

FORMAT FOR PERFORMANCE BANK GUARANTEE

Note : To be executed on a non - judicial
paper of appropriate value.

Ref. No.....

THIS GUARANTEE made on this _____ day of _____ (month) _____
20_____(Year) on _____ Bank (address) _____

(hereinafter called the Bank) which expression shall unless repugnant to the context or contrary to the meaning thereof include its successors on one part and KRISHAK BHARATI COOPERATIVE LIMITED, a multiunit Cooperative Society incorporated under the provisions of the Delhi Cooperative Societies (Act No. 35 of 1972) and having its Registered Office at Red Rose, 49-50, Nehru Place, New Delhi-110019 (hereinafter called the Owner which expression shall include the successors and assignees), on the other part.

WHEREAS the Owner has placed a Contract with _____ (hereinafter called the Contractor) having its Registered Office at _____ for _____ (hereinafter called the work) at the total cost of Rs. _____ (Rupees _____ only).

WHEREAS it is one of the terms of the said contract that the Contractor shall furnish to the Owner a Guarantee of a Bank which shall be for _____ % of the value of the contract and shall be valid for the entire work covered by the said contract and the entire period of defect liability in respect of the said work.

WHEREAS the Bank has, at the request of the Contractor, agreed to give in favour of the Owner a Guarantee in manner hereinafter appearing, which the Owner has agreed to accept.

THIS DEED WITNESSETH as follows :

1.0 In pursuance of the said agreement and in consideration of the promises, the Bank hereby guarantee to the Owner due observance and fulfillment by the Contractor of the terms of the said Contract relating to the said work and of the performance warranty which is a part of the said contract and agrees and undertakes that if the Contractor fails to observe and fulfil the said terms of the said contract and/or the performance warranty, then the Bank shall immediately pay to the Owner on demand such sum or, sums of money to the extent of Rs. _____ (Rupees _____ only) being _____ % of the value of the said contract on account of losses and damages suffered by the Owner as may be claimed by the Owner by reason of such non-observance and nonfulfillment by the Contractor as aforesaid and shall also indemnify the Owner against all losses and damages suffered by the Owner as aforesaid and against all costs, in connection herewith and against all costs, charges, expenses which may be incurred by the owner in connection herewith.

The Bank shall pay the said amount without demur or protest or without recourse to the Contractor. Any such demand placed on the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee.

- 2.0 This guarantee is a continuing guarantee and not revocable except with the previous written consent of the Owner and save as aforesaid it will continue in force until the contractor has maintained the schedule of delivery of the said work under the said contract and observed and fulfilled the said performance warranty and all other terms and conditions of the said contract. The guarantee is valid upto _____
- 3.0 The Owner may, without affecting Bank's liabilities and obligations hereunder, grant time or other indulgence to or compound with the contractor or enter into any agreement or agree to forbear to enforce any of the terms and conditions of the said contract against the contractor or agree to vary any of the terms and conditions of the said Contract.
- 4.0 This guarantee shall not be affected by any change in the constitutions of the Owner by absorption with any other body or corporation or otherwise and this guarantee will be available/or enforceable by such body or corporation.
- 5.0 All compositions and payments received by the Owner from or on behalf of the Contractor shall be regarded as payments is gross and in the event of the Contractor being wound up, the Owner will be entitled to prove against the properties of the Contractor in respect of the whole of the Contractor's indebtedness to the Owner, without any right on the part of the Bank to stand in the Owner's place in respect of or to claim the benefits of such composition and payment or any security held by the Owner until the Owner shall have received the full amount of the claims against the Contractor.
- 6.0 In order to give effect to this guarantee the Owner will be entitled to act as if the Bank were the Principal debtor and the Bank hereby waives all and any of its rights of suretyship.
- 7.0 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 Bank to the Owner of the amount hereby secured and on the claim of the Owner against the Contractor in respect of the said Contract being satisfied. However the guarantee is valid upto _____.
- 8.0 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 the Owner in respect of the said Contract by the Bank (whether alone or jointly with others).
- 9.0 Unless demand or claim under the guarantee is made within six months from the date of expiry of this guarantee, all the rights of the Owner hereunder shall be forfeited and the Bank shall be relieved and discharged of all liabilities hereunder.
- 10.0 These present shall be governed by and construed in accordance with Indian law.

11.0 Subject to clause 2 hereof this guarantee remain enforce for competition period of i.e. upto_____

12.0 Any notice by way of request, demand or otherwise hereunder may be sent by post to the Bank addressed as aforesaid and if sent by post it shall be deemd to have been given at the time when it would be 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 of the Owner that the envelope was so posted shall be conclusive.

13.0 Notwithstanding anything contained hereinbefore, our liability under this guarantee is restricted to Rs. _____ (Rupees_____ only) and it will remain in force till_____. Unless a claim or demand in writing is made with us under this guarantee on or before _____ all your rights under the said guarantee shall be forfeited and we shall be relieved of liabilities thereunder.

14.0 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 the issuing authority with seal.

Corporate Seal

For_____ Bank.