



Your Link to Electricity

Cir. No.: 301/DIV/INTF/05

August 29, 2005

**To All members of Instrument Transformer Division
To all State Electricity Boards, Utilities and Other Purchasing organizations**

Sub: Price variation clauses for Instrument Transformer

We request you to recall that IEEMA had circulated new price variation clauses for Instrument Transformers- (Below 72.5 KV and 72.5 KV & Above) in 'Draft' format vide Circular No. 225/DIV/INTF/05 dated June 28, 2005. We did not receive any comments/suggestions. As such Instrument Transformer division has decided to make them operational.

Instrument Transformer division have been discussing and debating for last 6 months about revising Price variation clauses of Instrument Transformers. They have decided to follow similar approach adopted by Transformer division while evolving Transformer PV clauses.

The main highlights were selection of basic raw materials of internationally known reliable sources and design of PV formula giving separate weightages of each component/raw material.

Members have also decided to use IEEMA Index of Insulator to represent Insulator component.

We are enclosing herewith a set of two PV clauses applicable for Instrument Transformers- Below 72.5 KV and 72.5 KV & Above. You will observe that new PV clauses have been made effective from 1st June 2005.

We are therefore enclosing Cir. No. IEEMA(PVC)/CTPT/JUNE-AUGUST 2005 giving applicable prices/indices for the period June 2005 to August 2005. From September 2005, we shall circulate these prices/indices every month.

We request you to incorporate these new PV clauses in your future contracts.

For the settlement of pending contracts, we will also circulate prices/indices applicable for old PV clauses (effective from 1st January 2001) for some period. Thereafter, we will withdraw the circulars applicable for old PV clauses.

Executive Officer

**Encl: a) Price variation clauses for Instrument Transformers effective from 1st June 2005
b) Applicable basic prices/indices circular for the period June to August 2005.**

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PRICE VARIATION CLAUSE FOR INSTRUMENT TRANSFORMERS BELOW 72.5 KV
(Current and Potential Transformers designed for operation on system voltage below 72.5 KV)

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 and index numbers, the price payable shall be subject to adjustment, up or down in accordance with the following formula:

$$P = \frac{P_0}{100} \left(18 + 18 \frac{C}{C_0} + 20 \frac{ES}{ES_0} + 10 \frac{IS}{IS_0} + 12 \frac{ER}{ER_0} + 09 \frac{TB}{TB_0} + 13 \frac{W}{W_0} \right)$$

Wherein,

- P** = Price payable as adjusted in accordance with the above formula.
- P₀** = Price quoted/confirmed.
- C₀** = Average LME settlement price of copper wire bars (refer notes)
This price is as applicable for the month, two months prior to the date of tendering.
- ES₀** = C&F price of CRGO Electrical Steel Sheets (refer notes)
This price is as applicable on the 1st working day of the month, one month prior to the date of tendering.
- IS₀** = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)
This index number is as applicable for the week ending 1st Saturday of the month, three months prior to the date of tendering.
- ER₀** = Price of Epoxy Resin (refer notes)
This price is as applicable on the 1st working day of the month, one month prior to the date of tendering.
- TB₀** = Price of Transformer Oil Base Stock (refer notes)
This price is as applicable on the 1st working day of the month, two 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 1982 = 100)
This index number is as applicable on the first working day of the month, three months prior to the date of tendering.

For example, if date of tendering falls in October 2005, the applicable prices of Copper Wire Bars (C₀) and Transformer Oil Base Stock (TB₀) should be for the month August 2005, where as the applicable price of CRGO Electrical Steel Sheets (ES₀) and Epoxy Resin (ER₀) should be as on 1st September 2005 and Wholesale price index number for 'Iron & Steel' (IS₀) should be for the week ending first Saturday of July 2005 and all India average consumer price index number (W₀) should be for the month of July 2005.

Reply to:

IEEMA/PVC/INST.TR (BELOW 72.5 KV)/2005/01/03

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

- C = Average LME settlement price of copper wire bars (refer notes)
This price is as applicable for the month, two months prior to the date of delivery.
- ES = C&F price of CRGO Electrical Steel Sheets (refer note)
This price is as applicable on the 1st working day for the month, one month prior to the date of delivery.
- IS = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)
This index number is as applicable for the week ending 1st Saturday of the month, three months prior to the date of delivery.
- ER = Price of Epoxy Resin (refer notes)
This price is as applicable on the 1st working day of the month, one month prior to the date of delivery.
- TB = Price of Transformer Oil Base Stock (refer notes)
This price is as applicable on the 1st working day of the month, two 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 1982 = 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 in terms of clause given below falls in December 2005, the applicable prices of Copper Wire Bars (C) and Transformer Oil Base Stock (TB) should be for the month October 2005; where as applicable prices of CRGO Electrical Steel Sheets (ES) and Epoxy Resin (ER) should be as on 1st November 2005 and Wholesale price index number for 'Iron & Steel' (IS) should be for the week ending first Saturday of September 2005 and all India average consumer price index number (W) should be for the month of September 2005.

The date of delivery is the date on which the instrument transformer 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) All prices of raw materials are exclusive of modvatable excise/CV duty amount and exclusive of any other central, state or local taxes; octroi etc. Instrument transformers manufacturers import major raw materials like Copper, CRGO Electrical Steel Sheets and TOBS etc. The landed cost of these imported raw materials includes applicable custom duty but exclusive of modvatable CVD.

(b) All prices are as on first working day of the month.

