

To: [Name of the Beneficiary/Employer]
Address: [Address of the Beneficiary]

Date: [Date]

Guarantee No: [Reference Number]

Subject: RETENTION MONEY GUARANTEE

Dear Sir/Madam,

In accordance with the provisions of the Contract dated [Date of Contract] related to [Project Name/Contract Number] (hereinafter called "the Contract"), [Name of Contractor] (hereinafter called "the Contractor") has undertaken the execution of [Brief Description of Works].

Under the terms of the said Contract, a percentage of the total contract price is to be withheld by you as Retention Money. The Contractor has requested that the payment of the Retention Money, amounting to [Currency and Amount in Figures] ([Amount in Words]), be made to them against a Bank Guarantee.

We, [Name of the Issuing Bank], having our registered office at [Bank Address], (hereinafter called "the Guarantor"), agree unconditionally and irrevocably to guarantee as primary obligor and not as surety merely, the payment to [Name of Beneficiary] on your first demand, without whatsoever right of objection on our part and without your first claim to the Contractor, in the amount not exceeding [Currency and Amount].

We further agree that no change or addition to or other modification of the terms of the Contract or of the Works to be performed thereunder or of any of the Contract documents which may be made between [Name of Beneficiary] and the Contractor shall in any way release us from any liability under this guarantee.

This guarantee shall remain valid and in full effect from the date of the receipt of the retention money by the Contractor under the Contract until [Expiry Date or event, e.g., the issuance of the Defects Liability Certificate].

Any demand for payment under this guarantee must be received by us in writing at this office on or before the expiry date.

Yours faithfully,

[Signature of Authorized Bank Official]
[Name and Designation]
[Bank Stamp/Seal]