

Cir. No.: 016/DIV/COND/05

09th March 2017

To members of Conductor division, SEBs, Utilities and Listed purchasing organizations

Sub: Price Variation Clause for 'HTLS INVAR Conductors'

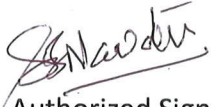
We have circulated Draft Price Variation Clause for 'HTLS INVAR Conductors' to all stakeholders vide Cir. No. 007/DIV/COND/05 dated 07th February 2017. Since, no adverse comments were received; we are making the PV clause operational with effect from 1st January 2017.

We once again state below the salient points of the new PV clause.

1. Variation for Aluminium, Nickel and Steel is linked to LME CSP average converted in INR (for AL, premium is also included)
2. 35% cost weightage representing imported INVAR core consist of cost for technology and other commercials including foreign exchange variation. This cost is represented by Foreign exchange variation of top 4 currencies.

We are enclosing the Final PV clause of HTLS INVAR Conductors along with applicable monthly basic price circulars of January 2017 and February 2017.

We recommend users to incorporate this new PV clause in your forthcoming tenders/contracts for settlement of price variation.



Authorized Signatory

Encl.: PV clause for HTLS INVAR Conductors + January & February 2017 PV circulars



501, Kakad Chambers
132, Dr. A. B. Road, Worli,
Mumbai 400 018
India

P +91 22 2493 0532
F +91 22 2493 2705
E mumbai@ieema.org
W www.ieema.org

IEEMA/PVC/HTLS_INVAR_Conductor/2017

Effective from: 1st January 2017

PRICE VARIATION CLAUSE FOR HTLS INVAR Conductors

This price variation clause is applicable for HTLS INVAR Conductors; supplied by domestic manufacturer.

The price quoted/confirmed is based on the input cost of raw materials/components and labour cost as on the date of quotation and the same is deemed to be related to prices of raw materials and all India average consumer price index number for industrial workers as specified in the price variation clause given below. In case of any variation in these prices/indices, the price payable shall be subject to adjustment, up or down in accordance with the following formula:

$$P = \frac{P_0}{100} \left(10 + 20 \frac{AL}{AL_0} + 24 \frac{NK}{NK_0} + 08 \frac{IS}{IS_0} + 35 \frac{ER}{ER_0} + 03 \frac{W}{W_0} \right)$$

Wherein,

- P = Price payable as adjusted in accordance with the above formula.
- P₀ = Price quoted/confirmed in Rs./KM basis
- AL₀ = Price of LME CSP Average of Aluminium (refer notes)
This price is as applicable for the month, one month prior to the date of tendering.
- NK₀ = Price of LME CSP Average of Nickel (refer notes)
This price is as applicable for the month, one month prior to the date of tendering.
- IS₀ = Price of LME CSP Average of Steel (refer notes)
This price is as applicable for the month, one month prior to the date of tendering.
- ER₀ = IEEMA's Bankers selling rate of exchange between foreign currency prevailing as on Banker's 1st working day of the month prior to one month of date of tendering (refer notes)
- W₀ = All India average consumer price index number for industrial workers, as published by the Labour Bureau, Ministry of Labour, Govt. of India (Base: 2001 = 100)
This index number is as applicable on the first working day of the month, TWO months prior to the date of tendering.

For example, if date of tendering falls in December 2015, applicable prices of Aluminium (AL₀), Nickel (NK₀), Steel (IS₀) and Exchange Rate (ER₀) should be for November 2015 and all India average consumer price index no. (W₀) should be for the month of October 2015.

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/HTLS Conductor/_/_ one month prior to the date of tendering.

- AL = Price of LME CSP Average of Aluminium (refer notes)
This price is as applicable for the month, TWO months prior to the date of delivery.
- NK = Price of LME CSP Average of Nickel (refer notes)
This price is as applicable for the month, TWO months prior to the date of delivery.
- IS = Price of LME CSP Average of Steel (refer notes)
This price is as applicable for the month, TWO months prior to the date of delivery.

