



POWER MECH®

Growth Unlimited

Date: September 18, 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
Fax: +91 – 22 – 66418124/25/26

Sub: Receipt of Rs. 166.87 Crs contract of providing Field Operation & Maintenance services for 3*660 MW units at Prayagraj Thermal Power Plant at Bara from Prayagraj Power Generation Company Ltd (PPGCL) (Jaypee Group), Bara, Allahabad, UP

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

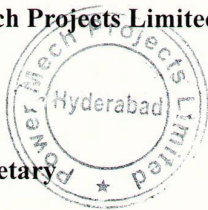
With reference to the captioned subject matter, we wish to inform you that the Company has received an Letter of Award (“LOA”) from **Prayagraj Power Generation Company Ltd (PPGCL), Jaypee Group** for an order worth approximately **Rs. 166.87 Crs (including price escalation)** towards **“Field Operation & Maintenance for BTG, BOP, CHP & AHP OF 1980 MW (3*660MW) at Prayagraj Thermal Power Plant at Bara, Allahabad, Uttar Pradesh.** The order is spread over 5 years. ”

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

Thanking you

For Power Mech Projects Limited

Mohit
Mohit Gurjar
Company Secretary



POWER MECH PROJECTS LIMITED

AN ISO 9001, ISO 14001 & OHSAS 18001 CERTIFIED COMPANY



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M4570910IN

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

Phone : 040-30444444
Fax : 040-30444400
E-mail : info@powermech.net
Website : www.powermechprojects.in



PPGCL /BARA/O&M/LOA/2015



August 31st 2015

M/s. Power Mech Projects Limited
Plot No. 77, Jubilee Enclave, Opp. Hitex
Madhapur,
Hyderabad – 500 081

Kind Attn: Sh. Kishore Babu, Chairman & Managing Director

Sub: 3 X 660 MW Prayagraj Thermal Power Plant at Bara, Allahabad in Uttar Pradesh – Letter of Award (LOA) for the work of providing Field Operation & Maintenance services for 3 X 660 MW Units of the Thermal Power Plant.

Dear Sir,

This has reference to the following:

- i) Issue of Bid document by Prayagraj Power Generation Company Limited (PPGCL) vide E-mail / Letter dt. 07.07.2015.
- ii) Participation of Power Mech Projects Limited ("PMPL") in above bidding by way of bid comprising of techno-commercial bid no. PMPL/CO/O&M/JVPL/ PPGCL-327/D.No.7/27 dt. 23.07.2015 submitted vide your E-mail dt. 23.07.2015
- iii) Our E-mail dt. 25.07.2015 seeking certain confirmations on your bid.
- iv) Your E-mail dt. 25.07.2015 regarding your confirmation/ clarifications.
- v) Your E-mails dt. 27.07.2015 and 28.07.2015 regarding your revised confirmations.
- vi) Our E-mail dt. 30.07.2015 seeking your offer for General House Keeping
- vii) Your offers for House Keeping vide your E-mail dt. 30.07.2015.
- viii) Our E-mail dt. 31.07.2015 seeking your confirmation for your final deviations.
- ix) Your E-mail dt. 31.07.2015 submitting your final deviation list.
- x) Our E-mail dt. 07.08.2015 inviting you for discussions and negotiations on 13/14.08.2015.
- xi) Techno-commercial discussions held at our office on 13.08.2015.
- xii) Submissions of your revised offer vide your E-mails dt. 13.08.2015 and dt. 14.08.2015
- xiii) Price Negotiation meeting held on 14.08.2015 at our office.
- xiv) Submissions of your revised prices vide your E-mail dt. 14.08.2015
- xv) Our E-mail dt. 14.08.2015 regarding your confirmation on scope of work discussed during meeting held on 13.08.2015
- xvi) Your confirmations/ clarifications vide your E-mail dt. 18.08.2015

PMPL and PPGCL are also jointly referred to herein as the "Parties" and individually as the "Party".

[Handwritten signature]

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Regd. & Corp. Sector-128, Noida-201304, Uttar Pradesh (India)
Office : Ph. : +91 (120) 4609000, 2470800 Fax : +91 (120) 4609783
CIN : U40101UP2007SGC032835

We are pleased to issue this Letter of Award (LOA) for providing services for Field Operations and Maintenance of the three Units of 660 MW each of the subject Thermal Power Plant for its trouble-free operations, at the following key terms & conditions.

1. OBJECTIVE:

PPGCL's Prayagraj Super Thermal Power Plant at Bara is a modern Plant adopting State of the Art Technology and Plant & Equipment, sourced from the renowned and reputed manufacturers/ suppliers. The Plant has been engineered and installed keeping in view of operational ease with optimum utilization of the manpower and resources. PPGCL, with a view to ensure good operations for maximizing the Plant availability and having healthy equipment all the time through desired level of maintenance and up-keep of the Plant – all the time, wishes to contract an experienced agency having adequate number of qualified, experienced and trained O&M personnel in various disciplines pertaining to such a Plant, to undertake Field Operations & Maintenance of the Plant.

We understand through interaction with you that you have the requisite resources to take up the above works and would provide on the mutually agreed criteria for Plant availability and maintain the Plant, using best practices and OEM's directions as per the manuals provided by the Suppliers, wherever available, and good engineering practice in other cases, so that at any point of time the Plant & Equipment is as good as new, except for the normal wear & tear.

