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FORMAT OF PERFORMANCE BANK GUARANTEE - MATERIALS SUPPLY

(To be executed on stamp paper of appropriate value)

PURCHASE ORDER NO. & DATE: _____
BANK GUARANTEE NO.: _____
DATED : _____
AMOUNT RS.: _____
VALID UPTO : _____

LANKA IOC PLC,
LEVEL 20, WEST TOWER,
WORLD TRADE CENTRE,
ECHELON SQUARE,
COLOMBO - 01

Dear Sir,

1. WHEREAS Lanka IOC PLC having its registered office at Level 20, West Tower, World Trade Centre, Echelon square, Colombo (hereinafter called the 'LIOC' which expression shall include its successors, assigns) has placed a Purchase Order No. _____ dtd. _____ on M/s _____ having its Registered Office at _____ (hereinafter called ' the Supplier' which expression shall in so far as the context admits include their successors and assigns) for the purchase of _____ on terms and conditions mentioned in the said Purchase Order.
2. AND WHEREAS in terms of Clause No. _____ of the said Purchase Order the Suppliers are required to submit a Bank Guarantee for 10% of the Supply items value amounting to Rs. _____ towards the performance of the units during the warranty period spelt out in the said order :
3. AND WHEREAS we _____ the Bank (hereinafter called the 'Bank' which expression shall include its successors assigns) on the request made by the suppliers have agreed to give the required Bank Guarantee aforesaid.

NOW THIS INDENTURE WITNESSETH that it is agreed by and between the parties hereto as follows:

- a. We, the Bank so as to bind ourselves and our successors and assigns do hereby irrevocably undertake and guarantee performance of the units that may be supplied by the suppliers under the above said Purchase Order and do hereby irrevocably undertake to pay to you on demand in writing without demur and without reference to the Suppliers all and any sums of money at any time or from time to time demanded by you upto an aggregate limit of Rs. _____ which being the 10% value of supply items of the above said Purchase Order if all or any of the Units that may be supplied by the Suppliers fails in their warranty period mentioned in the Contract.

SIGNATURE OF TENDERER
SEAL

- b. We, further, agree that the guarantee herein contained shall remain in full force and effect upto and until the date of completion of the warranty period mentioned in the Contract which is 12 months from date of shipment, provided always that notwithstanding anything heretofore contained the liability of the Bank hereunder shall remain valid till _____ after which date it will automatically lapse unless a demand is made by the LIOC before that date.
- c. Although as between the Bank and Suppliers the Bank is the guarantor only, the Bank agrees and confirms that as between itself and the LIOC, the bank shall be primarily liable for the payment of the amount/s that may be claimed by the LIOC by virtue of this guarantee and that the Bank shall be treated as the principal debtor.
- d. We further agree that the LIOC shall have the fullest liberty without affecting in any manner our obligations hereunder and without reference to us to vary any of the terms and conditions of the said Contract and / or to extend time of performance by the Suppliers from time to time or to postpone for any time or from time to time any of the obligations of the Suppliers or powers exercisable by the LIOC against the Supplier and / or forbear to force any of the terms and conditions of or relating to the said Contract and that we shall not be released from our liability under this Guarantee / Undertaking by reasons of any such variation or extension being granted to the said Supplier or for any forbearance and/or omission on the part of the LIOC or any indulgence by the LIOC to the Supplier.
- e. The Bank will not require any proof or judgement, document, decree or any direction from any Court/Arbitrator or otherwise to substantiate the claims of the LIOC against the Suppliers. The right of the LIOC under this Guarantee will not be affected by reason of any pending proceeding before any court or Arbitrator.
- f. Notwithstanding anything contained herein before our liability under this Guarantee is restricted to Rs._____.
- g. We further agree that this Guarantee shall not be affected by any change in the Constitution of the Bank or the Suppliers.

Signed this _____ day of _____

Yours faithfully,

For _____ Bank

Signature _____

Specimen signature No. _____

Name & Designation _____

Name of the Branch _____