SECURITY DEPOSIT CUM PERFORMANCE BANK GUARANTEE

The Chairman & Managing Director
(A Govt. of India Enterprise),
Engineering Projects (India) Ltd.
Core-3, SCOPE Complex
7, Institutional Area, Lodhi road
New Delhi – 110 003

Dear Sir,

In consideration of the Chairman & Managing Director, Engineering Projects (India) Ltd. (A Govt. of India Enterprise), Core-3, Scope Complex, 7 Institutional Area, Lodhi Road, New Delhi – 110 003 (hereinafter called ‘EPI’ which expression shall unless repugnant to the subject or context includes its successors and assigns) having agreed under the terms and conditions of Supply Contract/Contract/Sub-Contract no. ___________________________ Dated ___________________________ made between ___________________________ and ___________________________ M/s Supplier/Contractor/Sub-Contractor (hereinafter referred to as the said Supplier/Contractor/Sub-Contractor) which expression shall unless repugnant to the subject or context includes its successors and assigns) and EPI in connection with ___________________________ (hereinafter called ‘The said Supply Contract/Contract/Sub-Contract’) to accept a Deed Security Deposit-cum-Performance Bank Guarantee as herein provided for ___________________________ in lieu of:

a) The Security Deposit to be made by the said Supplier/Contractor/Sub-Contractor for the due fulfillment by the said Supplier/Contractor/Sub-Contractor of the terms and conditions contained in the said Supply Contract/Contract/Sub-contract, and

b) Fulfillment of the conditions of the said Supply Contract /Contract/Sub-Contract by furnishing a security for the performance of the works and/or equipment/materials supplied in accordance with conditions of the said Supply Contract/ Contract/ Sub-Contract.

1. We ___________________________ (hereinafter referred to as “the said bank which expression shall unless repugnant to the subject or context includes its successors and assigns”) and having our registered office at ___________________________ do hereby unconditionally and irrevocably undertake and agree to indemnify and keep indemnified EPI from time to time to the extent of ___________________________ Only against any loss, damages, costs, charges and expenses caused to or suffered by or that may be caused or suffered by EPI [I by reason of any breach or breaches by the said Supplier/Contractor/Sub-Contractor of any of the terms and conditions contained in the said Supply Contract/Contract/Sub-Contract and or any amount becoming due for non-

Signature of Contractor

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performance and/or penalty as assessed by EPI and top unconditionally pay the amount claimed by EPI on demand and without demur and protest.

2. We the said 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 said Supply Contract/Contract/Sub-Contract and till all the dues of EPI under the said Supply Contract/Contract/Sub-Contract or by virtue of any of the terms and conditions governing the said Supply Contract/Contract/Sub-Contract have been fully paid and its claims satisfied or discharged and till EPI certifies that the terms and conditions of the said Supply Contract/Contract/Sub-Contract have been fully and properly carried out by the said Supplier/Contractor/Sub-Contractor and accordingly discharge this guarantee subject, however, that EPI shall have no claim under this guarantee after 6 months from the date of expiry of the guarantee unless a notice of the claim under this guarantee has been served on the Bank before the expiry of the said period of 6 months.

3. EPI shall have the fullest liberty without affecting in any way the liability of the said Bank under this Guarantee or indemnity from time to time to vary any of the terms and conditions of the said Supply Contract/Contract/Sub-Contract to extend time of performance of the said Supply Contract/Contract/Sub-Contract or to postpone for any time and from time to time any power’s exercisable by it against the said Supplier/Contractor/Sub-Contractor and either to enforce or forbear from enforcing any of the terms and conditions governing the said Supply Contract/Contract/Sub-Contract or securities available to EPI and the said Bank shall not be released from its liability under these presents by any exercise by EPI of the liberty with reference to the matters aforesaid or by reason of time being given to the said Supplier/Contractor/Sub-Contractor or of any other matter or thing whatsoever under the law relating to sureties would but for this provision have the effect of so releasing the said Bank from its such liability.

