



POWER MECH[®]

Date: September 3, 2015

To,
Dept of Corporate Services,
BSE Limited,
PJ Towers, Dalal Street,
Fort, Mumbai – 400001
Fax: +91 – 22- 22722037/39/41
+91 22 22723121/3719/1557

To, National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

Sub: Receipt of Rs. 85,64,57,308/- Contract for Operation, Management & Maintenance of Unit 1 & Unit 2 of 2*660 MW thermal power plant owned by IL&FS Tamil Nadu Power Company Limited at Cuddalore, Tamil Nadu


Ref: Power Mech Projects Limited BSE Scrip Code: 539302 NSE Symbol: POWERMECH

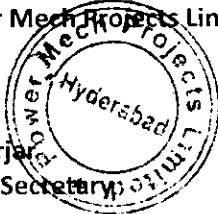
With reference to the captioned subject matter, we wish to inform you that the Company has received an Letter of Intent ("LOI") from *IL&FS Tamil Nadu Power Company Limited* for an order worth Rs. 85,64,57,308/- (Rupees Eighty Five Crores Sixty Four Lakhs Fifty Seven Thousand Three Hundred and Eight only) towards "*Operation, Management & Maintenance with respect to Boiler, turbine, Generator & Balance of Plant (except CHP, AHP, Seawater Intake & Outfall and FGD systems) and related facilities (BTG & BOP) for Unit 1 & Unit 2 of 2*660 MW thermal power plant at Cuddalore, Tamil Nadu. The order is spread over 3 years.*"

This is for your information and for dissemination to the general public at large.

Thanking you

For Power Mech Projects Limited


Mohit Gurjar
Company Secretary



POWER MECH PROJECTS LIMITED

AN ISO 9001, ISO 14001 & OHSAS 18001 CERTIFIED COMPANY

Regd. & Corporate Office :
Plot No. 77, Jubilee Enclave, Opp. Hitex,
Madhapur, Hyderabad-500081
Telangana, India
CIN : U74140TG1999PLC032156

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Website : www.powermechprojects.in



JAS-ANZ



M4570910IN



Ref. No.: ITPCL/GGN/2015/O&M/BTG & BOP/LOA/16

Date: August 14, 2015

M/s Power Mech Projects Limited,
Plot No. 77, Jubilee Enclave, Opposite Hitex,
Madhapur, Hyderabad - 500 081, Telengana
Tel. No.: +91-40-30444444
Fax No.: +91-40-30444400
E-mail: ajay@powermech.net
Kind Attn: Mr. K. Ajay Kumar

Dear Sir,

Sub: Award of Operation, Management and Maintenance Contract with respect to Boiler, Turbine, Generator and Balance of Plant (except CHP, AHP, Seawater Intake & Outfall and FGD systems) and Related Facilities ("BTG & BOP") for Unit 1 and Unit 2 of the thermal power plant ("Facility") of 2 X 600 MW at Cuddalore, Tamil Nadu

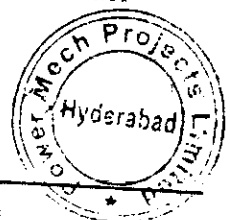
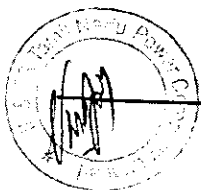
Ref: Your Letter No. PMPL/CO/O&M/ITPCL/BTG/BOP/F NO.110/D.NO.08/99 dated August 06, 2015

We, IL&FS Tamil Nadu Power Company Limited ("**Owner**") refer to the various discussions with M/s Power Mech Projects Limited ("**BTG & BOP Operator**") in relation to the operations, management and maintenance ("**O&M**") of Boiler, Turbine, Generator and Balance of Plant (except CHP, AHP, Seawater Intake & Outfall and FGD systems) and Related Facilities ("**BTG & BOP Package**") for Unit 1 and Unit 2 of 2 X 600 MW of the Facility.

