

Cir. No.: 058/DIV/TRF/05

March 16, 2012

To All members of Transformers Division, SEBs, Utilities and Listed Purchasing organizations

Sub: New Price Variation Clauses for Star rated Distribution Transformers

IEEMA had circulated 'DRAFT' new PV clauses for Star rated Distribution Transformers vide Cir. No. 008/DIV/TRF/05 dated January 31, 2012. Since no adverse comments have been received so far, we are making it operational effective from 01st January 2012.

Please find enclosed herewith copies of two price variation clauses as under:

1. for 'BEE Star Three and above rated Aluminium Wound Distribution Transformers', with voltages up to 33 KV
2. for 'BEE Star Three and above rated Copper Wound Distribution Transformers', with voltages up to 33 KV

We are also enclosing applicable monthly basic price circulars for the months January 2012 (Revised) and February 2012 for your perusal.


Assistant Director

Encl: Price variation clauses for Star rated Distribution Transformers & applicable PV circulars for the months January 2012 (Revised) and February 2012

IEEMA/PVC/STAR-DIST-AL/2012

Effective from: 01st January 2012

PRICE VARIATION CLAUSE FOR BEE STAR THREE AND ABOVE RATED ALUMINIUM WOUND DISTRIBUTION TRANSFORMERS COMPLETE WITH ALL ACCESSORIES AND COMPONENTS
(Of voltage up to 33 KV)
supplied against domestic contracts

This price variation clause is applicable for 'BEE Star Three and above rated Aluminium Wound Distribution Transformers', with voltages up to 33 KV. The clause is to be used for domestic contracts.

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:

$$P = \frac{P_0}{100} \left(12 + 18 \frac{AL}{AL_0} + 26 \frac{ES}{ES_0} + 17 \frac{FE}{FE_0} + 4 \frac{IM}{IM_0} + 12 \frac{TO}{TO_0} + 11 \frac{W}{W_0} \right)$$

Wherein,

P = Price payable as adjusted in accordance with the above formula.

P₀ = Price quoted/confirmed.

AL₀ = Price of EC Grade Aluminium rods (Properzi rods) (refer notes)
This price is as applicable on the 1st working day of the month, ONE month 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.

FE₀ = Wholesale price index number for 'Ferrous Metals' (Base: 2004-05=100) (refer notes)
This index number is as applicable for the month, THREE months prior to the date of tendering.

IM₀ = Price of Insulating Materials (refer notes)
This price is as applicable on the 1st working day of the month, ONE month prior to the date of tendering.

TO₀ = Price of Transformer Oil (refer notes)
This price is as applicable on the 1st working day of the month, ONE month 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 on the first working day of the month, THREE months prior to the date of tendering.

For example, if date of tendering falls in May 2011, applicable prices of Aluminium (AL₀), Transformer Oil (TO₀), CRGO Steel Sheets (ES₀) and Insulating Material (IM₀) should be as on 1st April 2011 and Wholesale price index number for 'Ferrous Metals' (FE₀) and Labour Index (W₀) should be for the month of February 2011.

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IEEMA/PVC/STAR-DIST-CU/2012

Effective from: 01st January 2012

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/TRF (R-1)/_/_ ONE month prior to the date of tendering.

- C = Average LME settlement price of copper wire bars (refer notes)
This price is as applicable of the month, ONE month 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 of the month, ONE month prior to the date of delivery.
- FE = Wholesale price index number for 'Ferrous Metals' (Base: 2004-05=100) (refer notes)
This index number is as applicable for the month, THREE months prior to the date of delivery.
- IM = Price of Insulating Materials (refer notes)
This price is as applicable on the 1st working day of the month, ONE month prior to the date of delivery.
- TO = Price of Transformer Oil (refer notes)
This price is as applicable on the 1st working day of the month, ONE month 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 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 2011, applicable prices of Copper Wire Bars (C), Transformer Oil (TO), CRGO Steel Sheets (ES) and Insulating Material (IM) should be as on 1st November 2011 and Wholesale price index number for 'Ferrous Metals' (FE) and Labour Index (W) should be for the month of September 2011.

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/TRF (R-1)/_/_ ONE month prior to the date of delivery.

The date of delivery is the date on which the 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. transformers manufacturers import major raw materials like Copper, CRGO Steel Sheets and Insulating pressboards 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.

IEEMA/PVC/STAR-DIST-CU/2012/2/3

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Effective from: 01st January 2012

(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 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 of suitable for BEE star Three and above rated Distribution Transformers of voltage up to 33 KV (in Rs./MT) is the average C&F price (landed cost), as quoted by primary producers in US \$ per MT converted into Indian Rupees with applicable exchange rate and inclusive of applicable customs duty only but exclusive of countervailing duty prevailing as on 1st working day of the month.
The price to be considered is same as applicable for Power Transformers (rating above 10 MVA or voltage above 33 KV)
3. The wholesale price index number for 'Ferrous Metals' is as published by the Office of Economic Advisor, Ministry of Industry, Govt. of India, New Delhi with base 2004-05=100. This wholesale price index number is being published monthly on provisional basis. However, the same gets finalized and is normally available after two months. Therefore, we are considering in our calculations this final index for the month, 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 average price of Insulating Materials (in Rs./Kg) of pre-compressed pressboards of size 3 mm and 10 mm thick, 3200 mm x 4100 mm C&F price in free currency per MT converted into Indian Rupees with applicable exchange rates prevailing as on 1st working day of the month as quoted by primary suppliers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
5. The price of Transformer Oil (in Rs./K.Ltr) is the average price on ex-refinery basis as quoted by two manufacturers for supply in drums.

