

Minutes of the Technology and Finance Standing Committee (TFSC) Meeting held on Wednesday, 17th August, 2011 at 11:00 A.M. in the Conference Room of Delhi Management Association (DMA), Core 6A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

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List of participants is attached as **Annexure - I.**

The Minutes of the TFSC meeting held on 1st February, 2011 were circulated to all the Members of the Committee. Since, no comments have been received, the Minutes were adopted.

Dr. A. Duraisamy, Director (O) and Member Secretary, TFSC welcomed the Chairman and the Members. He then apprised the Committee about the actions taken by the Ozone Cell on recommendations made by the TFSC in its meeting held on 1st February, 2011.

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 Venus Home Appliances Pvt. Ltd., Pudukottai, Tuticorin, (T.N.)
2. M/s Starion India Pvt. Ltd., Ranjangaon, Pune.
3. M/s Subros Ltd., Noida
4. M/s Delphi Automotive Systems Pvt. Ltd., Greater Noida (UP).

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

The Committee then considered the following Agenda items:

Agenda Item No. 1: The application of M/s Midas Care Pharmaceuticals Pvt. Ltd., for duty exemption for import of one automatic pharmaceutical Aerosol filling-line with non-ODS technology for Metered Dose Inhalers (MDIs).

M/s Midas Care Pharmaceuticals Pvt. Ltd., informed vide their letter dated 08.08.2011 that they would like to withdraw the application. Hence the Committee did not consider the application.

Agenda Item No. 2 The application of **M/s Krishna Maruti Ltd.,** IMT Manesar for duty exemption for import of one Polyurethane car seat cushion and back pads manufacturing plant from M/s Tecnos SPA, Italy for installation in their existing plant at IMT Manesar.

M/s Krishna Maruti Ltd., started manufacturing car seating systems for Maruti Udyog Ltd., now known as Maruti Suzuki India Ltd., in the year 1994. At present

it is a joint enterprise with the current share holding pattern shown below :

1. Suzuki Motor Corporation 29.24%
2. Maruti Suzuki India Ltd., 15.80%
3. Ashok Kapur and Associates 54.96%

The company supplies approx. 620000 seat sets and 5043377 Door Trim sets to Maruti Suzuki India Limited.

M/s Krishna Maruti Limited, is setting up a new seating plant at Manesar, Gurgaon with a capacity of around 1,76,000 seat sets to meet the JIT (Just in Time) requirement of its customer, Maruti Suzuki India Limited.

This PU plant is a Polyurethane seat cushion plant manufactured by M/s Tecnos S.p.A Italy. The plant to be used for making complete car seats and back pads is with "Non Ozone Depleting Substances Technology" free from CFC-11 using water as the foam blowing agent.

The firm intends to import a PU car seat cushion manufacturing plant from Italy and have applied for duty exemption. The details of the plant being imported are given in the following table :

Table

Sl. No	Description	P.O. No & Date	Price in Euro	Price in INR (Exchange rate 64.75)
1	PU plant for making car seat cushion and back pads, with non-ozone depleting substances technologies	4030000078 & 20.01.2001	9,35,000	6,05,50,116.6
Total cost of machinery				60,55,0116.

The capacity of the proposed plant would be 1,75,560 seat/year.

In their presentation before the Committee the representative of the company mentioned that new technology equipment contains all the relevant systems free from Ozone Depleting Substances. Regarding a query for placing the order by M/s KML Seating while duty exemption is being claimed by M/s Krishna Maruti Limited, the firm clarified that M/s KML seating is a unit of M/s Krishna Maruti Limited dealing with foam related products. Hence the order has been placed by the concerned unit.

The total cost of equipment works out to Rs. 6,05,50,116 and import duty payable on it @ 7.5% would be approx. Rs. 45.4 lacs.

The Committee noted that all the required documents have been submitted by the firm and recommended the application for duty exemption in accordance with the guidelines of the scheme.

Agenda Item No. 3

The application of **M/s Bharat Seats Ltd.**, Gurgaon (Haryana), for duty exemption for import of one PU car seat cushion 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 located near the Maruti Complex, Gurgaon, thus reducing transportation cost, time and inventory level.

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

The company is now undertaking a further expansion of their car seat production in the same premises as their principals M/s Maruti Suzuki India Ltd., is increasing their car production from 1.4 million to about 2 million vehicles in the year 2015-16. For this expansion they need to import one PU seat moulding line and have chosen one with automated foaming controls serving higher number of moulds to improve productivity manufactured by M/s Polymer Engineering Company, Japan. They use water as foam blowing agent with various additives and catalysts to produce microporous foam seating systems with a velvety appearance and comfortable feel, under Indian conditions of high humidity and high temperature.

Currently they are producing seat cushions for 6,00,000/- vehicles/ annum. Installation of this new machine the production will go up to 7,50,000 vehicles/annum.

