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Cir. No. IEEMA/PVC/AL Conductor-LME/06/2015

June 2015

To Members of Conductor division, Utilities, PSUs and listed Purchasing Organization

This is for the application in IEEMA's Price variation Clauses as under:

1. For AAC/AAAC/ACSR Conductors viz.: IEEMA(PVC)/CONDUCTOR\_LME/2014 effective from 1<sup>st</sup> September 2014
2. For Earth wire viz.: IEEMA(PVC)/EARTHWire/2015 effective from 1<sup>st</sup> April 2015

Dates	Aluminium LME SELLER Settlement Price in USD (AL)	Premium for AL Ingots	Aluminium LME SELLER Settlement Price including Premium for AL Ingots and Customs duty converted in Rs./MT (AL)
01-Jun-15	\$1,691.50	380	139153
02-Jun-15	\$1,711.50	380	140956
03-Jun-15	\$1,716.50	380	141335
04-Jun-15	\$1,697.50	380	140740
05-Jun-15	\$1,693.50	380	139940
08-Jun-15	\$1,695.50	380	140511
09-Jun-15	\$1,723.00	380	142015
10-Jun-15	\$1,727.00	380	142159
11-Jun-15	\$1,701.50	380	140459
12-Jun-15	\$1,701.50	380	140750
15-Jun-15	\$1,660.50	380	138101
16-Jun-15	\$1,661.00	380	138257
17-Jun-15	\$1,675.50	380	139157
18-Jun-15	\$1,680.50	380	138960
19-Jun-15	\$1,650.50	380	136853
22-Jun-15	\$1,650.50	380	136224
23-Jun-15	\$1,680.50	380	138504
24-Jun-15	\$1,690.50	380	139218
25-Jun-15	\$1,671.00	380	137804
26-Jun-15	\$1,668.00	380	137582
29-Jun-15	\$1,642.00	380	136482
30-Jun-15	\$1,646.50	380	136442
<b>Average</b>	<b>\$1,683.45</b>	<b>380</b>	<b>139162</b>
<b>HIGH TENSILE GALVANISED STEEL WIRE (FE)</b>			<b>Prices exclusive of all duties</b>
1.57 mm			Rs. 65,500.00/-MT
2.11 to 2.21 mm			Rs. 58,875.00/-MT
2.54 to 2.59 mm			Rs. 55,375.00/-MT
3.00 to 4.09 mm			Rs. 54,375.00/-MT
3.53 mm (PGCIL)			Rs. 54,625.00/-MT
<b>CONSUMER PRICE INDEX NUMBER (W)</b>			
All India average consumer price index number for industrial workers (Base: 2001=100) for the month of April 2015			256

QE/PVC/41 (R-04)

ISSUED DATE: 02.07.2015

  
Authorized Signatory

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Cir. No.: 145/PVC/CLAR/02

20<sup>th</sup> October 2014

To Members of Conductor division, Subscribers of PV Circulars  
All SEBs, Utilities and other listed Purchasing Organizations

**Sub: Publishing of New Conductor PV formula – based on Daily LME Aluminium prices**

Users may recall that from August 2013, IEEMA had started publishing LME Average price of Aluminium in required IEEMA PV circulars including Conductors. The same was notified vide Cir. No. 135/PVC/CLAR/02 dated 1<sup>st</sup> August 2013 with the background and recommendation to use this price for price variation calculations for future contracts.

After one year of providing LME Average Aluminium prices as an alternative, Conductor manufacturers have further deliberated internally and with some users and decided to move towards Daily LME Aluminium prices.

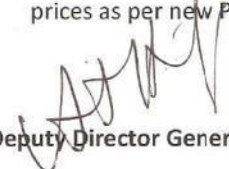
The Draft PV clause of Conductor was circulated vide cir. No. 127/PVC/CLAR/02 dated 12<sup>th</sup> September 2014 to all stakeholders for their review and comments. Since no comments were received, we are now making it operational and make it effective from 1<sup>st</sup> September 2014. The new PV clause is enclosed for your perusal.

The salient points of the same are as under:

- LME prices are transparent, hedge-able and highly credible.
- Consumers of Aluminium Conductors & cables and other Aluminium based products are linking their Purchase Orders with the LME.
- Frequent changes in domestic Aluminium prices is creating volatility and posing difficulties for buyers; since domestic suppliers follow pricing based on LME price trend on ad-hoc basis.
- The Daily LME Aluminium price will be worked out by adding Premium charges for Aluminium.

