well as war and war actions, if they have a direct impact on fulfillment of the Contract. The term of fulfillment of the Contract will be extended for an appropriate period after completion of the circumstances.

- 11.2. If the circumstances of full or partial failure of fulfilment of the contractual obligations continue to be in force for more than one month, each party shall be entitled to terminate the Contract without the right to demand the additional compensation.
- 11.3. The party for which it became impossible to meet its obligations under this Contract due to force-majeure circumstances shall immediately advise the other party.

12. Control over Fulfillment of the Contract

- 12.1. Control over fulfillment of the Contract shall be carried out by:

Chief engineer of "Vardnili HPP Cascade" LLC - Giga Katalandze;
Deputy chief engineer of "Vardnili HPP Cascade" LLC - Zurab Zakaraia;
Deputy chief engineer of "Vardnili HPP Cascade" LLC for maintenance issues - Vakhtang Mosidze;
Deputy chief engineer of "Vardnili HPP Cascade" LLC for operational issues - Zviad Shakaia.

13. Disputes and their Resolution

- 13.1. All disputes between the parties shall be resolved through amicable negotiations. In case of failure to reach the agreement, the parties are authorized to apply to the court in accordance with the applicable legislation of Georgia to resolve the dispute.

14. Validity of the Contract

- 14.1. The Contract enters into force from the date mentioned on the top of the Contract and is valid through -----, 201-.

15. Details of the Parties

"Purchaser"

"Vardnili HPP Cascade" LLC

Legal address:

No.8, Politkovskaya Str., Tbilisi

JSC "TBC Bank"

BIC: TBCBGE22 ID: 251716362

Acc. GE67TB7808236130100002

Director

_____ **Sh. Sanadze**

"Supplier"