

PROFORMA FOR PERFORMANCE BANK GUARANTEE

To

The President of India

In consideration of the President of India (hereinafter referred to as 'the Authority') having agreed to grant a Unified License with Service authorization forService under Chapter(s)..... forService Area of the said Unified License to M/s _____ of _____ (hereinafter called 'the Licensee') to establish, maintain and operate the authorized service(s)(hereinafter called 'the Service') in the Service area as per Letter of Intent/ Unified License No. _____ dated _____ (hereinafter called 'the said License') on the terms and conditions contained in the said Unified License, which inter-alia provides for production of a Bank Guarantee to the extent of Rs. _____ (in words _____) for the service by way of security for the due observance and performance of the terms and conditions of the said License. We _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the Licensee hereby irrevocably and unconditionally guarantee to the Authority that the Licensee shall render all necessary and efficient services which may be required to be rendered by the Licensee in connection with and/or for the performance of terms and conditions of the said Licensee and further guarantees that the service which shall be provided by the Licensee under the said License, shall be actually performed in accordance with the terms & conditions of the License to the satisfaction of the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.....(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any breach by the said Licensee of the terms and conditions contained in the said License including failure to extend the validity of this guarantee or to give a fresh guarantee in lieu of the existing one.

3. We, the Bank hereby, in pursuance of the terms of the said License, absolutely, irrevocably and unconditionally guarantee as primary obligor and not merely as surety the payment of an amount of Rs. _____ (Rupees _____ Only) to the Authority to secure due and faithful performance by the Licensee of all his/their obligations under the said License.

4. We, the Bank hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Authority stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the Authority by reason of breach by the said Licensee of any of the terms or conditions contained in the

said License or by reason of the Licensee's failure to perform any of its obligations under the said License."

5. We, the Bank, hereby agree that the decision of the Authority as to whether the Licensee has failed to or neglected to perform or discharge his duties and obligations under the terms and conditions of the License as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said License and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on the Bank.

6. WE, THE BANK, DO HEREBY DECLARE AND AGREE that:

(a) the Guarantee herein contained shall remain in full force and effect for entire currency of the License from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said License have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said License have been fully and properly carried out by the said Licensee and accordingly discharged this guarantee.

(b) the Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said License or to extend time of performance of any obligations by the said Licensee from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said Licensee and to forbear or to enforce any of the terms and conditions relating to the said License and we shall not be relieved from our liability by reason of any variation or extension being granted to the said Licensee or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said Licensee or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) any claim which we have against the Licensee shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the Licensee.

7. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

8. We, the Bank agree that this guarantee may be invoked on a number of occasions for part amounts, with the balance standing in favour of the

Authority, but so that the total amount payable hereunder shall not exceed Rs.....

In case where the Bank Guarantee issuing branch is not located at the station/city as required by the Licensor, any notice for invocation, sent by Licensor through Fax to the branch of the Bank issuing this Guarantee, with an ink signed copy to a local branch in the service area of the Licensee, namely (to be designated by the bank at station/city prescribed by the Licensor) within the validity period shall be deemed to be a valid notice on the Bank for invocation of this Bank Guarantee.

9. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force untilyear from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated _____ day _____ for

(Name of the Bank)

Witness:

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