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INDIAN ELECTRICAL EQUIPMENT INDUSTRY
MISSION PLAN
2012-2022

Delhi
Rishyamo Building, First Floor,
85 A, Panchkuian Road
New Delhi 110001
P +91 11 2336 3013 / 14
F +91 11 2336 3015
E delhi@ieema.org
W www.ieema.org

Bangalore
204, Swiss Complex
33, Race Course Road
Bangalore 560001, India
P +91 80 2220 1316 / 18
F +91 80 2220 1317
E bangalore@ieema.org
W www.ieema.org

Kolkata
503 A, Oswal Chambers
2, Church Lane
Kolkata 700001, India
P +91 33 6510 7855
F +91 33 2213 1326
E kolkata@ieema.org
W www.ieema.org



501, Kakad Chambers
132, Dr. A. B. Road, Worli,
Mumbai 400 018
India

P +91 22 2493 0532
F +91 22 2493 2705
E mumbai@ieema.org
W www.ieema.org

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Effective from: 1st January 2017


- ER = IEEMA's Bankers selling rate of exchange between foreign currency prevailing as on Banker's 1st working day of the month prior to TWO months of date of delivery (refer notes)
- W = All India average consumer price index number for industrial workers, as published by the Labour Bureau, Ministry of Labour, Govt. of India (Base: 2001 = 100)
This index number is as applicable on the first working day of the month, THREE months prior to the date of delivery.

For example, if date of delivery falls in June 2016, applicable prices of Aluminium (AL), Nickel (NK), Steel (IS) and Exchange Rate (ER) should be for April 2016 and all India average consumer price index no. (W) should be for the month of March 2016.

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/HTLS Conductor/ / TWO months prior to the date of delivery.

The date of delivery is the date on which the Conductor is notified as being ready for inspection/despatch (in the absence of such notification, the date of manufacturer's despatch note is to be considered as the date of delivery) or the contracted delivery date (including any agreed extension thereto), whichever is earlier.

- Notes: (a) Conductor manufacturers import major raw materials. Exchange rate is used to represent as variable for the major part of import content. However, wherever available; the landed cost of imported raw materials which includes applicable custom duty but exclusive of modvatable CVD is considered.
- (b) Date of Tendering is the due date of tender submission or date of tender opening whichever is earlier.
- (c) The details of prices are as under:
1. Price of Aluminium is LME average Cash SELLER Settlement price of Aluminium in US\$ per MT as published by London Metal Exchange (LME) including Premium for Aluminium Ingot in US\$ per MT converted in Indian Rs./MT using exchange rate and adding applicable customs duty.
 2. Price of Nickel is LME average Cash SELLER Settlement price of Nickel in US\$ per MT as published by London Metal Exchange (LME) converted in Indian Rs./MT using exchange rate and adding applicable customs duty.
 3. Price of Steel is LME average Cash SELLER Settlement price of Steel in US\$ per MT as published by London Metal Exchange (LME) converted in Indian Rs./MT using exchange rate and adding applicable customs duty.
 4. Exchange Rate of IEEMA's Bankers exchange rate of select major foreign currencies as on Banker's 1st working day of the month will be published


Authorised Signatory

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Delhi
Rishyamoo Building, First Floor,
85 A, Panchkuian Road
New Delhi 110001
P +91 11 2336 3013 / 14
F +91 11 2336 3015
E delhi@ieema.org
W www.ieema.org

Bangalore
204, Swiss Complex
33, Race Course Road
Bangalore 560001, India
P +91 80 2220 1316 / 18
F +91 80 2220 1317
E bangalore@ieema.org
W www.ieema.org

Kolkata
503 A, Oswal Chambers
2, Church Lane
Kolkata 700001, India
P +91 33 6510 7855
F +91 33 2213 1326
E kolkata@ieema.org
W www.ieema.org