2. SCOPE OF WORK:

Field Operations and Complete Maintenance Services for all Equipment, Plant & Machinery, Systems, including all Mechanical, Electrical and Control & Instrumentation Works (including preventive, predictive, planned and breakdown) of all the BTG and BOP Equipment within the battery limits defined, but not limited to;

2.1 BOILER, TURBINE AND GENERATOR (BTG) – 3 Units x 660 MW each

Field Operations and Complete Maintenance Services for all equipments, auxiliaries and systems. Detailed scope covered under BTG as covered in **Annexure-I, i.e. Scope of Work.**

2.2 BALANCE OF PLANT SYSTEM (BOPs) - Field Operations and Complete Maintenance Services for all the BOP Equipment, auxiliaries, and systems, but not limited to the following:

- (a) **Water Supply, Treatment & Distribution System:** All equipment & auxiliaries starting from Raw water Intake System at Yamuna River, Raw water Pipe Line from Intake Pump house to Plant reservoir, storage & pumping facilities; Raw water Pumps, C.W. Pumps, ACW Pumps, Water Treatment Plant including RO and DM plants with auxiliaries; Distribution of water for all usages; Make up water supplies; Recycled water supply; Chemical houses etc.

right from the beginning itself. The monthly payment of fee for services provided will be released on pro-rata basis.

7. PLANT AVAILABILITY FACTOR:

The Contractor should note that the prime objective of this award of work is to maintain health and availability of the Plant. Therefore, the parameters for main objective should be addressed. Prayagraj Power Plant at Bara is new installation, utilizing the best technology available and has set up the best of the equipment supplied and installed by renowned suppliers/manufacturers, well known for their quality work. It is expected from PMPL and their team that the health of the plant and equipment shall be maintained well, while consistently achieving the operational efficiency, and at any time the plant equipment should be good as new, except for the normal wear and tear. Further, adequate hot/cold standby equipment has been provided with a view to achieve good plant availability factor.

It is pertinent to mention that higher availability of plant is a true indicator of the good operation & maintenance work carried out by the operators.

You shall ensure Plant availability of minimum 92% on monthly and yearly basis. The calculation for the Plant Availability will be made after deducting planned Annual Shut Down period. However, availability of major equipment shall be ensured at minimum 95%. A list of such critical and major equipment is being provided to you separately.

Formula for calculating the Plant Availability Factor is mentioned below:

$$\text{No. of hours plant actually available} \times 100$$

No. of days in a month/Year (as the case may be) X 24 – planned monthly /yearly annual shut down in hours.

8. EFFECTIVE DATE AND CONTRACT PERIOD:

The contract will become effective from the date of issue this LOA. However, the fee for the services shall be become payable only after satisfactory mobilization at site in line with the approved schedule of mobilization at Plant site. The contract will be valid for a period of 60 months from the date of satisfactory mobilization.

However for the period prior to aforesaid date of approval of schedule of mobilization by Unit head, payment on pro-rata basis will be made for manpower actually utilized for O&M works of the Plant.

9. DEFECT LIABILITY PERIOD:

Defect Liability Period for any defect found in Contractor's workmanship for carrying out O&M works under the provisions of this LOA shall be for a period of six (6) months, for each specific work.

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10. FEE FOR THE SERVICES:

We agree to pay a fee of Rs. 2,51,00,000/- (Rupees Two Crores and Fifty One Lacs only) per month for satisfactory and complete services for all the three (3) Power Generating Units of 660 MW each to be provided by you. This fee is based on a total manpower of 749 persons in specified categories, with a provision of additional 10% Operation & Maintenance manpower within the same fee.

Since the Power Generating Units will be commissioned in a phased manner, and manpower will be deployed by you in a phased manner as per the approval of Plant's Unit head, the monthly payment of fees for services will be payable on pro-rata basis, based on the actual manpower deployed after deduction of any amounts towards shortfall/deficiency in services.

Service Tax, as applicable will be paid extra.

Escalation @ 6 % per annum on completed year (from the date of effective mobilization at Plant site) on year to year basis will be provided.

11. PERFORMANCE BANK GUARANTEES:

You shall submit an irrevocable Contract Performance Bank Guarantee (CPBG) equivalent to 10% of the Annual Fee for the services issued by a Nationalized Bank on prescribed format. The CPBG shall remain valid for the entire Contract period plus Three (3) months.

The amount in the CPBG will be proportionately increased by PMPL in the following years for the increased fee, incorporating as stated herein above.

12. TERMS OF PAYMENT:

We agree to release 60% of monthly bills towards the services provided by you within 15 days of submission of the bills and balance 40% of the monthly fee alongwith applicable tax will be paid within 45 days thereafter.

13. DEFICIENT SERVICES ATTRACTING LIQUIDATED DAMAGES:

Liquidated damages for deficiency in services provided by PMPL will attract Liquidated Damages (LD) as defined below:

- (a) **Delay in Mobilization and shortfall in required availability of manpower:** Rs. 1000 (Rupees One Thousand) per day per person in short mobilization/ shortfall in required availability as per approved manpower deployment schedule.
- (b) **Plant Availability:** 1.0% of monthly Fee for every 1.0% drop (or fraction thereof) in Plant Availability.
- (c) **Major Equipment Availability:** Rs. 50,000 (Rupees Fifty Thousand) for every 1.0% (or fraction thereof) drop in availability below 95%.