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

Sl. No	Description of machinery	Qty	P.O. No & Date	Cost in YEN	Cost in INR
1	High Pressure Foaming Machine	One set	600103 Dated 19.05.2011	5,69,34,000/-	3,13,13,700/-
Total cost Rs.					3,13,13,700/-

The company representative gave a presentation to the Committee and explained in detail the need for import of each item of equipment to support their expansion programme.

The Committee noted that the following items indicated in the list of equipments do not form part of the equipment, but are incidental items relating to the import of equipment.

- 8) Production Management System
- 9) Design and Planning/Document
- 10) Assembling and Checking expence at PEC factory
- 11) Seaworthy Packing and FOB charges and
- 12) Supervisor Dispatch 2 person, 22 days

The Committee therefore decided not to include these items for granting of duty exemption. Accordingly, the revised cost of equipment works out to Rs. 2,48,64,675.00/- at which the duty exemption of 7.5% works out to Rs. 18,64,850/- The Committee noted that all required documents have been submitted by the firm and recommended the proposal for duty exemption.

Agenda Item No. 4: The application of **M/s Subros Ltd., New Delhi**, for duty exemption for import of 25 sets of manufacturing equipment for setting up new type of R.S. Evaporators for Mobile Air-Conditioners at Noida (U.P.)

M/s Subros Ltd., is the largest manufacturer of car air-conditioners in India with a capacity of 7,50,000 units manufactured in their plants at Noida (U.P.), IMT Manesar (Haryana) and at Pune (Maharashtra). They have collaboration with M/s DENSO Corporation, Japan who are leaders in developing Mobile Air-Conditioners in Japan.

M/s Subros introduced a new type of evaporators, called R S evaporator in their MAC system. These evaporators made of precoated Aluminium parts are very light and ultra thin. They are highly efficient in energy saving and much cheaper. After full trials the company has decided to introduce R S evaporators for MACs supplied to all their customers. They are therefore establishing a very large scale manufacturing facility for RS evaporators at their Noida plant. In addition they are importing one set of furnace for melting and holding aluminium metal for squeeze die casting of the blocks for compressors imported earlier for additional capacity. The company is enhancing its production capacities/capabilities at its Noida facility.

The plant wise details of the equipment being imported are shown in Table :

TABLE

Part A : Equipment needed for NOIDA plant					
S. No.	Description of eqpt.	Qty	P.O No, & Date	Total amount in (FOB/CIF value)	Total CIF cost (Rs. In lacs)
1	CNC Pipe Bending Machine	1 set	7200000343 Dated 04.03.2011	1,10,000/- USD	50,60,000/-

S. No.	Description of eqpt.	Qty	P.O No, & Date	Total amount in (FOB/CIF value)	Total CIF cost (Rs. In lacs)
2	Buldge/Spinning Machine	1 set	7200000344 Dated 04.03.2011	2,52,000/- USD	1,15,92,000/-
3	Fanuc Robot M 710iC/50	2 sets	7200000348 Dated 10.03.2011	70,00,000/- JPY	39,20,000/-
4	Balancing Machine Model VG-2 – 10 KEL with 15" LCD Scree/Top Cover for YG 4 HVAC Fan & Motor & YG4 Arbor and Fixture	1 set	7200000349 Dated 10.03.2011	69,88,000/- JPY	39,13,280/-
5	Balancing Machine Model VG-2 – 10 KEL with 15" LCD Screen/Top Cover for YN 4 HVAC Fan & Motor & YN4 Arbor and Fixture	1 set	7200000350 Dated 10.03.2011	69,88,000/- JPY	39,13,280/-
6	Fin Stacking Machine for existing Subros Fin Machine FOS - 100	1 Set	7200000351 Dated 10.03.2011	53,000/- USD	24,38,000/-
7	Temperature Control Bench for HVAC performance test alongwith 2 Nos Hot Coolant Supply bench	1 Set	7200000352 Dated 11.03.2011	2,25,80,000/-	1,26,44,800/-
8	Moisture and Inner Leak Testing Machine for R S Evaporator	1 set	7200000353 Dated 12.03.2011	85,72,500/- JPY	48,00,600/-
9	Rigaku/Automatic Sequential x Ray Spectrometer System Primini 1 sample Inlet Type (Vac.) with accessories	1 set	7200000354 Dated 15.03.2011	85,50,000/- JPY	47,88,000/-
10	Furnace Model SER-300-L LPG+PNG	2 sets	7200000355 Dated 24.03.2011	1,58,000/- USD	72,68,000/-
11	He Leak Testing Equipment for R S Evaporator	1 set	7200000356 Dated 24.03.2011	2,10,000/- USD	96,60,000/-
12	Heater Pipe Caulking Machine	1 set	7200000362 Dated 22.04.2011	68,000/- USD	31,28,000/-
13	Total Organic Carbon Analyzer Model TOC VCSH Order Code 638-91062 -23 + Solid sample Module Model SSm-5000A Part No 638-93102-32	1 set + 1 set	7200000366 dated 22.04.2011	32,00,000/- JPY	17,92,000/-

