

Guarantee - Interpretation of - While answering the question whether the guarantee subject matter thereof was enforceable, held, "That depends upon the terms under which the guarantor bound himself. Under the law he cannot be made liable for more than he has undertaken". It was further held that only when there is ambiguity, is the guarantee to be interpreted contra proferentem i.e. against the guarantor. It was however again emphasised that "the cardinal rule is that the guarantor must not be made liable beyond the terms of his agreement."

*State of Maharashtra v. M.N. Kaul AIR 1967 SC 1634,*