We recommend incorporating this new PV clause in all future tenders. We recommend following methodology to arrive at price variation for all the pending contracts having old IEEMA PV clause of Conductors (effective from 1<sup>st</sup> April 2012)

1. Calculate 'P' from the date of tendering /base date of the contract as per old IEEMA PV clause of Conductors up to September 2014 i.e. considering prices of 1<sup>st</sup> September 2014 as per old PV clause of Conductors at the denominator
2. Treat the above calculated 'P' and 'P<sub>0</sub>' and calculate final price variation using new IEEMA PV clause for Conductors from September 2014 i.e. considering prices of 1<sup>st</sup> September 2014 as per new PV clause of Conductors at the numerator up to the date of delivery i.e. by considering appropriate prices as per new PV clause of Conductors.

  
Deputy Director General

Encl: IEEMA PV clause of Conductors ref. IEEMA(PVC)/Coductors\_LME effective from 1<sup>st</sup> September 2014

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### Annexure – I for circular number 145/PVC/CLAR/02 dated 20<sup>th</sup> October 2014

In IEEMA Conductor Price variation circular, domestic daily prices of Aluminium (EC grade Aluminium rods (properzi rods) conforming to specification IS-5484-1978, EC grade Aluminium Ingots conforming to specification IS-5484-1978 and Aluminium Alloy Rods) are published up to September 2014 and further LME AL (LME daily Settlement Price including Premium for Ingot) started publishing.

**Recommended two steps methodology to arrive at final value of 'P' for pending contracts of Conductor with base date/date of tendering earlier than 1<sup>st</sup> September 2014, where domestic Aluminium rod price is referred /used.**

#### Important:

For step I submit 'date of delivery' as 1<sup>st</sup> October 2014 which will capture domestic prices of Aluminium (EC grade Aluminium rods (properzi rods) conforming to specification IS-5484-1978, EC grade Aluminium Ingots conforming to specification IS-5484-1978 and Aluminium Alloy Rods) of 1<sup>st</sup> September 2014 as per IEEMA Conductor PV clause having lag of 30 days for Aluminium.

Similarly in step II, same date i.e. 30<sup>th</sup> September 2014 month to be submitted as 'date of tendering' which will capture LME AL (LME daily Settlement Price including Premium for Ingot) of 1<sup>st</sup> September 2014 as per IEEMA Conductor PV clause having lag of 30 days for Aluminium.

#### STEP I:

1. Login to IEEMA PV Calculator (<http://pvcalculator.ieema.org>) – buy the credit package
2. Go to "PV CALCULATOR" menu
3. Enter **Price quoted ( $P_0$ )** - value in Rs/kM of Conductor supplied  
**Date of tendering** - base date / date of tendering of the contract  
**Date of delivery** – 1<sup>st</sup> October 2014 (fixed)
4. Select the formula category and the applicable formula of Conductor w.e.f. 1<sup>st</sup> April 2012. Click on "Calculate PV"
5. Select the applicable strands
6. Select "Aluminium (AL)" (EC grade Aluminium rods/ingots) as applicable, also select the "Steel (FE)" as applicable
7. Press button "Calculate Price Variation"
8. You will get **Final value P (STEP I)**. Download the certified output and close the window.

#### STEP II:

1. Go to "PV CALCULATOR" menu
2. Enter **Price quoted ( $P_0$ )** – **Final value P** arrived from STEP I  
**Date of tendering** – 1<sup>st</sup> October 2014 (fixed)  
**Date of delivery** – date of dispatch as per contract /agreement
3. Select the formula category and the applicable formula of conductor w.e.f. 1<sup>st</sup> September 2014. Click on "Calculate PV"
4. Select the applicable strands
5. For Aluminium (AL) price will be selected as "LME Aluminium settlement price including premium for Ingots"
6. Press button "Calculate Price Variation"
7. You will get **Final value P (STEP II)**. Download the certified output and close the window.

Final price of Conductor supplied = Final P (STEP II) X no. of KM

Submit both the certified output along with circular no.145/PVC/CLAR/02 dated 20<sup>th</sup> October 2014 and relevant monthly price variation circular; if required to settle price variation query.

For any further clarification please contact to Ms. Anuja Korgaonkar ([anuja.korgaonkar@ieema.org](mailto:anuja.korgaonkar@ieema.org))

  
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