Based on the BTG & BOP Operator's:

- (a) representation that it has the necessary specialized knowledge and expertise for providing:
 - (i) technical and engineering services in respect of the Boiler, Turbine, Generator & Balance of Plant and related facilities similar to the BTG & BOP Package; and
 - (ii) technical and other necessary expertise with regard to the proper operation, management and maintenance of the BTG & BOP; and
- (b) credentials and the high level of commitment promised by the BTG & BOP Operator in the BTG & BOP Operator's bid dated April 4, 2015 in response to the Tender Enquiry Document for the O&M of the BTG & BOP Package;

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the Owner hereby agrees to award to the BTG & BOP Operator, the contract for the performance of the O&M for the BTG & BOP Package on the terms and conditions set out hereunder. The Owner is accordingly issuing this letter of award ("LOA") on the following terms and conditions:

1. Contract Execution

1.1 The BTG & BOP Operator, to give effect to the understanding contemplated hereby, will execute the following documents with the Owner:

- (a) a contract ("**BTG & BOP O&M Contract**") for the performance of the O&M in relation to BTG & BOP Package ("**BTG & BOP O&M Services**"); and
- (b) such other agreements as may be required to be executed based on advice received from the professional consultants of the Owner including its legal or tax advisors.

1.2 The agreements referred in paragraph 1.1 will be referred to as the "**Contracts**". In addition to the provisions of this LOA, the Contracts will contain such other provisions as may be mutually agreed between the Owner and the BTG & BOP Operator.

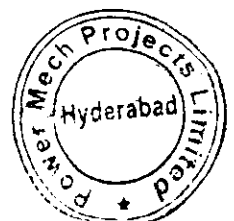
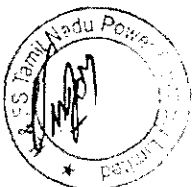
1.3 The Owner and the BTG & BOP Operator will make reasonable endeavours to negotiate, finalise and execute the Contracts at the earliest and no later than 30 (thirty) days from the date hereof.

2. Scope of BTG & BOP O&M Services

The brief scope of BTG & BOP O&M Services to be performed by the BTG & BOP Operator is mentioned in Annexure I hereto. The tender specifications, bid documents and subsequent addendums are to be read along with this Annexure, and in case of any contradiction or ambiguity between the provisions of Annexure I on one hand and any of these documents on the other hand, the provision contained in Annexure I shall prevail.

In addition to above, following works are also covered under their scope:

- **Minor inspection of TG:** Minor inspection of TG for the first three years of the contract (cost included in the contract price) which includes:
 - All turbine bearing inspection
 - Generator bearing inspection
 - MS & RS valves and strainer inspection
 - Decoupling & realignment of turbine
 - Turbine centring



- NDT
- Commissioning support
- **Workshop:** Extending O&M Operator's workshop facility (on chargeable basis) situated at Noida having facilities for attending rectification works on 600 MW LP rotors (including facilities like reblading, balancing, etc.) as and when it is established on priority basis to ITPCL. This workshop facility shall also be used for indigenization of spares.
- **Training Institute:** 2 (Two) weeks training (having facilities like simulator, etc.) to 1 batch of ITPCL consisting of 30 Engineers / Technicians (along with boarding facility) will also be given at O&M Operator's upcoming training institute at Nagpur (cost included in the contract price).
- O&M Operator will provide logistic support in arranging spares for the Chinese machines in any emergency and cost control through its residential office established at China.

3. Commencement Date and Term

- 3.1 The obligations of the BTG & BOP Operator contained in Annexure I for familiarization period herein, will commence from the date ("**Commencement Date**") of the issuance of the first notice to proceed ("**NTP 1**") by the Owner. Such NTP 1 has been issued simultaneously with this LOA.
- 3.2 The obligations of the BTG & BOP Operator contained in Annexure I for full mobilization for Unit#1 and common facilities herein, will commence from the date of the issuance of the second notice to proceed ("**NTP 2**") by the Owner. Such NTP 2 has been issued simultaneously with this LOA.
- 3.3 The obligations of the BTG & BOP Operator contained in Annexure I for full mobilization for both Units and common facilities herein, will commence from the date of the issuance of the third notice to proceed ("**NTP 3**") by the Owner. Such NTP 3 shall be issued in accordance with the terms of the Contracts.
- 3.4 The BTG & BOP O&M Contract will be valid and effective for a period of 3 (three) years from the date being the 46th day from the Commencement Date ("**Term**").
- 3.5 This LOA shall remain in full force and effect until the execution of Contracts.

4. Contract Price and Terms of Payment

- 4.1 The amount ("**Contract Price**") payable by the Owner to the BTG & BOP Operator under the Contracts during the Term is agreed as **Rs. 85,64,57,308/- (Rupees Eighty Five Crore Sixty Four Lakh Fifty Seven Thousand Three Hundred Eight)**

