

ANDHRA PRADESH POWER GENERATION CORPORATION LIMITED

ABSTRACT

APGENCO – Regulation – Allowing Insurance Surety Bonds as an acceptable form of Security in lieu of bank guarantees for Mobilization Advance – Orders – Issued.

G.O.O. No.116/JS(Per)/2025

ate:28.07.2025

Read the following:

- 1.G.O.O. No. 243/JS(Per)/2024 Dt. 27.11.2024
- 2 G.O.O. No. 273/JS(Per)/2024 Dt. 31.01.2025
- 3.Lr. No. ENE01/298/2025-POWER-I Dt. 22.07.2025

ORDER

APGENCO is taking up various capacity addition projects through EPC contracts. APGENCO is providing Mobilization Advance to the EPC Contractors, as a part of early commencement of works, against security of Bank Guarantee.

2. The Energy Dept, GoAP vide letter 3rd cited, informed that an Insurance Surety Bond may be used as a form of security deposit for any purpose it considered appropriate.

3. The APGENCO vide GOO 1st cited, permitted Insurance Surety Bonds, issued as per the IRDAI guidelines as an Instrument in addition to the current forms of Security towards Earnest Money Deposit/Security Deposit/Performance Bank Guarantee.

4. After careful consideration, it is hereby ordered to accept the Insurance Surety Bonds, issued inline with IRDAI guidelines as an alternative Security Instrument to the Bank Guarantee for Mobilization Advance.

5. These orders are issued with the concurrence of Chairman/APGENCO.

(BY ORDER AND IN THE NAME OF A.P.POWER GENERATION CORPORATION LIMITED)

**N.V.V. GOPAL RAO
JOINT SECRETARY (PER)**

To

All the Functional Heads at Head Quarters (Proforma enclosed).

Copy to the:

All the Station Heads

Dy.EE (T) to the Managing Director/APGENCO

AO to the Director (Finance &Comml.)/APGENCO

Dy.EE (T) to the Director (Thermal)// Director (Coal & Logistics)/APGENCO\

Dy.EE (T) to the Director (Hydel)/APGENCO

PO to the Director (HR&IR)/APGENCO

AE(T) to the Chief General Manager (Adm.IS &ERP)/APGENCO

PA to the Joint Secretary (Per)/APGENCO

Pay Officer//Accounts Officer (CPR)/APGENCO

Stock File/Spare Copy.

//FORWARDED :: BY ORDER//


ASSISTANT SECRETARY

PROFORMA FOR INSURANCE SURETY BOND
FOR MOBILIZATION ADVANCE PAYMENT SECURITY

To: Insurance Surety Bond No.....
..... Date:
..... Bond Amount: Rs.
APGENCO, Expiry date:
Claim Expiry Date.....

In consideration of the **Andhra Pradesh Power Generation Corporation Limited** (An enterprise of the Government of Andhra Pradesh) (hereinafter referred to as 'APGENCO' which expression shall unless repugnant to the context or meaning thereof, include its successors and permitted assigns) incorporated under the Indian Companies Act, 1956 read with subsequent amendments and Act(s) and having its registered office at Vidyut Soudha, Gunadala, Vijayawada, Andhra Pradesh, India-520004 has agreed to accept upon request of(Name of the Contractor) (hereinafter called the said Contractor) this **Surety Bond** No. _____, Dt. _____ for payment of installment of mobilization advance payment equivalent to% (..... percent) of the value of Contract (including GST) to remain effective till the complete and full repayment of the installment of mobilization advance for the satisfactory fulfilment of the Contract under the terms and conditions of the Contract/ Agreement No. Dated..... made between the APGENCO and (Name of the Contractor) for execution of work "....." (Name of the Work) (herein after called 'the said Contract/ Agreement/Purchase Order/Work Order'), on production of a **Surety Bond** for an amount equivalent to ____% of first installment of mobilization advance

AND WHEREAS we, _____ ("Surety Insurer") through our branch at _____ have agreed to furnish this **Surety Bond** by way of mobilization advance payment security.

NOW, THEREFORE, the **Surety Insurer** hereby, unconditionally and irrevocably, guarantees and affirms as follows:

1. The **Surety Insurer** hereby unconditionally and irrevocably guarantees the due and faithful repayment on time of the aforesaid installment of Mobilization advance during the contract period under and in accordance with the Contract, and agrees and undertakes to pay immediately to the APGENCO, upon its mere first written demand, and without any demur, reservation, recourse, contest or protest, and without any reference to the Contractor, such sum or sums up to an aggregate sum of the **Surety Bond** Amount as the APGENCO shall claim, without the APGENCO being required to prove or to show grounds or reasons for its demand and/or for the sum specified therein.

Insurance Surety Bond No.....

Date:

Bond Amount: Rs.

Expiry date:

Claim Expiry Date.....

