

**Minutes of the Technology and Finance Standing Committee (TFSC) Meeting held on Thursday, 21<sup>st</sup> June, 2007 at 11:00 A.M. in the Conference Room No. – 2, (CDC), Core 4B, 2<sup>nd</sup> Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003**

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List of participants is annexed (**Annexure I**)

Dr. A. Duraisamy, Director (O) welcomed the members. He has informed that the following seven applications were considered by the TFSC in its meeting held on 14<sup>th</sup> March, 2007 and the committee recommended all the seven applications.

1. The application for duty exemption of **M/s Modern Prefab Systems Pvt. Ltd.**, Manesar (Gurgaon), for import of one Cannon A-200 PU foaming machine and three panel presses for PU Sandwich Panel production.
2. The application of **M/s Blue Star Ltd.**, Bharuch, for duty exemption for import of a PU foaming machine and a Sandwich panel foaming press.
3. The application of **M/s Bayer Material Science Pvt. Ltd.**, for duty exemption for import of three P.U foaming machines and nine pieces of laboratory equipment for setting up a system house for developing tailor made polyol blends suiting exact needs of individual customers.
4. The application of **M/s Subros Ltd.**, for Duty exemption for import of five sets of equipment required for their expansion projects in their plants at Manesar (Haryana), Chakan (Pune) and Noida (Haryana).
5. The application of **M/s Videocon Industries Ltd.**, for duty exemption for import of a **complete plant** for manufacture of **refrigerator cabinets** from China.
6. The application of **M/s Tecumseh Products India Pvt. Ltd.**, for duty exemption for import of one calorimeter for improvement of quality of R-134a compressors.
7. The application of **M/s Rinac India Ltd., Bangalore**, for duty exemption for import of one complete plant for continuous production of PUF Sandwich panels for their new unit at Murbad, Mumbai.

**Action Taken:** Approval of the Chairman, Empowered Steering Committee (ESC) for Implementation of Montreal Protocol has been taken on file and duty exemption certificates have been issued. Ex Post Facto approval of the ESC will be taken in its next meeting.

The Minutes of the TFSC meeting held on 14.03.2007 were circulated to the members. No comments have been received. The Minutes were adopted.

The committee took note of the above and considered the following Agenda items.

**Agenda Item No. 1:** The application of **M/s Visteon Automotive System India Pvt. Ltd.**, VASI for duty exemption for import of machinery / equipment / tools for expansion of non-CFC Macs manufacturing facility.

**M/s Visteon Automotive System India Pvt. Ltd.**, is a 100% FDI company established in 1998 to manufacture automotive ancillary systems and MACs with non-ODS technology. Their current capacity is 350,000 MAC units per year. Recently M/s Hyundai Motor Company has undertaken a massive expansion of their car manufacturing facilities at Chennai and have appointed VASI as their OEM supplier for MACs for these cars. Since M/s Hyundai will be exporting the cars the MACs fitted in these are to meet stringent quality and energy efficiency norms.

In order to meet this large increase in demand for non-ODS MACs M/s VASI has to increase their capacity of manufacturing MACs from 350,000 units per year to 600,000 MAC sets by 2007-08.

**For this large expansion programme VASI is importing 44 items of machinery equipment of various types. The details of these equipment may be seen in the table below.**

**Table**

<b>Sl. No</b>	<b>Equipment Name</b>	<b>Qty</b>	<b>P.O. No</b>	<b>Supplier</b>	<b>Price in FCY</b>	<b>INR</b>
1	Twin Chamber Helium Leak Tester	1	A90057 dated 23-02-07	Vacuum Eng. UK	£300000	2,60,19,900
2	Helium Sniffer	1	Do	Do	£204633	1,77,48,434

