

Cir. No.: 160/PVC/CLAR/02

4th November 2014

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

Sub: Discontinuation of Domestic Aluminium price and using only London Metal Exchange (LME) Aluminium prices in Cable PV circular w.e.f September 2014

Users may recall that from August 2013, IEEMA had started publishing LME Average price of Aluminum in required IEEMA PV circulars including Cable. The same was notified vide Cir. No. 135/PVC/CLAR/02 dated 1st 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, we are sure you would have started incorporating this price in your tenders/contracts. IEEMA in consultation with IEEMA Cable manufacturer members has decided to discontinue publishing domestic price of "EC grade Aluminium rods (properzi rods) conforming to specification IS-5484-1978" and decided to move towards "LME Average Settlement Price of Aluminium".

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 LME Average Aluminium price will be worked out by adding Premium charges for Aluminium.

We recommend incorporating "LME Average Settlement Price of Aluminium" in all future tenders. We recommend following methodology to arrive at price variation for all the pending contracts having domestic AL price i.e. "EC grade Aluminium rods (properzi rods) conforming to specification IS-5484-1978".

Step I.

Calculate 'P' as per IEEMA PV clause of Cable (w.e.f. 1st Jan 2007) from the date of tendering/base date of the contract up to September 2014 i.e. considering September 2014 prices of domestic AL, Copper, PVC & Steel applicable as prices for date of delivery

Step II.

Treat the above calculated 'P' as 'P0' and calculate final price variation using "LME Average Settlement Price of Aluminium" for AL and all other prices i.e. considering prices of 1st September 2014 applicable as prices for date of tendering up to the date of delivery using same IEEMA PV clause of Cable (w.e.f. 1st Jan 2007).

* The details of arriving final value of P as per above step I and step II using IEEMA PV calculator tool www.pvcalculator.ieema.org is illustrated on the 2nd page. The 3rd page contains monthly PV circular of Cable.

Those who have already incorporated use of LME average Aluminium prices in the contract need not use the above method.

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New Delhi
Rishyamook Building, First Floor
85 A, Panchkuian Road
New Delhi 110001, India
P: +91 11 2336 3013/14
F: +91 11 2336 3015
E: delhi@ieema.org

Bangalore
204, Swiss Complex
33, Race Course Road
Bangalore 560001, India
P: +91 80 2220 1316/18
F: +91 80 2220 1317
E: bangalore@ieema.org

Kolkata
503 A, Oswal Chambers
2, Church Lane
Kolkata 700001, India
P: +91 33 6510 7855
F: +91 33 2213 1326
E: kolkata@ieema.org

In IEEMA Cable Price variation circular, domestic prices of Aluminium (EC grade Aluminium rods (properzi rods) conforming to specification IS-5484-1978) are published up to September 2014 and from October 2014 LME AL (LME Average Settlement Price including Premium for Ingot) started publishing.

Recommended Two steps methodology to arrive at final value of 'P' for pending contracts of Cable with base date/date of tendering earlier than 1st October 2014, where domestic Aluminium rod price is referred /used.

Important:

For step I submit 'date of delivery' as 1st October 2014 which will capture domestic prices of Aluminium (EC grade Aluminium rods (properzi rods) conforming to specification IS-5484-1978) of 1st September 2014 as per IEEMA Cable PV clause having lag of one month for Aluminium.

Similarly in step II, same date i.e. 1st October 2014 month to be submitted as 'date of tendering' which will capture LME AL (LME Average Settlement Price including Premium for Ingot) of 1st September 2014 as per IEEMA Cable PV clause having lag of one month 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 (P₀)** - value in Rs/kM of Cable supplied
Date of tendering - base date / date of tendering of the contract
Date of delivery - 1st October 2014 (fixed)
4. Select the formula category and the applicable formula. Click on "Calculate PV"
5. Select the applicable parameters like "condition, cross section, core size, shape and armouring"
6. Select Aluminium (AL) price as "Domestic" (EC grade Aluminium rods (properzi rods) conforming to specification IS-5484-1978)
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 (P₀)** – **Final value P** arrived from STEP I
Date of tendering – 1st October 2014 (fixed)
Date of delivery – date of dispatch as per contract /agreement
3. Select the formula category and the applicable formula. Click on "Calculate PV"
4. Select the applicable parameters like "condition, cross section, core size, shape and armouring"
5. Select Aluminium (AL) price as "LME AL" (LME Average Settlement Price including Premium for Ingot)
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 Cable supplied = Final P (STEP II) X no. of kM

Submit both the certified output along with circular no.160/PVC/CLAR/02 dated 4th November 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)


Authorised Signatory

New Delhi
Rishyamook Building, First Floor
85 A, Panchsukian Road
New Delhi 110001, India
P: +91 11 2336 3013/14
F: +91 11 2336 3015
E: delhi@ieema.org

Bangalore
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Bangalore 560001, India
P: +91 80 2220 1316/18
F: +91 80 2220 1317
E: bangalore@ieema.org

Kolkata
503 A, Oswal Chambers
2, Church Lane
Kolkata 700001, India
P: +91 33 6510 7855
F: +91 33 2213 1326
E: kolkata@ieema.org

Cir. No.: IEEMA(PVC)CABLE/03/2015 (REVISED)

March 2015

To All members of cable division and respective PVC mailing list.
All utilities and listed purchasing organizations.

**Basic prices of raw materials used in the manufacture of Insulated Cables
Prevailing as on 1st working day of the month of March 2015**

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

1. For PVC And XLPE Insulated Cables Viz: IEEMA(PVC)/CABLE/2007 effective from 1st January 2007
2. For Insulated Cables viz: IEEMA/PVC/AL-CU-CABLE/2001 effective from 1st January 2001.
3. For Instrumentation Cables viz: IEEMA (PVC)/Instrumentation Cable/2014 effective from 1st July 2014.

Sr. no.	Raw materials	Price	Variation over previous month
1.	LME ALUMINIUM : (Al)* LME Average Settlement Price including Premium for Ingot	Rs. 1,44,874/MT	(-) 2,271.00
2.	COPPER : (Cu) Price of copper wire rods	Rs. 4,11,517/MT	+ 17,846.00
3.	LEAD : (Pb) Price of Pig Lead (99.97%)	Rs. 1,31,500/MT	(-) 6,100.00
4.	PVC COMPOUND : (CC) Grade CW – 22	Rs. 1,26,500/MT	+ 3,000.00
	Grade HR – 11	Rs. 1,27,500/MT	+ 3,000.00
5.	STEEL FOR ARMOURING : (Fe)		
	a) Round 1.4 mm dia	Rs. 56,500/MT	NIL
	b) Round 1.6 mm dia	Rs. 56,000/MT	NIL
	c) Flat 4 mm x 0.8 mm	Rs. 57,500/MT	NIL

* Ref Cir No 160/PVC/CLAR/02 dated 4th November 2014
Revised due to change in price of sr. no. 1

QE/PVC/24(R-05)
ISSUED DATE: 06.04.2015

Authorised Signatory
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Delhi
Rishyamook Building, First Floor,
85 A, Panchsuan Road
New Delhi 110001
P +91 11 2336 3013 / 14
F +91 11 2336 3015
E delhi@ieema.org
W www.ieema.org

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