

**Performance Bank Guarantee Format**

**From:**  
**Bank** \_\_\_\_\_

To,  
The President of India  
Ministry of Defence,  
Government of India New  
Delhi

Dear Sir,

Whereas you have entered into a contract No. \_\_\_\_\_ dated \_\_\_\_\_  
(hereinafter referred to as the said Contract) with M/s  
\_\_\_\_\_, hereinafter referred to as the "seller" for supply  
of goods as per Part-II of the said contract to the said seller and whereas the Seller has  
undertaken to produce a bank guarantee for ( % ) of total Contract value amounting to  
\_\_\_\_\_ to secure its obligations to the President of India.

We the \_\_\_\_\_ bank hereby expressly, irrevocably and unreservedly  
undertake and guarantee as principal obligors on behalf of the seller that, in the event  
that the President of India declares to us that the goods have not been supplied  
according to the Contractual obligations under the aforementioned contract, we will  
pay you, on demand and without demur, all and any sum up to a maximum of  
\_\_\_\_\_ Rupees \_\_\_\_\_ only. Your written demand shall  
be conclusive evidence to us that such repayment is due under the terms of the said  
contract. We undertake to effect payment upon receipt of such written demand.

2. We shall not be discharged or released from this undertaking and  
guarantee by any arrangements, variations made between you and the Seller,  
indulgence to the Seller by you, or by any alterations in the obligations of the Seller  
or by any forbearance whether as to payment, time performance or otherwise.

3. In no case shall the amount of this guarantee be increased.

4. This guarantee shall remain valid for ..... months from the date of JRI  
acceptance of test consignment in India or until all the store, spares and  
documentation have been supplied according to the contractual obligations under the  
said contract.

6. Unless a demand or claim under this guarantee is made on us in writing or on  
before the aforesaid expiry date as provided in the above referred contract or unless this  
guarantee is extended by us, all your rights under this guarantee shall be forfeited and  
we shall be discharged from the liabilities hereunder.

7. This guarantee shall be a continuing guarantee and shall not be discharged by and change in the constitution of the Bank or in the constitution of M/s\_\_\_\_\_.