Sl. No	Equipment Name	Qty	P.O. No	Supplier	Price in FCY	INR
3	CNC Machine	1	A90056 Dated 23-02-07	Shin-ei Boeki Ltd, Japan	\$90400	40,68,000
4	Vision System	1	A90018 Dated 20-02-07	Halla Climate Control, Korea	\$49462	22,25,790
5	HVAC Assembly Machine	1	Do	Do	\$168172	75,67,740
6	Evap Torch Machine	1	Do	Do	\$50081	22,53,645
7	Tourch Jig Block & Base (RHD)	4	Do	Do	\$6430	2,389,350
8	Tourch Jig Block & Base (LHD)	4	Do	Do	\$1978	89,010
9	Brazing Fixture (60T)	1 Lot	Do	Do	\$10140	4,56,300
10	Brazing Fixture (45T)	1 Lot	Do	Do	\$30420	13,68,900
11	Helium Fitting (LHD)	1 Lot	Do	Do	\$2473	1,11,285
12	Helium Fitting (RHD)	1 Lot	Do	Do	\$2473	1,11,285
13	Condenser Core Builder	1	Do	Do	\$142204	63,99,180
14	Final Assembly Jig Condenser	2	Do	Do	\$5441	2,44,845
15	Evaporator Core Assembly Machine	1	Do	Do	\$105108	47,29,860
16	Reservoir Tank	1	Do	Do	\$3548	1,59,660
<b>Checker</b>						
17	Condenser Header Assembly Checker	2	Do	Do	\$3339	1,50,255
18	Condenser Assembly Mounting Checker	2	Do	Do	\$4204	1,89,180
19	Hose & Pipe Assembly	1	Do	Do	\$5466	2,45,970
20	Hose & Pipe Assembly	1	Do	Do	\$5317	2,39,265
21	Hose & Pipe Assembly	1	Do	Do	\$3957	1,78,065
22	Suction Hose Assembly	1	Do	Do	\$1855	83,475
23	Suction Hose Assembly	1	Do	Do	\$1855	83,475

Sl. No	Equipment Name	Qty	P.O. No	Supplier	Price in FCY	INR
24	Discharge Hose Assembly	1	Do	Do	\$1855	83,475
25	Discharge Hose Assembly	1	Do	Do	\$1855	83,475
26	Compressor Mounting Bracket	1	Do	Do	\$1855	83,475
27	Reservoir Tank Mounting Checker	1	Do	Do	\$806	36,270
28	Header-Cond (GSL.)	1	A90042 Dated 23-02-07	Halla Climate Control, Korea	\$50796	22,85,806
29	Tank-Cond (GSL.)	1	Do	Do	\$54000	24,30,000
30	Support (A) – Cond. (GSL)	1	Do	Do	\$36602	16,47,097
31	Support – Cond. (GSL.)	1	Do	Do	\$14468	6,51,048
32	Support (A) – Cond. (DSL)	1	Do	Do	\$36602	16,47,097
33	Support – Cond. (DSL)	1	Do	Do	\$13231	5,95,403
34	Baffle – Cond.	1	Do	Do	\$6183	2,78,226
35	Tank – Cond. (DSL.)	1	Do	Do	\$33226	14,95,161
36	Fan – Cool'g (φ340*9FS))	1	Do	Do	\$46989	21,14,516
37	Shroud – Cool'g (A/C)	1	Do	Do	\$62285	28,02,823
38	Cup Plate – Evap Core	1	Do	Do	\$221484	99,66,774
39	No Cup Plate – Evap Core	1	Do	Do	\$200,301	90,13,548
40	Cup transfer – Evap Core	1	Do	Do	\$222882	1,00,29,677
41	End Plate – Evap Core	1	Do	Do	\$43156	19,42,016
42	End Plate (A)– Evap Core	1	Do	Do	\$43156	19,42,016
43	Manifold – Evap Core	1	Do	Do	\$14839	6,67,742
44	End Cap – Htr Core	1	Do	Do	\$18548	8,34,677

<b>Total cost in INR</b>	<b>12,56,43,193</b>
<b>Appox. Duty payable</b>	<b>Rs. 94,24,000</b>

The total cost of the machinery being imported is 12.56 Cr and duty on it would be appox. Rs. 94.24 Lacs.

