Bank Guarantee No._____ Date _____

Banker Name _____ Bank Guarantee Value_____

Please affix Non-Judicial Stamp here
as per Stamp Act

BANK GUARANTEE

1. This deed of guarantee made this _____ day of _____ by _____ _____ (Bank's name, branch, place, address) (hereinafter referred to as 'the Bank') in favour of M/s.Bharat Heavy Electricals Limited (A Government of India undertaking, a company incorporated under the Companies Act 1956 having its Registered Office at "BHEL House", SIRI Fort, New Delhi - 110049) through its Boiler Auxiliaries Plant located at Ranipet – 632406, (hereinafter called "the Company").

2. WHEREAS the Company has entered into a contract with M/s._____ _____ (hereinafter called "the said Contractor", which term includes "suppliers" for the purpose of this guarantee), for supply of equipments and/or services by the said Contractor vide Contract No._____, dated _____.

3. WHEREAS under the terms and conditions of the said Contract between the Company and the said Contractor, the said Contractor is to furnish a performance Bank Guarantee for due performance of the equipment to be supplied under the said Contract and for the fulfillment of all the terms and conditions of the said Contract.

4. WHEREAS the said Contractor have requested the Bank to offer a Guarantee and at their request, WE the Bank have agreed to furnish such Guarantee to the said Contractor.

.....2

Sign & Seal of the Issuing Bank

Bank Guarantee No._____ Date _____

Banker Name _____ Bank Guarantee Value_____

5. NOW, THEREFORE, WE the Bank do hereby undertake to pay the Company an amount not exceeding Rs._____ (Rupees _____ only) against any loss or damage caused to or suffered or would be caused to or suffered by the Company by reason of any breach by the said Contractor of any of the terms and conditions contained in the said Contract.

6. We, the Bank, do hereby undertake to pay the amount due and payable under this Guarantee without any demur, merely on a demand from the Company stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by the Company by reason of breach by the said Contractor of any of the terms and conditions contained in the said Contract or by the reason of the said Contractor's failure to perform the said Contract. Any such demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this Guarantee. However, the Bank's liability under this Guarantee shall be restricted to an amount not exceeding Rs._____ (Rupees _____ only).

7. The Bank's liability under this Guarantee is absolute and unequivocal and we, the Bank, undertake to pay unconditionally to the Company any money so demanded notwithstanding any dispute(s) raised by the Contractor in any suit, or proceedings pending before any Court or Tribunal or Arbitration or before any other authority and such payment under this guarantee shall not wait till the disputes, if any, have been decided by any Court or Tribunal or in the arbitration proceedings or by any other authority.

8. This Guarantee comes into force immediately and shall remain in full force and effect up to and including _____ (date) (including a claim period of 3 months after the date of completion of warranty period).

9. We, the Bank, further agree that, subject to Clause-8, the Guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Contract and that it shall continue to be enforceable till all the dues of the Company under or by virtue of the said Contract have been fully paid and its claims satisfied or discharged or till the Purchase Department of the Company certifies that the terms and conditions of the said Contract have been fully and properly carried out by the said Contractor and accordingly discharges this Guarantee.

.....3

Sign & Seal of the Issuing Bank

10. Unless a demand or claim under this Guarantee is made on the Bank in writing on or before the date specified under Clause-8 above, the Bank shall be discharged from the liability under this Guarantee thereafter. But where such claim or demand has been preferred by the Company with the Bank on or before the expiry of the said date, the claim shall be enforceable notwithstanding the fact that the said enforcement is effected after the said date.

11. For the purpose of Clause-10, any letter making claim or demand on the Bank by the Company lodged in person or dispatched by Registered Post or by Fax or by Telegram or by any Electronic media addressed to the above mentioned address of the Bank on or before the date specified under Clause-8 above, shall be deemed to be the claim/demand in writing referred to above irrespective of the fact as to whether and when the said communication reaches the Bank.

12. We, the Bank, further agree that the Company 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 Contract or to extend time of performance by the said Contractor from time to time or to postpone for any time or from time to time any of the powers exercisable by the Company against the said Contractor and to forbear or enforce any of the terms and conditions relating to the said Contract and we shall not be relieved from our liability by virtue of any such variation or extension being granted to the said Contractor or for any forbearance, act or omission on the part of the Company or any indulgence by the Company to the said Contractor or by any such matter or thing whatsoever which under the law relating would, but for this provision, have effect of so relieving us.

13. This Guarantee shall not become void due to any change in the constitution of the said Bank or the said Contractor.

14. The Guarantee herein contained shall not be determined or affected by the liquidation or winding up or insolvency of or change in the constitution of the said Contractor, but shall in all respects and for all purpose be binding and operative until all payments of all moneys due or that may hereafter become due to the said Company are settled irrespective of any liability or obligation of the said Contractor under the said Contract.

15. It shall not be necessary for the said Company to proceed against the said Contractor before proceeding against the guarantor bank and the Guarantee herein contained shall be enforceable against the said Bank notwithstanding any security, which the said Company may have obtained or obtain from the said Contractor.

.....4

Sign & Seal of the Issuing Bank.

Bank Guarantee No._____ Date _____

Banker Name _____ Bank Guarantee Value_____

16. Any claim or dispute arising under the terms of this document shall be subject to the jurisdiction of the Courts at Ranipet, Tamilnadu.

17. The said Bank declares that it has powers to issue this Guarantee under the Bank's Memorandum and Articles of Association and the undersigned has full powers to do so on its behalf under the powers granted to him by the proper authorities of the said Bank.

18. We, the Bank hereby undertake not to revoke this Guarantee during its currency except with the previous consent of the said Company in writing.

In witness whereof we _____ (name of the Bank) have hereunto setout Bank Seal the _____ day of _____ month _____ year.

SIGN & SEAL OF THE ISSUING BANK