

Law Department, Andhra Pradesh

Template regarding Commercial Contracts

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(4) Letter of Guarantee and Indemnity

To,

.....
.....
.....

1. In consideration of your agreeing to grant lease of (description of premises) to..... (Name of guarantor) (hereinafter referred to as "the lessee") under the terms of a lease agreement proposed to be made between yourselves and the lessee of the equipment specified in the Schedule to the said lease agreement and more particularly described in the Schedule hereto, we the undersigned hereby jointly and severally guarantee on demand by you the punctual payment by the lessee of all lease rentals, interest, all other sums whatsoever due and the Agreed loss Value referred to in the Schedule of the lease agreement and the due performance and observance of all the lessee's covenants and obligations thereunder and we further undertake to jointly and severally indemnify and keep you indemnified against all losses, claims, damages, charges and proceedings incurred or suffered by you in consequence of any failure by the lessee to perform any of the lessee's covenants and obligations under the lease agreement.

2. We jointly and severally agree that any notice in writing by you about the indebtedness of the lessee about the lease rentals and other sums whatsoever due under the lease agreement shall be conclusive evidence against us and we shall pay the said sum to you within 15 days of service of notice by you in this regard.

3. We further jointly and severally agree that:

- i. Our liability under this guarantee and indemnity shall be as principal debtors and shall be a continuing guarantee and irrevocable;
- ii. Our liability shall subsist whether or not you have availed legal right or remedies against the lessee;
- iii. Our liability shall also extend to cover any renewal or renewals of the lease agreement; and
- iv. This guarantee and indemnity shall not be affected or prejudiced by any other guarantee/indemnity and any other form of security now or hereafter held by the lessor.

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4. Our liability under this guarantee shall not in any way be discharged, diminished or affected:
- i. By the grant of time or indulgence to the lessee or by effecting any compromise with the lessee or any agreement not to sue the lessee or any variations of the terms of the lease agreement.
 - ii. Any change in the constitution of the lessee.
5. Our liability under this guarantee shall be in addition to any security or additional security obtained by you from the lessee and the loss or release of any security will not in any way diminish or affect our liability.
6. Any waiver, forbearance or indulgence granted by you to us or any of us shall not affect our liability to you hereunder and this guarantee and indemnity shall bind our respective heirs, representatives, executors, successors and assigns and shall not be determined or affected by the incapacity of any one of us.

The Schedule above referred to

(1) Signature.....

Full Name.....

Description and address.....

(2) Signature.....

Full Name.....

Description and address.....

WITNESSES;

1.

2.