

BANK GUARANTEE FORMAT FOR SUPPLY OF FREE ISSUE MATERIAL.

The President of India,
(Acting through the Director, Purchase & Stores)
Department of Atomic Energy,
Vjkram Sarabhai Bhavan,
Anushaktinagar ,
Mumbai -4000094.

Whereas on or about the _____ (date), the President of India, acting through the Director, Purchase & Stores, Directorate of Purchase & Stores, Department of Atomic Energy, (hereinafter referred to as the Purchaser) has entered into an agreement bearing No. _____ dated _____ for manufacture, inspection, testing and safe delivery of _____ (herein after referred to as the equipment) with M/s. _____ (hereinafter referred to as the Contractor.)

AND whereas in terms of the above said agreement, the Purchaser is required to supply free issue materials costing Rs. _____ as listed out in the agreement for the manufacture of the equipment at the Contractor's site, and that the Purchaser has agreed to authorise the Contractor to collect the free issue materials from the Purchaser's site subject to the Contractor furnishing a Bank Guarantee for Rs. _____ in a manner herein specified towards the safeguard of free issue materials.

Now, we _____ (bank) in consideration of the Purchaser having agreed to authorise issue of free issue material for collection by the Contractor, hereby undertake to indemnify the Purchaser and keep the Purchaser indemnified to the extent of the full value of the free issue material till such time the materials are lying under the custody/possession/control of the Contractor and till the equipment along with balance material, if any, are received by the Purchaser after manufacture of the equipment.

We, _____ (bank) do hereby undertake to pay to the Director, Purchase & Stores, Department of Atomic energy, the amount due and payable under this Guarantee without any demur, merely on a demand from the Director, Purchase & Stores Department of Atomic Energy, on behalf of the Government stating that the amount claimed is due by way of loss, destruction, deterioration or damage caused to or suffered by the Government to the purchaser's material thereby resulting in a loss to the Government while they are lying under the contractor's custody, possession or control or on account of the contractor's failure to fulfill any of the contractual obligations. Any such demand made on the 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. _____

We, _____ (Bank) undertake to pay to the Government any money so demanded notwithstanding any dispute or any disputes raised by the Contractors in any suit or proceeding pending before any court of Tribunal relating thereto our liability under this present being absolute and unequivocal. Their payment so made by us under this Bond shall be a valid discharge of our liability for payment thereunder and the Contractors shall have no claim against us for making such payments.

We, _____ (Bank), also agree that the decision of the Director, Purchase & Stores, Department of Atomic Energy, Mumbai as to whether the Contractor has caused any loss/destruction or deterioration or damage

to the Purchaser's material while these are lying under his custody/possession/control from whatever cause arising as also on the quantum of damage suffered by the Purchaser shall be final and binding on us.

We, _____ (bank) further agree with the Government that the Government shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend time for performance by the said Contractors from time to time or to postpone for any time or from time to time any of the powers exercisable by the Government against the said Contractors 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 Contractors or for any forbearance, act or omission on the part of the said Government or any indulgence by the Government to the said Contractors or by any such matter or thing whatsoever which under the law relating to sureties would but for this provision, have the effect of so relieving us.

This Guarantee will not be discharged due to change ill the constitution of the Bank or the Contractors.

Our Guarantee shall remain in full force until _____ and unless a claim under the guarantee is lodged with us within six months from that date all rights of the Government under the guarantee shall be relieved and discharged from all liabilities thereunder.

Dated _____ this _____ day of _____ 200...