

FORMAT FOR BANK GUARANTEE FOR ADVANCE PAYMENT

NOTE: To be executed on a non-judicial paper of appropriate value.

Ref. No. _____

WHEREAS Krishak Bharati Cooperative Ltd., (hereinafter referred to as the 'Owner') which expression shall unless repugnant to the context include its legal representatives, successors and assigns, have a Purchase Order (hereinafter referred to as the 'Purchase Order') with M/s. _____ (hereinafter referred to as the 'Vendor') which expression shall unless repugnant to the context, include its legal representatives, successors and assigns, for the design/supply of equipment for its plants.

AND WHEREAS, one of the conditions of the Purchase Order placed on the Vendor is that the Owner should make an advance payment of Rs. _____ (Rupees _____ only) being _____ % of the Purchase Price against an Indemnity in the form of a bank guarantee from a scheduled bank / Nationalized Bank in a form acceptable to Owner.

AND WHEREAS, at the request of the Vendor, Owner has agreed to accept a bank guarantee from _____ with Registered Office at _____ and having a branch office at _____ (hereinafter called the 'Bank').

NOW THIS GUARANTEE WITNESSTH that in consideration of the Owner having at the request of the vendor agreed to accept a bank Guarantee of the Bank in respect of Rs. _____ (Rupees _____ only) required by vendor from the Owner for the worlds stipulated in the Purchase Order, which figure of advance shall become reduced and extinguished as hereinafter set forth the bank hereby indemnified payment without protest or demur and without recourse to the vendor, to the said Owner up to and not exceeding altogether a sum of Rs. _____ (Rupees _____ only) being the amount of the 100% (Hundred) percent of the advance payment or such other unadjusted amount of the said advance. The decision of the Owner as to whether the terms and conditions of this Guarantee have been observed shall be final and binding of the Bank.

THE GUARANTEE HEREIN CONTAINED is not revocable by notice during the currency and will remain in full force until (a) payment has been made to the Owner by the Bank of the aggregated amount payable herein under or (b) the said advance has been fully adjusted and extinguished, as hereafter set forth, whichever is earlier. Out of the gross amount each invoice representing the full cost of work being affected percent of the amount due will be deducted by way of adjustment of the said advance in the invoices such that in the last or such earlier invoice as may be agreed to under the terms of Purchase Order, the residual balance of the advance shall automatically got extinguished. Our liability under this Guarantee is restricted to Rs. _____ (Rupees _____ only).

UNLESS PREVIOUSLY CANCELLED BY TH OWNER, this indemnity will remain in force up to _____ months form the date of issue of the Guarantee i.e. up to _____ and will stand automatically cancelled on the expiry of the said period unless mutually agreed upon that the Guarantee shall continue for a period longer than contemplated hereunder. Unless demand or claim under this Guarantee is made on us in writing within six months from the date of the expiry of this Guarantee all the rights of the Owner against us hereunder shall be forfeited and we sell be relieved and discharged from all liabilities hereunder.

The Bank declares that it has the power to issue the Guarantee under Regulations 1959 and the undersigned has full powers to do so on behalf of the Bank.

Signature of the issuing authority & seal.

Dated:

This _____ day of 200 _____