

(To be stamped in accordance with Stamp Act)

PERFORMANCE BANK GUARANTEE

This deed of Guarantee made this _____ day of _____ Two Thousand _____ between _____ (Bank Name & Address) (hereinafter called "THE GUARANTOR" (which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and assigns) of the ONE PART and 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 110 049, through its Unit / Division at ISG, Bangalore (hereinafter called "THE COMPANY") (which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and assigns) of the OTHER PART.

WHEREAS M/s _____ (Vendor Company name) (hereinafter referred to as the "SUPPLIER / CONTRACTOR") have entered into a contract No. _____ dated _____ (hereinafter called the "CONTRACT" for supply / construction of _____ with the COMPANY.

AND WHEREAS the CONTRACT inter-alia provides that the CONTRACTOR / SUPPLIER shall furnish to the COMPANY a sum of Rs, _____ (Rupees _____ only) towards security deposit for due and faithful performance of the CONTRACT in the form and manner specified therein.

AND WHEREAS the CONTRACTOR / SUPPLIER has approached the GUARANTOR and in consideration of the arrangement arrived at between the CONTRACTOR / SUPPLIER and the GUARANTOR, the GUARANTOR has agreed to give the Guarantee as hereinafter mentioned in favour of the COMPANY.

NOW THIS DEED WITNESSESS AS FOLLOWS –

1. The Guarantor do hereby guarantee to the COMPANY the due and faithful performance, observance or discharge of the CONTRACT by the CONTRACTOR / SUPPLIER and further unconditionally and irrevocably undertake to pay to the COMPANY without demur and merely on a demand, to the extent of Rs. _____ (Rupees _____ only) any claim made by the COMPANY on them for any loss, damage, costs, charges and expenses caused to or suffered by the COMPANY by reason of the CONTRACTOR / SUPPLIER making any default in the performance, observance or discharge of the terms, conditions, stipulations or undertakings or any one of them as contained in the CONTRACT.

2. The decision of the COMPANY whether any default has occurred or has been committed by the CONTRACTOR / SUPPLIER in the performance, observance or discharge of any of the terms, conditions, stipulations or undertakings or any one of them as contained in the CONTRACT and / or as to the extent of loss or damage costs. Charges and expenses caused to or suffered by the COMPANY by reason of the CONTRACTOR / SUPPLIER making any default in the performance, observance or discharge of any of the terms, conditions, stipulations or undertakings or any one of them shall be conclusive and binding on the GUARANTOR, irrespective of the fact whether the CONTRACTOR / SUPPLIER admits or denies the default or questions the correctness of any demand made by the COMPANY in any Court, Tribunal or Arbitration Proceedings or before any other Authority

3. The COMPANY shall have the fullest liberty without affecting in any way the liability of the GUARNATOR under this Guarantee from time to time to vary any of the terms and conditions of the CONTRACT or extend time of performance by the CONTRACTOR / SUPPLIER or to postpone for any time and from time to time any of the powers exercisable by it against the said CONTRACTOR / SUPPLIER and either to enforce or forbear from enforcing any of the said terms and conditions governing the said CONTRACT or the advance or securities available to the COMPANY and the GUARANTOR shall not be released from its liability under these presents by any exercise by the COMPANY of the liberty with reference to the matters aforesaid or by reason of time being given to the CONTRACTOR / SUPPLIER or any other forbearance, act or omission on the part of the COMPANY or any indulgence by the COMPANY to the said CONTRACTOR / SUPPLIER or of any other matter or thing whatsoever which under the law relating to sureties, would, but for this provision have the effect of so releasing the GUARANTOR from its liability under this GUARANTEE.

4. The GUARANTOR further agree that the GUARANTEE herein contained shall remain in full force and effect during the period that would be taken for the performance of the CONTRACT and its claims satisfied or discharged and till _____ certifies that the terms and conditions of the CONTRACT have been fully and properly carried out by the CONTRACTOR / SUPPLIER and accordingly discharges this GUARANTEE subject, however, that the COMPANY shall have no claim under this GUARANTEE after ____ years from the date of completion of the CONTRACT, as the case may be, unless a notice of the claim under this GUARANTEE has been served on the GUARANTOR before the expiry of the said period in which case the same shall be enforceable against the GUARANTOR notwithstanding the fact that the same is enforced after the expiry of the said period.

5. The GUARANTOR undertake not to revoke this GUARANTEE during this period it is in force except with the previous consent of the COMPANY in writing, and agree that any liquidation or winding up or dissolution or any change in the constitution of the CONTRACTOR / SUPPLIER or the GUARANTOR shall not discharge the GUARANTOR's liability hereunder.
6. It shall not be necessary for the COMPANY to proceed against the CONTRACTOR before proceeding against the GUARANTOR and the GUARANTEE herein contained shall be enforceable against them notwithstanding any security, which the COMPANY may have obtained or obtain from the CONTRACTOR / SUPPLIER shall, at the time when proceedings are taken against the GUARANTOR hereunder be outstanding or unrealized.
7. The GUARANTOR hereby declares that it has power to execute this GUARANTEE under its Memorandum and Articles of Association and the executant has full powers to do so on its behalf under the Power of Attorney dated _____ granted to him by the proper authorities of the GUARANTOR.

IN WITNESS whereof _____ (Bank Name & Address) and Bharat Heavy Electricals Limited, have hereunto set and subscribed their respective hands the day, month and year first above written.

WITNESS :

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Signed for and on behalf of the BANK