(c) The details of prices are as under:

- 1) The LME price of Copper Wire Bars (in Rs./MT) is the LME average settlement price of Copper Wire Bars for one month prior to the month of the circular converted into Indian Rupees with applicable exchange rates prevailing as on 1st working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 2) The price of CRGO Electrical Steel Sheets (in Rs./MT) is the average CIF price in US \$ per MT converted into Indian Rupees with applicable exchange rate prevailing as on 1st working day of the month, as quoted by primary producers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 3) The wholesale price index number for 'Iron & Steel' is as published by the Office of Economic Advisor, Ministry of Industry, Govt. of India, New Delhi with base 1993-94=100. This wholesale price index number is being published weekly on provisional basis. However, the same gets finalized after eight weeks and is normally available after two months. Therefore, we are considering in our calculations this final index for the first Saturday of the months two months prior to the date of which the prices of other raw materials such as Al, IM are published for the corresponding month.
- 4) The price of Epoxy resin is price quoted by resin manufacturer for their grade CT 5900 or its nearest equivalent.
- 5) The price of TOBS is C&F price (in Rs./K.Ltr) for Group II grade 70 Base Oil as published in ICIS-LOR bulletin for the 1st week of the previous month. This price is normally published in US\$ per US Gallon, which is converted in Rs./K.Ltr with applicable exchange rate prevailing on 1st working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.


Authorized Signatory

PRICE VARIATION CLAUSE FOR INSTRUMENT TRANSFORMERS 72.5 KV AND ABOVE
(Current and Potential Transformers designed for operation on system voltage 72.5 KV and above)

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 and index numbers, the price payable shall be subject to adjustment, up or down in accordance with the following formula:

$$P = \frac{P_0}{100} \left(18 + 13 \frac{C}{C_0} + 12 \frac{ES}{ES_0} + 12 \frac{IS}{IS_0} + 23 \frac{IM}{IM_0} + 6 \frac{TB}{TB_0} + 16 \frac{W}{W_0} \right)$$

Wherein,

- P** = Price payable as adjusted in accordance with the above formula.
- P₀** = Price quoted/confirmed.
- C₀** = Average LME settlement price of copper wire bars (refer notes)
This price is as applicable for the month, two months prior to the date of tendering.
- ES₀** = C&F price of CRGO Electrical Steel Sheets (refer notes)
This price is as applicable on the 1st working day of the month, one month prior to the date of tendering.
- IS₀** = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)
This index number is as applicable for the week ending 1st Saturday of the month, three months prior to the date of tendering.
- IM₀** = IEEMA Index for Insulator (Base: January 2003=100) (refer notes)
This index is as applicable on the 1st working day of the month, one month prior to the date of tendering.
- TB₀** = Price of Transformer Oil Base Stock (refer notes)
This price is as applicable on the 1st working day of the month, two 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 1982 = 100)
This index number is as applicable on the first working day of the month, three months prior to the date of tendering.

For example, if date of tendering falls in October 2005, the applicable prices of Copper Wire Bars (C₀) and Transformer Oil Base Stock (TB₀) should be for the month August 2005, where as the applicable price of CRGO Steel Sheets (ES₀) and IEEMA Index for Insulator (IM₀) should be as on 1st September 2005 and Wholesale price index number for 'Iron & Steel' (IS₀) should be for the week ending first Saturday of July 2005 and all India average consumer price index number (W₀) should be for the month of July 2005.

IEEMA/PVC/INST.TR (72.5 KV AND ABOVE)/2005/01/03

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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 in terms of clause given below falls in December 2005, the applicable prices of Copper Wire Bars (C) and Transformer Oil Base Stock (TB) should be for the month October 2005; where as applicable prices of CRGO Electrical Steel Sheets (ES) and IEEMA Index for Insulator (IM) should be as on 1st November 2005 and Wholesale price index number for 'Iron & Steel' (IS) should be for the week ending first Saturday of September 2005 and all India average consumer price index number (W) should be for the month of September 2005.

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(d) All prices are as on first working day of the month.

(e) The details of prices are as under:

- 1) The LME price of Copper Wire Bars (in Rs./MT) is the LME average settlement price of Copper Wire Bars for one month prior to the month of the circular converted into Indian Rupees with applicable exchange rates prevailing as on 1st working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 2) The price of CRGO Electrical Steel Sheets (in Rs./MT) is the average C&F price in US \$ per MT converted into Indian Rupees with applicable exchange rate prevailing as on 1st working day of the month, as quoted by primary producers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 3) The wholesale price index number for 'Iron & Steel' is as published by the Office of Economic Advisor, Ministry of Industry, Govt. of India, New Delhi with base 1993-94=100. This wholesale price index number is being published weekly on provisional basis. However, the same gets finalized after eight weeks and is normally available after two months. Therefore, we are considering in our calculations this final index for the first Saturday of the months two months prior to the date of which the prices of other raw materials such as Al, IM are published for the corresponding month.
- 4) IEEMA Index for Insulator (Base January 2003=100) is published in basic price circular for Insulator vide reference IEEMA (PVC)/INSLR/--/-- applicable for IEEMA price variation clause for Insulator viz. IEEMA (PVC)/INSLR effective from 01st April 2003.
- 5) The price of TOBS is C&F price (in Rs./K.Ltr) for Group II grade 70 Base Oil as published in ICIS-LOR bulletin for the 1st week of the previous month. This price is normally published in US\$ per US Gallon, which is converted in Rs./K.Ltr with applicable exchange rate prevailing on 1st working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.


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