4. We, the said Bank, further agree that EPI shall be the sole judge of and as to whether the said Supplier/Contractor/Sub-Contractor has committed any breach or breaches of any of the terms and conditions of the said Supply Contract/Contract/Sub-Contract and the extent of loss, damage, cost, charges and expenses caused to or suffered by or that may be caused to or suffered by EPI on account thereof and the decision of EPI that the said Supplier/Contractor/Sub-Contractor has committed such breach or breaches and as to the amount or amounts of loss, damages, costs, charges and expenses caused to or suffered by EPI from time to time shall be final and binding on the Bank.

5. This guarantee shall be a continuing guarantee and shall remain valid and irrevocable for all claims of EPI and liabilities of the said Supplier/Contractor/Sub-Contractor arising up to and until mid night of ________________, subject the claim period as mentioned in para ____________.

6. This guarantee shall be in addition to any other guarantee or security whatsoever that EPI may now or at any time anywise may have in relation to the said Supplier/Contractor/Sub-Contractor obligation/ liabilities under and/or in connection with the said Supply Contract/Contract/Sub-Contract and EPI shall have full authority to take recourse to or enforce this guarantee in preference to any other guarantee or
security which EPI may have or obtain and there shall be no forbearance on the part of EPI IN ENFORCING OR REQUIRING ENFORCEMENT OF ANY OTHER SECURITY AND shall not have the effect of releasing the said Bank from its full liability hereunder:

7. EPI shall be at liberty without reference to the said Bank and without effecting the full liability of the said Bank hereunder to take any other security in respect of the said supplier's/Contractor's/sub-Contractor's obligations and/or liabilities under or in connection with the said Supply Contract/Contract/Sub-Contract.

8. This guarantee shall not be determined or affected by the liquidation or winding up, dissolution, or change of constitution or insolvency of the said Supplier/Contractor/Sub-Contractor, but shall in all respects and for all purposes be binding and operative until payment of all moneys paid to EPI in terms thereof.

9. The said Bank hereby waives all rights at any time inconsistent with the terms of this guarantee and the obligations of the said Bank in terms hereof shall not be anywise affected or suspended by reasons of any dispute or disputes having been raised by the said Supplier/Contractor/Sub-Contractor (whether or not pending before any arbitrator, tribunal or court) of any denial or liability by the said Supplier/Contractor/Sub-Contractor stopping or preventing or purporting to stop or prevent any payment by the said Bank to EPI in terms hereof. The amount stated in any notice of demand addressed by EPI to the Guarantor Bank as liable to be paid to EPI by the Supplier/Contractor/Sub-Contractor on account of any losses or damages or costs, charges and/or expenses shall as between the said Bank and EPI be conclusive evidence of the amount so liable to be paid to EPI or suffered or incurred by EPI as the case may be and payable by the said Bank to EPI in terms hereof. We, the said Bank further undertake that we shall pay forthwith the amount stated in the notice of demand to EPI without demur and protest.

10. We, the said bank undertake not to revoke this guarantee during its currency except with the consent of EPI in writing and agree that any change in the constitution of the said Supplier/Contractor/Sub-Contractor or the said Bank shall not discharge our liabilities hereunder.

11. It shall not be necessary for EPI to proceed against the said Supplier/Contractor/Sub-Contractor before proceeding against the Bank and the guarantee herein contained shall be enforceable against the Bank notwithstanding any security which EPI may have obtained or obtain from the Supplier/Contractor/Sub-Contractor shall at the time when proceedings are taken against the said Bank hereunder be outstanding or unrealized.

12. Our liability under this guarantee shall be restricted to ________________ and this guarantee shall remain in force until midnight of ________________ unless a claim to enforce this guarantee is filed with us within six months from ________________ (which is date of expiry of this guarantee), we shall be discharged from all liabilities under this guarantee thereafter.

DATED ___________________ THIS day of __________________200...

FOR AND ON BEHALF OF BANK