

Minutes of the Technology and Finance Standing Committee (TFSC) Meeting held on Wednesday 17th March, 2010 at 11.00 A.M in Conference Room of Delhi Management Association (DMA), Core 6 A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi -110003.

List of participants is attached as Annexure - I.

The Minutes of the TFSC meeting held on 22nd December, 2009 were circulated to all the Members. Since, no comments have been received, the Minutes were adopted.

Dr. A. Duraisamy, Director (O) and Member Secretary, TFSC welcomed the Members and mentioned that the Chairman, TFSC Mr. K. Madhava Sarma was unable to travel from Chennai. However, the Chairman has forwarded his comments on the Agenda items and has authorized Dr. Duraisamy to chair the Meeting and take decisions as per discussions and send it to him for perusal and approval. A copy of its comments is attached in Annex –II.

Dr. A. Duraisamy then apprised the Committee about the actions taken by the Ozone Cell on recommendations made by the TFSC in its meeting held on 22nd December, 2009.

Action Taken: Approval of Chairman, Empowered Steering Committee (ESC) for Implementation of the Montreal Protocol has been taken on file and duty exemption certificates were issued for the following:

- 1 M/s. Subros Ltd., Noida
- 2 M/s Krishna Maruti Ltd., Pune
- 3 M/s Subros Ltd., Noida.
- 4 M/s IC ICE Make Refrigeration Pvt. Ltd., Ahmedabad,
- 5 M/s. Techno Electronics Ltd., Kashipur (Uttrakhand)
- 6 M/s Whirlpool India Pvt. Ltd.,

Ex-post facto approval of the ESC will be taken in its next meeting. The Committee took note of the above.

Dr. Duraisamy further mentioned that the Chairman was very much concerned about a review about the fiscal incentives scheme which has helped smooth implementation of MLF projects and encouraged new investments in creating domestic manufacturing facilities in selected products using non-ODS technology. Production and consumption of CFCs had been phased out 17 months ahead of the Montreal Protocol schedule except the use of pharma-grade CFC's for manufacture of MDI's. Fiscal incentives for these may have to be continued.

He suggested that a detailed note will be prepared for discussion in the next meeting of the TFSC and based on recommendation of the Committee a modified scheme will be sent to the Empowered Steering Committee (ESC) for its consideration. The committee agreed.

The Committee then considered the following Agenda items:

Agenda Item No. 1	Application of M/s Sanden Vikas India Ltd. , Faridabad, for duty exemption for import of one Robotic Tube Bending machine from Japan to augment their capacity of production of hose and pipes needed for manufacture of non-ODS Mobile-Air Conditioners.
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M/s Sanden Vikas India Limited incorporated in 1982 with collaboration of Sanden corporation, Japan is a large manufacturer of Mobile-Air Conditioners (MACs) using non-ODS refrigerant HFC-134a in India and were the first to change over to non-ODS technology with the assistance of funding from Montreal Protocol

Multilateral Fund. Their current production capacity is 600,000 MACs. Recently they introduced highly efficient energy saving variable compressors for which they received duty exemption assistance.

The company is now augmenting their production line for manufacture of hoses and pipes to cater to the increased demand for heat exchangers needed for MACs fitted with these compressors. For manufacture of hose and pipe assemblies they are importing one Robotic Tube Bending machine (details of which are given in the table below) and have applied for duty exemption for the same.

TABLE

S. No.	Description of Equipment	Qty/ Unit	P. O No.	Price in JPY	INR
1.	Robotic Tube Bending Machine	1 No	PIM001083	15,799,096	8,215,530
				Total	8,215,530
				Approx Duty @ 7.5%	616,164

The total cost of the machine is approximately Rs 82.2 Lacs and duty @ 7.5% on it would be approx. Rs. 6.2 Lacs. The purchase will be funded from their internal resources.

In pursuant of the decision of TFSC in its earlier meeting, the company gave a presentation before the committee. The members asked many questions which were answered to their satisfaction. In particular they mentioned that the robotic tube bending machine will increase production of heat exchangers very much without increasing the man power requirement. Production will go up by almost three times. The machine is versatile and can produce different type of bends just by programming. It also reduce power consumption by 50% in comparison to manual tube bending.

The Committee noted that this expansion of production by M/s SVIL is needed because of large increase in car production in the country and the company is introducing modern techniques to

produce improved energy efficient heat exchanger for mobile air conditioners and recommended the application for approval.

