

Cir. No.: 168/DIV/TRF/05

20th July 2011

To all members of Transformer division
SEBs, Utilities and listed purchasing organizations

Sub: Revision in Price Variation Clause for Transformer Oil

IEEMA had circulated 'DRAFT' new PV clause of Transformer Oil vide Cir. No. 140/DIV/TRF/05 dated 17th June 2011. Since no adverse comments have been received so far, we are making it operational effective from Friday, 01st July 2011.

Kindly note that the earlier IEEMA PV clause of Transformer Oil i.e. IEEMA/PVC/TR-OIL/2000 effective from 1st January 2000 has been discontinued after July 2011.

We are also enclosing applicable PV circular giving prices of TOBS and Steel Drum for the month of July 2011 for both old and new PV clause.

We recommend following two stage methodology for settlement of pending contracts.

1. Calculate price variation 'P' from base date up to July 2011 using old IEEMA PV clause for Transformer oil (effective from 1st January 2000)
2. Treat the above 'P' as 'P₀' and calculate final price variation taking July 2011 prices as base prices up to the date of delivery using new IEEMA PV clause for Transformer oil (effective from 1st July 2011)


Assistant Director

PRICE VARIATION CLAUSE FOR TRANSFORMER OIL

The price quoted/confirmed is based on the cost of raw materials/components as on the date of quotation and the same is deemed to be related to prices of TOBS and drum as specified in the price variation clause given below. In case of any variation in these prices, the price payable shall be subject to adjustment up or down, in accordance with the following formula:

$$P = P_0 + 1.2 (TB - TB_0) + 4.8 (D - D_0)$$

Wherein,

P = Price (in Rs/KLtr) payable as adjusted in accordance with the above formula.

P₀ = Price (in Rs/KLtr) quoted/confirmed for transformer oil supplied in drums and confirming to IS:335-1993 and amended from time to time.

TB₀ = Price of TOBS (refer notes).
This price is as applicable on first working day of the month, ONE month prior to the date of tendering.

D₀ = Price of drums (refer notes).
This price is as applicable on first working day of the month, ONE month prior to the date of tendering.

For example, if the date of tendering falls in July 2011, the applicable prices of TOBS (TB₀) and drums (D₀) should be prevailing as on 1st June 2011.

The above prices are as published by IEEMA vide circular reference number IEEMA(PVC)TR-OIL(R)/_/ _ prevailing as on first working day of the month i.e., ONE month prior to the date of tendering.

TB = Price of TOBS (refer notes).
This price is as applicable on first working day of the month, ONE month prior to the date of delivery.

D = Price of drums (refer notes).
This price is as applicable on first working day of the month, ONE month prior to the date of delivery.

For example, if the date of delivery in terms of clause given below falls in December 2011 the applicable prices for TOBS (TB) and drums (D) should be as published by IEEMA as prevailing on 1st November 2011.

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

IEEMA/PVC/TR-OIL/2011/1/2

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Effective from: 1st July 2011

Notes: (a) All prices of raw materials are exclusive of modvatable excise/CV duly amount and exclusive of any other central, state or local taxes. Octroi etc.

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

(c) The details of prices are as under:

1. The price of TOBS considered is the average price (in Rs./KLtr) as quoted by Transformer oil manufacturers (including applicable customs duty, if imported).
2. The price of drum (in Rs) is the ex-works price as quoted by a drum manufacturer for drum of capacity of 210 liters.


Authorized Signatory

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