

Cir. No.: 03/DIV/SA/05

January 03, 2008

To All members of Surge Arrester division
SEBs, DISCOMs and other listed purchasing organizations

Sub: Price Variation clause for Polymer Housed Surge Arrester
Ref: Cir. No.: 307/DIV/SA/05 dated November 19, 2007

For past one year, members of IEEMA Surge Arrester division were discussing evolving new Price variation clause for 'Polymer Housed Surge Arrester' since SEBs/DISCOMs were planning to purchase this new product and tenders were floated.

Costing data from leading manufactures was studied; sources for prices of various input raw materials were finalized and the 'Draft' price variation clause for Polymer Housed Surge Arrester has been issued vide above-referred circular.

Since no comments are received till the stipulated given period, we presume the Draft PV formula has been accepted and hence are making the same operational from 1st January 2008.


Applicable basic price circular will remain same i.e. IEEMA(PVC)ARSTR/mm/yyyy having additional reference of this PV clause.


Executive Officer

Encl: PV clause for 'Polymer Housed Surge Arrester'

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organisers of

 **ELEC RAMA-2008**
8th international exhibition of electrical and industrial electronics industry
18-22 January 2008, Bombay Exhibition Centre, Mumbai, India



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Indian Electrical & Electronics Manufacturers' Association

IEEMA(PVC)/SA_PM/2008

Effective from: 1st January 2008

Price variation clause for 'Polymer Housed Lightning Arrester'

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 raw material prices/indices, the price payable shall be subject to adjustment up or down, in accordance with the following formula:


$$P = \frac{P_0}{100} \left[15 + 15 \frac{ZN}{ZN_0} + 10 \frac{CO}{CO_0} + 10 \frac{BI}{BI_0} + 20 \frac{PC}{PC_0} + 5 \frac{ER}{ER_0} + 10 \frac{FP}{FP_0} + 15 \frac{W}{W_0} \right]$$

Wherein,

- P = Price payable as adjustable in accordance with the above formula.
- P₀ = Price quoted / confirmed
- ZN₀ = Price of electrolytic high-grade zinc (refer note).
This price is as applicable on the first working day or the month, one month prior to the date of tendering.
- CO₀ = Price of Cobalt (refer notes)
This price is as applicable on the first working day of the month, one month prior to the date of tendering.
- BI₀ = Price of Bismuth (refer notes)
This price is as applicable on the first working day of the month, one month prior to the date of tendering.
- PC₀ = Price of Polymeric Compound
This price is as applicable on the first working day of the month, one month prior to the date of tendering.
- ER₀ = Price of Epoxy resin (refer notes)
This price is as applicable on the first working day of the month, one month prior to the date of tendering.
- FP₀ = Wholesale price Index number for fuel, power, Light & Lubricants (refer notes).
This index number is as applicable on the 1st Saturday of the month, three months prior to the date of tendering.
- 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 for the month, three months prior to the date of tendering.

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For example, if the date of tendering falls in May 2007, the applicable basic price of raw materials i.e. ZN_o, CO_o, BI_o, PC_o, and ER_o, should be as circulated by IEEMA as on 1st April 2007 and the applicable wholesale price index number for fuel, power, light and lubricants (FP_o) should be for the week ending 1st Saturday of the month of February 2007 and all India average consumer price Index number (W_o) should be for the month of February 2007.

The above prices and indices are as published by IEEMA vide circular reference number IEEMA /(PVC) ARSTR/ / _ prevailing as on first working day of the month i.e. one month prior to the date of tendering.

ZN	=	Price of electrolytic high-grade zinc (refer note). This price is as applicable for the first working day or the month, <u>two</u> months prior to the date of delivery.
CO	=	Price of Cobalt (refer notes) This price is as applicable for the first working day of the month, <u>two</u> months prior to the date of delivery.
BI	=	Price of Bismuth (refer notes) This price is as applicable for the first working day of the month, <u>two</u> months prior to the date of delivery.
PC	=	Price of Polymeric Compound (refer notes) This price is as applicable for the first working day of the month, <u>two</u> months prior to the date of delivery.
ER	=	Price of Epoxy resin (refer notes) This price is as applicable for the first working day of the month, <u>two</u> months prior to the date of delivery.
FP	=	Wholesale price Index number for Fuel, Power, Light & Lubricants (refer notes). This index number is as applicable for the 1 st Saturday of the month, <u>four</u> months prior to the date of delivery.
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 for the month, <u>four</u> months prior to the date of delivery.

If the date of delivery in terms of clause given below falls in December 2007, the applicable price viz: ZN, CO, PC and ER should be those as published by IEEMA prevailing as on 1st October 2007 and the applicable wholesale price index number (FP) and all India average consumer price index number (W) both should be for the month of August 2007.

The date of delivery is the date on which the Surge arresters are 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).

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Notes: (a) All prices of raw materials are exclusive of modvatable excise duty/C.V.D. and exclusive of any other central, state or local taxes, octroi etc. as under.
(b) All prices are as on 1st working day of the month.
(c) The details of prices are as under.

1. The price of electrolytic high-grade Zinc in Rs/MT is the ex-factory/smelter price of a primary producer of zinc.
2. The price of Cobalt in Rs./Kg is the landed cost which is worked out as average of low and high price of Cobalt for the previous month in US\$/Lb (as published in Metal- Bulletin) converted into Rs./Kg by IEEMA's Banker's Exchange rate prevailing as on the first working day of the month under consideration plus (+) the customs duty as applicable as on the first working day of the month under consideration.
3. The price of Bismuth in Rs./Kg is the landed cost which is worked out as average of low and high price of Bismuth for the previous month in US\$/Lb (as published in Metal- Bulletin) converted into Rs./Kg by IEEMA's Banker's Exchange rate prevailing as on the first working day of the month under consideration plus (+) the customs duty as applicable as on the first working day of the month under consideration.
4. Price of Polymeric Compound in Rs./Kg is the average price as quoted by two suppliers for their standard grade.
5. Price of Epoxy resin is as quoted by a resin manufacturer for their grade CT-5900 or its nearest equivalent.
6. Wholesale price number of 'Fuel, Power and Light & Lubricant' is published by the Office of Economic Adviser, Ministry of Industry, Government of India, New Delhi with base 1993-94 = 100. This wholesale price index number gets finalized after 8 weeks and is normally available after two- months. Therefore, we are considering the final index published as on 1st Saturday of the month two months prior to the month of which the prices of ZN, Co, BI, PC and ER are considered.

For IEEMA



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