

BANK GUARANTEE IN LIEU OF SECURITY DEPOSIT

(On non-judicial stamp paper of Rs.-----/-)

Place:

Date:.....

B.G.No. _____

Value Rs. _____

State Bank of India,
Local Head Office,
Premises & Estate Department,
16, College Lane, Nungambakkam,
Chennai- 600 006

Sub: Bank Guarantee of Rs..... towards Security Deposit for the work offer
State Bank of India, Premises & Estate Department, Local Head Office, Chennai.

WHEREAS (Name and address of 'contractor/vendor') (hereinafter called the contractor) have entered into a contract for (Name of Work) with State Bank of India (SBI) as mentioned in the letter of SBI vide their letter No..... dated and the correspondence and tender relating thereto which is hereinafter referred to as "the said contract" the Contractor has now agreed to produce a Bank Guarantee amounting to __% of the contract value of Rs..... (Rupees only), to State Bank of India for performing their part of the contract obligations.

AND WHEREAS in terms of said contract, the contractor is required to furnish to State Bank of India a Guarantee of a Scheduled Bank for a value of Rs..... to be valid upto (date).

AND WHEREAS (Name of Bank and its branch) having their office at (address) the Guarantor, at the request of the contractor hereby furnishes a PBG in favour of State Bank of India and Guarantees in the manner hereinafter appearing.

In consideration of the premise, we (name of Bank and its branch) having our office at (address), here after called the "Guarantor" (which expression shall include its successors and assigns) here by expressly, irrevocably &unreservedly undertake and guarantee under that if the Contractor fails to execute the work/ contract according to his obligations under the said contract, then notwithstanding any dispute between State Bank of India and the contractor, the Guarantor shall, on demand without demur and without reference to the contractor pay to State Bank of India immediately any sum claimed by State Bank of India under the said contract up to a maximum amount of Rs. _____ (Rupees only).

In case the amount demanded by State Bank of India is not paid within 48 hours of receipt of demand, the Guarantor agrees to pay the aforesaid amount of Rs. _____/- (Rupees _____ only).

- i) Such payment shall be notwithstanding any right the contractor may have directly against State Bank of India or any disputes raised by the Contractor

with State Bank of India or any suits or proceedings pending in any competent court or before any arbitrator. State Bank of India's written demand shall be conclusive evidence to the Guarantor that such payment is payable under the terms of the Contract and shall be binding in all respect on the guarantor.

- ii) The Guarantor shall not be discharged or released from the undertaking and Guarantee, by any arrangement, variations made between SBI and the Contractor and or indulgence shown to the contractor by SBI, with or without the consent and knowledge of the guarantor or by alterations in the obligations of the contractor by any forbearance, whether as to payment, time performance or otherwise.
- iii) This guarantee shall remain valid until or as may be caused to be extended by the contractor or until discharged by SBI in writing whichever is earlier.
- iv) This guarantee shall be a continuing guarantee and shall not be revocable during its currency except with the previous written consent of SBI.
- v) This guarantee shall not be affected by any change in the constitution of the contractor, by absorption with any other body or corporation or dissolution or otherwise and this guarantee will be available to or enforceable against such body or corporation.
- vi) In order to give effect to this guarantee SBI will be entitled to act as if the Guarantor were the Principal debtor and the Guarantor hereby waives all and any of its rights or surety ship.
- vii) This guarantee shall continue to be in force notwithstanding the discharge of the contractor by operation of law and shall cease only on payment of the full amount by the Guarantor to SBI of the amount hereby secured.
- viii) This guarantee shall be in addition to and not in substitution for any other guarantee or security for the contractor given or to be given to SBI in respect of the said contract.
- ix) Any notice by way of request and demand or otherwise here under may be sent by post or any other mode or communication to the guarantor addressed as aforesaid and if sent by post it shall be deemed to have been given at the time when it would be delivered in due course of post and in providing such notice when given by post it shall be sufficient to prove that the envelope containing the notice was posted and a certificate signed by an officer of SBI that the envelope was so posted shall be conclusive.
- x) These presents shall be governed by and constructed in accordance with Indian Law.
- xi) Not with standing anything contained hereinbefore the liability of the guarantor under this guarantee is restricted to a sum of Rs._____.
- xii) This guarantee will remain valid upto _____unless a demand or claim under this guarantee is made in writing on or before _____ the guarantor shall be discharged from all liability under the guarantee thereafter.

Dated the

For (Name of BG issuing Bank)
(Signature/s with designation/s of signatory/ies)
(Name and Stamp of Bank)