

Performance Bond

Bond No.
Date of Issue;
Amount of Bond;
Date of Expiry:

[_____]

Whereby contract for supply ____, made at Karachi on _____, 20__, ("**Contract**") between M/s ____ (herein and hereinafter referred to as the "**Consumer**" of the one part) and M/s. ____ (herein and hereinafter referred to as the "**Company**" of the other part) the Company agreed to supply to the Consumer and the Consumer agreed to pay for supply of ____ at the rates and in the manner therein set out in the Contract and the Consumer to secure payment thereof in accordance with Clause _____ of the Contract, the Company is under an obligation for the benefit of the Consumer, to furnish an Irrevocable Performance Bond for due performance and observance of the Contract. Upon request of the Company, we as a Guarantor (defined herein below) guarantee to the Consumer and its successors, transferees and assignees the due and punctual performance of all present and future obligations of the Company under [or in connection with] the Contract if and when they become performable in accordance with the terms of the Contract.

We hereby undertake as follows:

We, _____ through our, _____ Branch located at, _____, _____, ("**Guarantor**") do hereby irrevocably, unconditionally and without any cavil and demur and without prior recourse, notice or reference to Company and notwithstanding any objection by Company, undertake and agree to pay forthwith to the Consumer such amount or amounts not exceeding (in aggregate) the sum of PKR 00,000,000/- (Pak Rupees ____ only) ("**Bond Amount**") immediately within one business day of first written demand by the Consumer in the form attached as per Annexure A to this Performance Bond, stating that the Company has failed to comply with, fulfill and/or are in breach of any terms and conditions of the Contract. Your (the Consumer) determination as to the failure of the Company shall be final and conclusive and shall not be contested by the Guarantor.

All sums payable by the Guarantor under this Performance Bond shall be paid in full to the Consumer, free and clear of any deductions or withholdings of any kind, except for those required by any law or regulation binding on the Guarantor.

If the Guarantor is legally obliged to make any deduction or withholding from any payment under this Performance Bond, the Guarantor shall also pay whatever additional amount is necessary to ensure that the Consumer receive the full amount otherwise receivable had there been no deduction or withholding obligation.

However, this Performance Bond expires on _____ ("**Expiry Date**"). Any claim for payment under this Performance Bond must be received by Guarantor at its counters during the banking business hours on or before said Expiry Date.

This Performance Bond shall be exclusively for the benefit of the Consumer and its successors, transferees and assignees, and as a result thereof. The Consumer may assign its benefits under this Performance Bond to any person by notice in writing to the Guarantor.

No partial payment to you under this Performance Bond shall operate to discharge the Guarantor's obligations in respect of which it was made except to the extent of such payment.

This Performance Bond is a continuing bond which shall remain in full force and effect until all the obligations of the Company under the Contract have been satisfied or performed in full, notwithstanding any intermediate or partial satisfaction or performance or until the Expiry Date stated above, whichever occurs earlier.

The liability of the Guarantor under this Performance Bond shall not be reduced, discharged or otherwise adversely affected by:

- (a) any act, omission, matter, or any change in the constitution and/or management of the Company or thing which would not have discharged or affected the liability of the Guarantor had it been a principal obligor instead of a Guarantor; or by
- (b) any other act or omission except an express written release of the Guarantor by the Consumer.
- (c) any of the obligations of the Company under the Contract or under any other security relating to the Contract being or becoming illegal, invalid or unenforceable in any respect;
- (d) any time or other indulgence being granted or agreed to be granted by the Consumer, or any composition or other arrangement made with or accepted from the Company in respect of its obligations under the Contract;
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature and whether or not more onerous) or replacement of the Contract.
- (f) any failure to realize or fully to realize the value of, or any release, renewal, discharge, exchange, variation, compromise or substitution of, any obligation of the Company under the Contract;
- (g) taking of any security or any failure (whether intentional or not) to take, or fully to take, or perfect or enforce any security now or hereafter agreed to be taken by the Consumer in relation to the Contract; or
- (h) any other act, event or omission which would or might operate to discharge, impair or otherwise affect any of the obligations of the Guarantor herein contained or any of the rights, powers or remedies conferred upon the Consumer by the Contract or by law.

This Performance Bond is in addition to and shall not affect nor be affected by or merge with any other judgment, security, right or remedy obtained or held by the Consumer from time to time in respect of the discharge and performance of the obligations by the Company. This Performance Bond shall become null and void on its Expiry Date state above whether it is returned to us or not for cancellation.

This Performance Bond may only be amended, modified or supplemented in writing by both the Parties.

This Performance Bond is subject to Uniform Customs and Practice for Documentary Credits (UCP) of the International Chamber of Commerce Publication No. 600 and all applicable prevailing laws of Pakistan and the courts of Karachi shall have exclusive jurisdiction.

.....
Authorized Signatures of

1.

2.

Yours faithfully,
For and on Behalf of

(Guarantor)

Witness: _____

Witness: _____

Annexure A

DEMAND FOR PAYMENT

Mr. _____
Branch Manager
[Bank Name]
[Address]

Date: [__],

Sub: Performance Bond No. _____ issued in favor of Beneficiary K-Electric Limited dated _____, (the "Bond")

We write in reference to the Bond No. _____ ('Bond'), and the terms defined in the Bond thereof.

Your good office is hereby called upon to release / pay a sum of PKR ____/- (PKR _____ only) in accordance with the terms of the said Bond.

We certify that the aforesaid amount under the Bond represents sums due to K-Electric Limited ('KE') as the Company has failed to oblige as due under the terms of the Agreement.

Therefore, it is kindly requested that the aforesaid sum of PKR ____/- (PKR _____ only) may be released / paid to K-Electric Limited immediately upon receipt of this demand letter in following bank account:

Account Title	K-Electric Limited
Account No.	
IBAN	
Branch	
Branch Code	

We undertake that the person(s) signing this demand are authorized to sign with binding effect on behalf K-Electric Limited, as well as the authenticity of the said signature(s).

Yours faithfully

For and on behalf of K-Electric Limited

Name of Signatory:
Designation of Signatory:

Enclosed: Original Bond