Agenda Item No 2: The Application of **M/s Pranav Vikas (India) Pvt. Ltd.**, for duty exemption for import of One Fin machine Die, One Brazing Furnace with Helium Leak Detection system and a Manual Core Assembly machine, all needed for manufacture of heat exchangers for MACs.

M/s Pranav Vikas (India) Pvt. Ltd., located in Faridabad, was incorporated in 1987 with collaboration from Sanden Corporation, Japan for manufacturing aluminium heat exchangers for MAC. They cater mainly to the need of **M/s Sanden Vikas Limited**, but now also to other MAC manufacturers.

M/s Pranav Vikas (India) Pvt. Ltd., received financial assistance from Montreal Protocol Multilateral Fund to change over to heat exchangers suitable for non-ODS refrigerant HFC 134a by installing an automatic NOCOLOC brazing furnace technology. Currently they manufacture 600,000 heat exchanger of plate and fin type (PAF) type which have better efficiency than earlier serpentine type.

M/s Pranav Vikas is now planning to increase their production capacity to 1,000,000 heat exchangers annually to cater to the increased demand from the car manufacturing industry. For this they are importing some more equipment, listed in the table, for which they have requested duty exemption assistance as these heat exchangers are designed for use with R-134a as the non-ODS refrigerant.

Table

S. No	Description of Equipment	Qty	P.O. No & Dated	Supplier	Cost in USD	Price in INR
1	Fin Machine	1 No	PVPL/0193-A	Tianjin Tool Research Co. Ltd., China	22,890/-	1,064,385
	Fin Die for PAF-50	1 No			15,710	730,515
2	Brazing Furnace	1 No	PVPL/224	Shinwon World Trading Co. Ltd., Korea	240,000	11,160,000
3	Industrial high Vacuum machine-Double Chamber Helium Leak Detection system.	1 No	PVPL/0231	Lxmation (Asia) Sdn. Bhd. Malaysia	150,000	6,975,000
4	Manual Core Assembly machine	1 No	PVPL/0241	Shinwon World Trading Co. Ltd., Korea	60,000	2,790,000
Total INR						22,719,900/-
Duty payable @ 7.5%						1,703,992 Lacs

The total cost of these machines is Rs. 22,719,900/- (Rs. 2 crore 27 lacs approximately) and duty on it would be approx Rs. 17.04/- Lacs @ of 7.5%.

The machines being imported are dedicated for the manufacture of efficient type of heat exchangers (condensers and evaporators) for MACs. Similar machines had been approved for them earlier when they first received assistance from Montreal Protocol Multilateral Fund for changing to over to the use of R-134a from R-12 which they were using earlier.

The company was asked to give a presentation before the committee. Members asked many questions regarding the efficiency of the brazing machine and the fin machine which were answered satisfactorily.

The Committee felt that this expansion is necessary as the production of cars in the country is increasing very much and recommended the application for approval.

Agenda Item No. 3

The application of **M/s Bharat Seats Ltd.**, Gurgaon (Haryana), for duty exemption for import of one PU Head Rest Moulding line from Japan.

M/s Bharat Seats Ltd., is a joint venture of Maruti Udyog Ltd., and M/s Rohit Relan and associates for producing car seats for Maruti Udyog Ltd. Currently they are supplying 41% of the requirement of Maruti Suzuki India Ltd., mainly seating systems, moulded floor carpets and Head rest system. They also supply seats and frame assemblies for two wheelers of Suzuki Motor Cycles (India) Ltd.

Their main factory is conveniently located near the Maruti Complex, Gurgaon reducing transportation cost, time and inventory level.

The company changed over to non-ODS technology with the assistance of Montreal Protocol Multilateral Funds (MLF). Subsequently they had undertaken three expansions and diversifications for which they received duty exemption assistance.

The company is now undertaking further expansion of the manufacture of **Car Head Rest System** matching with increased capacity of their seating systems by importing one more PU Head Rest Moulding line from Polymer Engineering Company (PEC) Ltd., Japan. This machine has been chosen as it is robotic in nature and automatically performs the multiple steps needed for the manufacture of Head Rest System. They use water as foam blowing agent. A Data Monitoring system provided with the machine keeps track of the various production processes, consumption of raw materials and various parameters to monitor the quality and productivity of the entire plant.

Once the plant goes on stream, their current capacity for head rest system will increase from 2,75,000 vehicles per annum to 600,000 vehicles per annum.