2. A letter from the APGENCO, officer not below the rank of Chief Engineer/APGENCO that the Contractor has committed default in the due and faithful performance of all or any of its obligations for the repayment of the installment of the mobilization Advance Payment in accordance with the Contract shall be conclusive, final and binding on the **Surety Insurer**. The **Surety Insurer** further agrees that the APGENCO shall be the sole judge as to whether the Contractor is in default in due and faithful performance of its obligations during and under the Contract and its decision that the **Contractor** is in default shall be final and binding on the **Surety Insurer**, notwithstanding any differences between the APGENCO and the Contractor, or any dispute between them pending before any court, tribunal, arbitrators or any other authority or body, or by the discharge of the Contractor for any reason whatsoever.
3. In order to give effect to this **Surety Bond**, the APGENCO shall be entitled to act as if the **Surety Insurer** were the Principal Debtor and any/**Change** in the constitution of the Contractor and/or the **Surety Insurer**, whether by their absorption with any other body or corporation or otherwise, shall not in any way or manner affect the liability or obligation of the **Surety Insurer** under this **Surety Bond**.
4. It shall not be necessary, and the **Surety Insurer** hereby waives any necessity, for the APGENCO to proceed against the Contractor before **presenting** to the **Surety Insurer** its demand under this **Surety Bond**.
5. The APGENCO shall have the liberty, without affecting in any manner the liability of the **Surety Insurer** under this **Surety Bond**, to vary at any time, the terms and conditions of the Mobilization Advance or to extend the time or period of its repayment or to postpone for any time, and from time to time, any of the rights and powers exercisable by the APGENCO against the Contractor, and either to enforce or forbear from enforcing any of the terms and conditions contained in the Contract and/or the securities available to the APGENCO, and the **Surety Insurer** shall not be released from its liability and obligation under these presents by any exercise by the APGENCO of the liberty with reference to the matters aforesaid or by reason of time being given to the Contractor or any other forbearance, indulgence, act or omission on the part of the APGENCO or of any other matter or thing whatsoever which under any law relating to sureties and guarantors would but for this provision have the effect of releasing the **Surety Insurer** from its liability and obligation under this **Surety Bond** and the **Surety Insurer** hereby waives all of its rights under any such law.

Insurance Surety Bond No.....

Date:

Bond Amount: Rs.

Expiry date:

Claim Expiry Date.....

6. This **Surety Bond** is in addition to and not in substitution of any other **Surety Bond** or security now or which may hereafter be held by the APGENCO in respect of or relating to the Mobilization Advance.
7. Notwithstanding anything contained herein before, the liability of the **Surety Insurer** under this **Surety Bond** is restricted to the **Surety Bond** Amount and this **Surety Bond** will remain in force for the period specified below and unless a demand or claim in writing is made by the APGENCO on the **Surety Insurer** under this **Surety Bond** all rights of the APGENCO under this **Surety Bond** shall be forfeited and the **Surety Insurer** shall be relieved from its liabilities hereunder after the date mentioned.
8. The **Surety Bond** shall cease to be in force and effect on unless a demand or claim under this **Surety Bond** is made in writing before expiry of the **Surety Bond**, the **Surety Insurer** shall be discharged from its **liabilities** hereunder.
9. The **Surety Insurer** undertakes not to revoke this **Surety Bond** during its currency, except with the previous express consent of the APGENCO in writing, and declares and warrants that it has the power to issue this **Surety Bond** and the **undersigned** has full powers to do so on behalf of the **Surety Insurer**.
10. Any notice by way of request, demand or otherwise hereunder may be sent by courier, registered post or certified e-mail addressed to the **Surety Insurer** at its above referred branch or e-mail set forth herein, which shall be deemed to have been duly **authorized** to receive such notice and to effect payment thereof forthwith, and if sent by post it shall be deemed to have been given at the time when it ought to have been delivered in due course of post and in proving 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 & the APGENCO that the envelope was so posted shall be conclusive.
11. This **Surety Bond** shall come into force with immediate effect and shall remain in force and effect for up to the date specified above or until it is released earlier by the APGENCO pursuant to the provisions of the **Contract**.
12. The **Surety Insurer** declares that this Insurance Surety Bond is issued by the (name of Insurance Company) as **per** the applicable rules and regulations of Insurance Regulatory Development Authority of India (IRDAI).

Insurance Surety Bond No.....

Date:

Bond Amount: Rs.

Expiry date:

Claim Expiry Date.....

13. This Surety Bond shall also be operatable at our _____, branch at _____, from whom, confirmation regarding the issue of this Surety Bond or extension/renewal thereof shall be made available on demand. In the **contingency** of this Surety Bond being invoked and payment hereunder claimed, the said branch shall accept such invocation letter immediately and make payment of amounts so demanded under the said invocation.

14. The Insurance Surety Bond shall be verifiable from the specific portal created for this purpose.

In witness where of Signed and sealed this Surety Bond on this ____ Day _____(month) of 20__ at _____.

SIGNED, SEALED AND DELIVERED

For and on behalf of the Insurance company by:

(Signature of the Authorised Official)

(Name) (Designation) (Code Number)