

PERFORMANCE BANK GUARANTEE (FORMAT)

To

M/s Electronics Corporation of India Limited

Strategic Electronics Division

ECIL (P.O), Hyderabad – 500 062

Bank Guarantee in respect of Contract No./ Letter of Intent No. _____
Dated _____ between M/s. Electronics Corporation of India Limited and
_____ (Name of the Supplier).

This Deed of Guarantee made this _____ day of _____, Two Thousand _____
between _____ (Name of the Bank with 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

Electronics Corporation of India Limited, (a Government of India Enterprise), a Company
incorporated under the Companies Act, 1956, having its Registered Office at Hyderabad
– 500062, India (herein after 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 _____ (Supplier/Contractor/Company Name and
address) (herein after referred to as the Contractor) was awarded contract No.
_____ dated _____ (hereinafter referred to as the
Contract) by the Company for _____ (Scope of Work). And whereas the contract
inter-alia, provides that the Supplier shall furnish Bank Guarantee to the Company a
sum of Rs. _____ (Rupees _____ only) towards due and faithful
performance of the contract in the form and manner specified therein covering the
obligations of the contractor.

And whereas the contractor has approached the Guarantor and in consideration of the
arrangement arrived at between the contractor and the Guarantor, the Guarantor has
agreed to give Guarantee as hereinafter mentioned in favour of the Company.

Now this Deed witnesses as follows:

1. The Guarantor do hereby guarantee to the Company the due and faithful
performance, observance or execution of the contract by the 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
_____) when claim is 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 making any default in the performance, observance or

execution 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 in the performance, observance, discharge, execution 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 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 admits or denies the faults 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 Guarantor 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 Supplier or to postpone for any time and from time to time any of the powers exercisable by it against the said contractor and either to enforce or forbear from enforcing any of the said terms and conditions governing the said contract and the Guarantor shall not be released from its liability under these presents and the liability of the Guarantor here under shall remain in full force and effect notwithstanding any exercise by the Company of the liberty with reference to the matters aforesaid or by reason of time being given to the contractor or any other forbearance, act or omission on the part of the Company or any indulgence by the Company to the said contractor 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 agrees 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 the Company certifies that the terms and conditions of the contract have been fully and properly carried out by the contractor and accordingly discharges this Guarantee subject to, however, that the Company shall have no claim under this Guarantee after __ (months) 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 undertakes 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 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 obtained from the contractor shall, at the time when the 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 executants has full powers to do so on its behalf and the Power of Attorney dated _____, granted to him/her by the proper authority of the Guarantor.
8. This Guarantee is valid till _____ and the Company is entitled to lodge its claim on the Guarantor on or before _____ (additional 30 days). The Guarantor hereby undertakes to honour the said invocation without demur.

Witness:

Signed for and on behalf of the Bank (Guarantor)

- 1.
- 2.