S. No.	Description of eqpt.	Qty	P.O No, & Date	Total amount in (FOB/CIF value)	Total CIF cost (Rs. In lacs)
14	Shuttle XP 500 – Tray Size 2450mm X 813mm Machine Height: 4450mm Number of Trays 22 Carrying Capacity each tray 495 Kg + Shuttle XP 500 – Tray size 2450mm X864mm Machine Height: 7050mm Number of Trays 55 Carrying Capacity each tray 490 kg + software package PP5000 with necessary modules for interfacing with SAP MM Module	2 Set 2 Set 1 Set	7200000367 Dated 22.04.2011	1,16,100/- EURO	75,46,500/-
15	Surface Treatment Machine SB130007	1 set	7200000368 Dated 25.04.2011	20,53,21,000/- JPY	11,49,79,760/-
16	Fin Forming & Core Assembly Machine SB140072	1 set	7200000369 Dated 25.04.2011	12,40,74,000/- JPY	6,94,81,440/-
17	Tank Header Assembly Machine SB140063	1 set	7200000370 Dated 25.04.2011	43,00,780/- JPY	24,08,436.80/-
18	Cup Cap Assembly machine with accessories SB140064	1 set	7200000371 Dated 25.04.2011	1,12,88,700/- JPY	63,21,672/-
19	Auto Flaring machine	1 set	7200000372 Dated 27.04.2011	63,200/- USD	29,07,200/-
20	Core Assembly machine	1 set	7200000376 Dated 12.05.2011	94,435/- USD	43,44,010/-
21	Plate Header Assembly Machine	1 set	7200000376 Dated 12.05.2011	52,885/- USD	24,32,710/-
22	Tank Header Assembly machine	1 set	7200000376 Dated 12.05.2011	29,980/- USD	13,79,080/-
23	Cup Cap Assembly Machine	1 set	7200000376 Dated 12.05.2011	44,490/- USD	20,46,540/-

S. No.	Description of eqpt.	Qty	P.O No, & Date	Total amount in (FOB/CIF value)	Total CIF cost (Rs. In lacs)
24	AIDA HY FLEX PRESS Model NS1-1100—(1) with accessories	1 set	7200000381 Dated 25.05.2011	2,01,00,000/- JPY	1,12,56,000/-
25	AIDA HY FLEX PRESS Model NS1-800-(1) with accessories	1 set	7200000382 Dated 25.05.2011	1,79,10,000/- JPY	1,00,29,600/-
Total					31,00,50,908.80

The company representative gave a presentation to the Committee and explained in detail the need for import of each item of equipment to support their expansion programme to meet the increased demand of Mobile Air- Conditioners from the car industry.

The Committee noted that the Total Organic Carbon Analyzer + solid sample Module, indicated in the list of equipment may not be considered, since the same quality equipment is easily available in India.

The Committee therefore decided not to include this item for granting duty exemption. Accordingly, the revised cost of equipment works out to Rs. 30,82,58,908/- at which the duty exemption of 7.5% works out to Rs. 2,31,19,418/- . The Committee noted that all required documents have been submitted by the firm and recommended for duty exemption,

Agenda Item No. 5 : Review of the Fiscal Incentives Scheme

A background note on this item, was circulated to the Committee. It briefly covers the origin of the fiscal incentives scheme, the guide lines followed, outcome of the existing policy and the need for review to consider duty exemptions for indigenously available capital goods.

The Committee observed that the fiscal incentive scheme has helped very much in early phase out of major ODSs including CFCs, especially SMEs in various sectors to change over to non-ODS technology.

The Committee unanimously agreed that the scheme should be continued to achieve total phaseout of other ODSs. It was further agreed that the issue for considering duty exemption for indigenously available equipment may be considered on a case to case basis, depending upon the requirement and the need to be justified by the applicant.

The Meeting ended with vote of thanks to the Chair.

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Annexure-I**List of Participants**

1	Dr. B. Sengupta, 161, Medha Apartments, Mayur Vihar, Phase – I, New Delhi – 110 091.	Chairman
2	Shri Hemant Kulkarni, Council of Scientific Industrial Research (CSIR), Anusandhan Bhawan, 2, Rafi Marg, New Delhi – 110 001	Member
3	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 – 110 054 Ph: 23907125, 23810820	Member
4	Mr. G.S. Sinha, OSD (Custom), Central Board of Excise & Customs, Department of Revenus, Ministry of Finance, North Block, Ph: 23094182, 23092978	Member
5	Dr. H.S. Kaprwan, C-127, Sector 51, Kendriya Vihar Noida – 200 1307 Ph.: 9891597792	Member
6	Mr. S.K. Sharma, Head (BD), Consultancy Development Centre, India Habitat Centre, Lodhi Road, New Delhi – 110 003 Ph. 24648268	Member
7	Mr. S.V. 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)

8	Mr. Ringkhang Muchahary Technical Officer - SPPU Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	(Special invitee)
9	Mr. Fahad Naim Technical Officer - PMU Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	(Special invitee)
10	Ms. Chanchal Sharma Technical Officer - PMU Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	(Special invitee)
11	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