

**PRICE VARIATION CLAUSE PROPOSAL FOR ANNUAL RATE CONTRACT FOR METAL PARTS OF
PORCELAIN INSULATORS**

The following is proposed for inclusion as the "Price Variation Clause" for Annual Rate Contract of metal parts procurement of Porcelain Insulators. This PV clause will be valid for procurement of metal parts made of Aluminium, SGI Casting and MS components.

1. Price Variation will be computed in Rupees per Kilogram (Rs. /kg) basis for each of the item indicated in the finished component drawing. The price variation clause will be applicable on the weight of the metal parts in the drawings.
2. Applicable taxes (GST/Others) will be extra to the computed cost using this formula.
3. The SGI Material Grade identified for reference for this Price Variation Clause is Melting Scrap: Cold Rolled Close Annealed (CRCA) Bundle and MS Turning Scrap. For Aluminium, the reference will be from Aluminium Ingot IC20 of NALCO circular.
4. The rates indicated in Minerals and Materials Review (MMR) Weekly Magazine will be considered for computation. For SGI Casting, the terms of reference for the rates will be from Melting Scrap (CRCA – Bundle) (Mumbai/Pune) made available under "Primary Material & Semi finished products" section. For MS components, the terms of reference for the rates will be from MS Turning Scrap (Pune) made available under "Primary Material & Semi finished products" section. For Aluminium, NALCO price circular of Aluminium Ingot IC20 will be refereed grade.
5. The Base date for "Price Variation Clause" shall be taken as date of opening of tender (including extensions, if any). This date is designated as D₁. The reference rates (except for Aluminium) applicable for D₁ will be the rates proposed in the MMR weekly in immediately preceding week of the date of opening date of Tender. For Aluminium, the reference rates will be from the rates indicated by NALCO in the last circular of the immediately preceding month of the tender opening date. The reference material rate inferred either from Minerals and Materials Review magazine or from NALCO price circular for this base date is designated as P₁.
6. The billing date for "Price Variation Clause" shall be taken as date of purchase order issued BHEL to the vendor. This is designated as D₂. The reference rates applicable for D₂ will be the rates proposed in the MMR weekly in immediately preceding week of the date of Purchase order. For Aluminium, the reference rates will be from the rates indicated by NALCO in the last circular of the immediately preceding month of the tender opening date. The reference material rate inferred either from Minerals and Materials Review magazine or from NALCO price circular is designated as P₂. The dates of dispatch mentioned in the purchase order will be binding on the vendor for delivery.
7. The following will be applicable formula for Billing rate as per the Price Variation Clause:

$$P = P_0 + (P_2 - P_1)W$$

Where P is the Total Price payable after adjustment to price variation as per the formula

P₀ is the Total Cost of the Component as per L1 Bid.

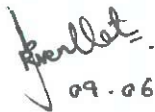
P₁ = Material Reference Price during Tender Opening.

P₂ = Material Reference Price during the placement of order.

W = Weight of the metal parts as per BHEL drawing.

The billing quantity shall be the minimum between the Purchase Order quantity and the delivered quantity.

8. The Price Variation Clause will be in addition to applicable terms and conditions mentioned in the Purchase Order. The PVC for SGI, MS and Aluminium (as the case may be) are to be applied individually for each Purchase Order.



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