

**FORMAT OF BANK GUARANTEE FOR  
FREE ISSUE MATERIALS TO THE VENDOR**

Note : This Guarantee should be executed on  
non-judicial paper of appropriate value.

Ref. No.....

WHEREAS Krishak Bharati Cooperative Ltd. (hereinafter referred to as the Purchaser) which expression shall unless repugnant to the context include its legal representatives, successors and assigns, have placed a Purchase Order for the work/equipment and/or materials for the Plant (hereinafter referred to as 'Purchase/Work 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 based on the terms and conditions contained in the Purchase Order.

AND WHEREAS one of the conditions of Purchase/Work Order to be entered in to between the Purchaser and the Vendor is that the Purchaser has agreed to supply to the Vendor raw materials (hereinafter referred to as the said 'Materials') for the purpose of fabrications and delivery of equipment at vendor's works by purchaser as aforesaid and pending fabrications and delivery at job sites of the completed fabricated work(s) incorporating the said material, the said material shall be under the custody and charge of the vendor and shall be kept stored altered, worked upon and/or fabricated at the sole risk and expenses of the Vendor.

AND WHEREAS the Purchaser has asked the Vendor for adequate security for the raw materials to be supplied under the Purchase Order

AND WHEREAS at the request of the vendor the Purchaser has agreed to accept a Bank Guarantee from M/s \_\_\_\_\_ with Registered Office situated at \_\_\_\_\_ (hereinafter called the 'Bank').

NOW, this Guarantee witnesseth that in consideration of the Purchaser having at the request of the Vendor agreed to accept a Bank Guarantee of the Bank in respect of the said material amounting to Rs. \_\_\_\_\_ issued to the Vendor for the work/supplying equipment and/or materials for the Plant, which figure shall become reduced and stand ultimately extinguished as hereinafter setforth any and all against loss, damage, and destruction but not limited to any and all loss or damage or destruction to the said material or any item or part thereof by theft, pilferage, fire, flood, storm, tempest, lightning, explosion, storage, chemical or physical action or reaction, bending, warping, exposing, rusting, faulty, workmanship, faulty fabrication or faulty method of technique of fabrication strike, riot, civil commotion, another act of omission whatsoever within or beyond the control of the Vendor, misuse and misappropriation by the Vendor and the Vendor's servants, and/or agents whatsoever in the said material or any part or item thereof, supplied to the Vendor upto and until and date of return to the purchaser of the said material or relative part of item thereof or completed fabricated work(s) incorporating said material the Bank shall indemnify and pay without protest or demur without recourse to the Vendor, the said Purchaser upto and

not exceeding altogether a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) on demand, being the value of the said material. The decision of the Purchaser as to any loss or damage under the terms and the terms and conditions of this Guarantee shall be final and binding on the Bank.

THIS GUARANTEE herein contained is irrevocable and will remain in full force until

(a) the payment has been made to the Purchaser by the Bank of the aggregate amount payable hereunder.

OR

(b) the said material upto the completion of the work as specified in the Purchase/ Work Order has been delivered to the Purchaser; whichever is earlier.

OUT OF THE GROSS AMOUNT OF THE VALUE OF THE SAID MATERIAL the value of the Bank Guarantee will be correspondingly decreased at each stage of satisfactory completion of the work as agreed to between the Vendor and Purchaser. The residual balance outstanding at any time shall represent the value of the said material remaining to be worked upon. Our liability under this Guarantee is restricted to Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only).

UNLESS PREVIOUSLY CANCELLED BY THE PURCHASER, this Indemnity will remain in force upto \_\_\_\_\_ months from the date of issue of the Guarantee i.e. upto \_\_\_\_\_ 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 Purchaser against us hereunder shall be forfeited and we shall 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 issuing authority with seal.

Date :

This \_\_\_\_\_ day of \_\_\_\_\_

**R. B. NANDODE**  
JT. GENERAL MANAGER (MECH.)  
KRISHAK BHARATI COOPERATIVE LTD.  
P.O.: KRISHCONAGAR  
SURAT - 394 515