The details of the plant being imported is shown in the table below: -

Sl. No	Description of machinery	Qty	P.O. No & Date	Address of supplier	Cost in FOB	Cost in INR
1	High Pressure Head Rest Foaming Machine	One set	490049 Dated 26.12.09	M/s Innoac International Co., Ltd., 13-4, Meieki-minami 2 Chome, Nakamura-Ku-Nagoya, Japan 450-003	16,500,000	8,250,000
Total cost Rs.						8,250,000/- Lacs
Duty payable @ 7.5%						618,750 Lacs

The total cost of the machine is approx. Rs 82.5 Lacs and duty payable on it would be approx. Rs. 6.2 Lacs @ 7.5 %. The total cost of the project is Rs. 3.114 Crores. It will be funded from internal resources.

In a presentation before the committee, they mentioned that they have chosen water blown technology even though the infrastructure requirement is more and product quality was slightly inferior to HCFC and HFC blown technology as in the long run all these will have to be given up. They can not adopt HC based technology as they are located in the premises of MUL and fire risk is too much. Further their workers are conversant with the water blown technology. The Members asked many questions particularly regarding the need for expansion and choice of technology to which they have satisfactory answers. The Committee felt that there was need for importing this machinery to increase the production of

Head Rest system to mates the production of seating system by the company and recommended the application for approval.

Agenda Item No. 4 The application of **M/s Metecno (India) Pvt. Ltd., Chennai**, for duty exemption for import of PU foaming machine with accessories compatible with use of cyclopentane / isopentane for a continuous line PU foam sandwich panel making plant.

M/s Metecno (India) Pvt. Ltd., is a part of a large Italian group which started operations in India in December, 2005. the company is owned by

- 1) METECNO SpA (Milan) - 55%
- 2) SIMEST SpA (Rome) - 45%

and managed by a Board of Directors of Indian and Italian origin.

The company manufactures PU sandwich panels for all types of buildings including cold storages and telecom shelters from April, 2007 at Sriperumbudur, Tamil Nadu.

For PU foam blowing in these sandwich panels, the company is currently using HCFC 141b. They are now aware that HCFCs are to be phased out in near future and have taken a voluntary decision to change over to cyclopentane or isopentane as the foam blowing agent in their works. **Their present foaming machine can not be retrofitted to handle safely cyclopentane which is highly inflammable.**

The company has therefore taken a decision to import a new foaming machine along with accessories and built in safety features compatible with the use of cyclopentane or isopentane and have

requested for duty exemption for it. The details of the foaming machine being imported is given in the Table below.

Table

SI No.	Equipment	Qty.	P.O. No. & Dated	Price in EURO	Price in INR
1	Foaming machine & accessories (Equipment) compatible for using cyclopentane/ isopentane for sandwich panel continuous line, Model no. PDU -4	1	1780 Dated 06.02.10	160,500/-	10,593,000/-
Total					10,593,000/-
Approx Duty @ 7.5%					794,475/-

The cost of the foaming machine is approx. Rs. 1.05 Crores and duty payable on it would be approx. Rs 7.95 Lacs the total project cost for conversion to cyclopentane is Rs. 14.723 Crores and it will be funded from their own resources.

The company representative gave a presentation before the Committee and answered all the questions satisfactorily. He explained that Metecno is adopting cyclopentane blown technology as it is both Montreal Protocol and Kyoto Protocol compliance saving not only ozone layer but also reducing global warming.

The Members appreciated the move and recommended the application for approval.

The Meeting ended with vote of Thanks to the Chair.

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Annexure-I

LIST OF PARTICIPANTS

1	Mr. A. Haldar, Head (Environment Division), Engineers India Ltd., R & D Complex, Sector – 16 on NH -8 Gurgaon	Member
2	Dr. Kiran Pal, Joint Director, Centre for Fire, Explosive & Environment Safety (CFEES), Defence Research & Development Organisation (DRDO), Ministry of Defence, Brig. S.K. Mazumdar Road, Timarpur, Delhi – 110054 Ph: 23387898	Member
3	Dr. H.S. Kaprwan, C-127, Sector 51, Noida – 200 1307 Ph.: 9891597792	Member
4	Mr. Suresh Kumar, CDC, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003	Member
5	Mr. SV. Subba Rao National Program Manager, Sector Phase-out Plan Unit (SPPU), Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003	(special invitee)
6	Ms. Chanchal Sharma, Technical Officer, Project Management Unit (PMU), Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003	(special invitee)
7	Mr. Ankur Khandelwal Technical Officer, Sector Phase-out Plan Unit (SPPU), Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003	(special invitee)

8	Prof. S.K. Mukerjee, Consultant, Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	Consultant
9	Dr. A. Duraisamy, Director (Ozone Cell), Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	Member Secretary