(d) Some purchasers are purchasing oil immersed Transformers from manufacturers without first filling of oil. Oil for first filling is procured and filled by the purchasers. For such supplies PVC formula, excluding Oil will apply as under:

$$P = \frac{P_0}{94} \left(13 + 36 \frac{C}{C_0} + 16 \frac{ES}{ES_0} + 14 \frac{FE}{FE_0} + 4 \frac{IM}{IM_0} + 11 \frac{W}{W_0} \right)$$

Where description of P, P₀, C, ES, FE, IM etc. remains same as mentioned earlier.



Authorised Signatory

IEEMA/PVC/STAR-DIST-CU/2012

Effective from: 01st January 2012

**PRICE VARIATION CLAUSE FOR BEE STAR THREE AND ABOVE RATED COPPER WOUND DISTRIBUTION
TRANSFORMERS COMPLETE WITH ALL ACCESSORIES AND COMPONENTS
(Of voltage up to 33 KV)
supplied against domestic contracts**

This price variation clause is applicable for 'BEE Star Three and above Rated Copper Wound Distribution Transformers', with voltages up to 33 KV. The clause is to be used for domestic contracts.

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:

$$P = \frac{P_0}{100} \left(13 + 36 \frac{C}{C_0} + 16 \frac{ES}{ES_0} + 14 \frac{FE}{FE_0} + 4 \frac{IM}{IM_0} + 6 \frac{TO}{TO_0} + 11 \frac{W}{W_0} \right)$$

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 of the month, ONE month 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.
- FE₀ = Wholesale price index number for 'Ferrous Metals' (Base: 2004-05=100) (refer notes)
This index number is as applicable for the month, THREE months prior to the date of tendering.
- IM₀ = Price of Insulating Materials (refer notes)
This price is as applicable on the 1st working day of the month, ONE month prior to the date of tendering.
- TO₀ = Price of Transformer Oil (refer notes)
This price is as applicable on the 1st working day of the month, ONE month 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 on the first working day of the month, THREE months prior to the date of tendering.

For example, if date of tendering falls in May 2011, applicable prices of Copper Wire Bars (C₀), Transformer Oil (TO₀), CRGO Steel Sheets (ES₀) and Insulating material (IM₀) should be as on 1st April 2011 and Wholesale price index number for 'Ferrous Metal' (FE₀) and Labour Index (W₀) should be for the month of February 2011.

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IEEMA/PVC/STAR-DIST-AL/2012

Effective from: 01st January 2012

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/TRF (R-1)/ _/_ ONE month prior to the date of tendering.

- AL = Price of EC Grade Aluminium rods (Properzi rods) (refer notes)
This price is as applicable on the 1st working day of the month, ONE month prior to the date of delivery.
- ES = 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 delivery.
- FE = Wholesale price index number for 'Ferrous Metals (Base: 2004-05=100)' (refer notes)
This index number is as applicable for the month, THREE months prior to the date of delivery.
- IM = Price of Insulating Materials (refer notes)
This price is as applicable on the 1st working day of the month, ONE month prior to the date of delivery.
- TO = Price of Transformer Oil (refer notes)
This price is as applicable on the 1st working day of the month, ONE month 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 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 2011, applicable prices of Aluminium (AL), Transformer Oil (TO), CRGO Steel Sheets (ES) and Insulating Material (IM) should be as on 1st November 2011 and Wholesale price index number for 'Ferrous Metals' (FE) and Labour Index (W) should be for the month of September 2011.

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/TRF (R-1)/ _/_ ONE month prior to the date of delivery.

The date of delivery is the date on which the 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. transformers manufacturers import major raw materials like CRGO Steel Sheets and Insulating pressboards 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.

IEEMA/PVC/STAR-DIST-AL/2012

 Effective from: 01st January 2012

(c) The details of prices are as under:

- 1) The price of Aluminium in Rs./MT is the average Ex-works price of EC Grade Aluminium rods quoted by the primary producers confirming to specifications IS: 5484.
- 2) The price of CRGO Electrical Steel Sheets suitable for BEE Star Three and above rated Distribution Transformers of up to 33 KV (in Rs./MT) is the average C&F price (landed cost) as quoted by primary producers; in US \$ per MT converted into Indian Rupees with applicable exchange rate and inclusive of applicable customs duty only but exclusive of countervailing duty prevailing as on 1st working day of the month.
The price to be considered is same as applicable for Power Transformers (rating above 10 MVA or voltage above 33 KV)
- 3) The wholesale price index number for 'Ferrous Metals' is as published by the Office of Economic Advisor, Ministry of Industry, Govt. of India, New Delhi with base 2004-05=100. This wholesale price index number is being published monthly on provisional basis. However, the same gets finalized and is normally available after two months. Therefore, we are considering in our calculations this final index for month, 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 average price of Insulating materials (in Rs./Kg) of pre-compressed pressboards of size 3 mm and 10 mm thick, 3200 mm x 4100 mm C&F price in free currency per MT converted into Indian Rupees with applicable exchange rates prevailing as on 1st working day of the month as quoted by primary suppliers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 5) The price of Transformer Oil (in Rs./K.Ltr) is the average price on ex-refinery basis as quoted by two manufacturers for supply in drums.

Some purchasers are purchasing oil immersed Transformers from manufacturers without first filling of oil. Oil for first filling is procured and filled by the purchasers. For such supplies PV formula, excluding Oil will apply as under:

$$P = \frac{P_0}{88} \left(12 + 18 \frac{AL}{AL_0} + 26 \frac{ES}{ES_0} + 17 \frac{FE}{FE_0} + 4 \frac{IM}{IM_0} + 11 \frac{W}{W_0} \right)$$

where description of P, P₀, AL, ES, FE and IM etc. remains same as mentioned earlier.



 Authorised Signatory