LEGAL NOTICE — PROPOSED / IMPROPER INVOCATION OF BANK GUARANTEE

Scope warning: An unconditional on-demand bank guarantee is an independent undertaking. A dispute under the underlying contract does not by itself stop encashment. The complete guarantee wording controls. Injunctions are exceptional; a notice is not a stay order.

Applicant / Contractor	[Name, constitution, registered address]
Advocate / Date	[Name and contact] / [DD-MM-YYYY]
Beneficiary	[Employer / purchaser / authority and address]
Copy to (if appropriate)	[Issuing bank / branch / BG department]
Contract / BG	[Contract no. and date] / [BG no., bank, amount, issue, expiry and claim deadline]

Subject: Objection to proposed / actual invocation of Bank Guarantee No. [number] and demand for withdrawal / correction

Sir / Madam,

1. That my client [name] ("Applicant") entered into [contract / work order] No. [number] dated [date] for [scope], subject to clauses [numbers] on performance, certification, termination, recovery and dispute resolution.

2. That the Applicant furnished BG No. [number] dated [date], issued by [bank / branch], for ■[amount] as an [advance / performance / retention] guarantee. It expires on [date] and requires claims to be received at [place / method] by [claim deadline].

3. That the operative guarantee wording is: "[quote the exact payment undertaking, trigger, certificate, authorised signatory, amount cap and claim-period terms]". The instrument must be read as a whole; its label does not displace express conditions.

4. That the Applicant performed [milestones / supplies / works]. The enclosed records include [delivery challans / measurement books / completion certificates / inspection reports / extension approvals]. The Beneficiary's notice dated [date] alleging [default] was replied to on [date].

5. That the proposed demand is defective for the following specific reason under clause [number] of the guarantee: [wrong signatory / missing certificate / absent trigger / excess amount / wrong place / expired claim period / omitted document]. The exact wording and supporting record are enclosed. A dispute under the underlying contract alone is not asserted as sufficient to stop a compliant unconditional demand.

6. That the amount proposed is ■[amount] against a guarantee cap of ■[amount]. The Applicant disputes the computation because [advance adjustment / certified work / payment / formula], as shown in the enclosed reconciliation. A disputed account alone does not defeat an otherwise compliant unconditional invocation.

7. That the Supreme Court recognises the independent nature of unconditional bank guarantees and requires banks to honour demands made in accordance with their terms. The Applicant calls upon the Beneficiary to review the instrument and withdraw a demand only if it is not compliant with the guarantee or falls within a recognised legal exception.

8. You are called upon within [48 hours / 3 working days] to: (a) withdraw a non-compliant proposed demand; (b) provide the invocation letter and supporting certificate if already sent; (c) provide the clause-wise calculation; and (d) preserve the contract, site, measurement, inspection, approval and invocation records.

9. That the Applicant reserves the right to invoke the arbitration clause and seek appropriate interim relief under Sections 9 or 17 of the Arbitration and Conciliation Act, 1996, as applicable, and to pursue contractual damages / restitution if the guarantee has already been honoured. A notice alone does not restrain payment. All rights and contentions are reserved.

Yours faithfully,
[Advocate name] • [Enrolment no.] • [Office / contact]

Enclosures / checklist: executed contract and amendments; complete BG and extensions; work / supply and completion records; default, cure and termination notices; replies; advance and payment reconciliation; proposed / actual invocation demand and proof of delivery; arbitration clause. **Before service:** check whether the guarantee is conditional or unconditional, the exact beneficiary and signatory, the trigger, amount cap, expiry, claim period, delivery address and mandatory supporting documents.

Authorities: U.P. State Sugar Corporation v. Sumac International Ltd. (1997) 1 SCC 568; Dwarikesh Sugar Industries Ltd. v. Prem Heavy Engineering Works (P) Ltd. (1997) 6 SCC 450; Himadri Chemicals Industries Ltd. v. Coal Tar Refining Co. (2007) 8 SCC 110; Hindustan Construction Co. Ltd. v. State of Bihar (1999) 8 SCC 436; Standard Chartered Bank v. Heavy Engineering Corporation Ltd. (2019) 16 SCC 455. Mere hardship or an underlying contractual dispute is not enough; obtain urgent advice on evidence, forum and limitation.

General drafting aid only. Adapt to the actual guarantee, contract, parties, forum and facts before dispatch. Do not expect the issuing bank to adjudicate the underlying dispute.