**PERFORMANCE SECURITY FORM / Contract Performance Guarantee**

Bank Guarantee No. …… Date.....

LOA No.....

*[Name of Contract]* ……..……

**To:**

**Power Grid Corporation of India Limited**
Southern Region Transmission System-II,
Near RTO Test Driving Track, Singanayakanahalli,
Yelahanka Hobli, Bangalore – 560 064.

Dear Ladies and/or Gentlemen,

We refer to the Contract ("the Contract") **vide letter of award issued on ……. (*insert date of notification of award*)…….by you to M/s……..(*Name of the contractor*)……..**having its Principal place of business/Registered Office at …….....*(Registered address of contractor)* ..... ("the contractor") for the complete execution of the ……. *(insert name of Package)*

By this letter we, the undersigned, ……*(insert name & address of the issuing bank)* ……, a Bank (which expression shall include its successors, administrators, executors and assigns) organized under the laws of ..... and having its Registered/Head Office at …..…….*(insert address of registered office of the bank)*……..... do hereby irrevocably guarantee payment to you up to …….. i.e., **ten percent (10%)** of the Contract Price until ninety (90) days beyond the Defect Liability Period i.e., upto and inclusive of ……. *(dd/mm/yy)*.

We undertake to make payment under this Letter of Guarantee upon receipt by us of your first written demand signed by your duly authorized officer declaring the contractor to be in default under the Contract and without cavil or argument any sum or sums within the above named limits, without your need to prove or show grounds or reasons for your demand and without the right of the contractor to dispute or question such demand.

Our liability under this Letter of Guarantee shall be to pay to you whichever is the lesser of the sum so requested or the amount then guaranteed hereunder in respect of any demand duly made hereunder prior to expiry of the Letter of Guarantee, without being entitled to inquire whether or not this payment is lawfully demanded.

This letter of Guarantee shall remain in full force and shall be valid from the date of issue until ninety (90) days beyond the Defect Liability Period of the Goods i.e. upto and inclusive of ……. *(dd/mm/yy)* and shall be extended from time to time for such period (not exceeding one year), as may be desired by M/s. …… on whose behalf this Letter of Guarantee has been given.

Except for the documents herein specified, no other documents or other action shall be required, notwithstanding any applicable law or regulation.

Our liability under this Letter of Guarantee shall become null and void immediately upon its expiry, whether it is returned or not, and no claim may be made hereunder after such expiry or after the aggregate of the sums paid by us to you shall equal the sums guaranteed hereunder, whichever is the earlier.

All notices to be given under shall be given by registered (airmail) posts to the addressee at the address herein set out or as otherwise advised by and between the parties hereto.

We hereby agree that any part of the Contract may be amended, renewed, extended, modified, compromised, released or discharged by mutual agreement between you and the contractor, and this security may be exchanged or surrendered without in any way impairing or affecting our liabilities hereunder without notices to us and without the necessity for any additional endorsement, consent or guarantee by us, provided, however, that the sum guaranteed shall not be increased or decreased.

No action, event or condition which by any applicable law should operate to discharge us from liability hereunder shall have any effect and we hereby waive any right we may have to apply such law so that in all respects our liability hereunder shall be irrevocable and, except as stated herein, unconditional in all respects.

"Notwithstanding anything contained herein:

1. Our liability under this Bank Guarantee shall not exceed _____ (*value in figures*)_____ [_____ (*value in words*)_____].

2. This Bank Guarantee shall be valid upto _____*(validity date)*_____.

3. We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only & only if we receive a written claim or demand on or before _____ (*validity date*) _____."

For and on behalf of the Bank

[*Signature of the authorised signatory(ies)*]

Signature_____

Name_____

POA Number_____

Common Seal of the Bank_____

Note :

1. For the purpose of executing the Bank Guarantee, the non-judicial stamp papers of appropriate value shall be purchased in the name of Bank who issues the 'Bank Guarantee'.

2. The Bank Guarantee shall be signed on all the pages by the Bank Authorities indicating their POA nos. and should invariably be witnessed.