It may be mentioned that most of these machinery have been approved earlier in stages for them. Similar MAC manufacturing machines have also been recommended earlier for others. the company has mentioned that this is the bare essential equipment for the expansion program. Some other machines installed earlier will also be fully utilized now to meet the increased demand. The project will be funded entirely by internal accrual.

The committee observed that the demand for mobile air conditioners is increasing with increase in car production by all the major car producers. M/s Visteon being the major producer of MACs need all these machinery to increase their capacity for production of MACs to meet the demand and recommended the application for approval.

**Agenda Item No. 2:**

The application of **M/s S.G. Engineers, Udyog Nagar, Delhi** for duty exemption for import of one **high pressure poly urethane injection foaming machine** for manufacture of insulated drinking water tanks.

**M/s S.G. Engineers** is a small size company specializing in the manufacture of Defense articles like high security fencing systems, living shelters, fibre reinforced plastic huts and dome type shelters. They are located at Udyog Nagar, Delhi.

The company has now received orders for supply of special **insulated double walled elliptical vehicular drinking water tanks** for use in extreme climates from the defense department. They need to import one high pressure PU foaming machine for this purpose. The details of the machine being imported is given in Table next page. They will use non-ODS foam blowing agent HCFC-141b. **The new plant will be set up at SIRMOUR (HP).**

**Table**

Sl. No	Eqpt. Name	Qty.	P.O. No & Date	Total cost in Euro	Total cost INR
1	High Pressure Variable Ratio Injection Molding N Machine Model SPH 30, machine output 30 kg per minute.	1	SGE/06-07/ EKOSYSTEM /PO-6/ 82  Dated 19 <sup>th</sup> Feb. 2007	23000/-	15.70 Lacs
Duty payable approx. @ 7.5 %					<b>1.18 Lacs</b>

The cost of the foaming machine is Rs. 15.7 lakhs and duty on it would be approx. 1.18 Lakhs @ 7.5%.

It may be mentioned that similar high pressure foam blowing machine have been recommended for many manufacturers earlier. This is the first application form this company.

The committee noted that the foaming machine is needed for manufacture of insulated water tanks for the army and recommended the approval of the application.

**Agenda No. 3 :** The application of **M/s. Sintex Industries Ltd.**, Kalol (Gujrat) for duty exemption for import of one production line for continuous production of PUF Sandwich Panels.

**M/s. Sintex Industries Ltd.**, Kalol (N. Gujarat), is a large company specializing in the manufacture of P.E. Plastic products like water tanks, doors, windows, frames and pallets. They have 60% market share of water tanks manufactured by special rotomoulding process. The brand "Sintex" has become synonymous with water tanks. In the year 2000 they started manufacturing modular prefabricated structures using PU Sandwiched Panels. These were needed for constructing telecom shelters for the nascent telecom industry in the country. Their client list quickly increased to Airtel, Hutch, Tata telecom etc.

In a competitive market they now find that making PU panels by batch process is uneconomical. They have decided to upgrade the process by installing a continuous PU Sandwich panel making plant which they want to import from Korea. They will be using

Cyclopentane as the non-ODS foam blowing agent. The details of the plant being imported is given in the table below.

**Table**

<b>Sl No</b>	<b>Item</b>	<b>Qty.</b>	<b>P.O. No (H.S. No)</b>	<b>Cost in US \$</b>	<b>Cost in INR</b>
1	PUR Sandwich Panels Continuous Production Line	1 Line	DUT-06-10-15 8477 80 0000	21,52,500	9,04,05,000
<b>Total cost INR</b>					9,04,05,000
<b>Appox. Duty payable @ 7.5 %</b>					67,80,375 (67.8 Lakh)

The committee observed that the demand for PUF sandwich panels is increasing very much as these are needed for construction of prefab buildings for various uses and it will be cheaper to make these in continuous panel making plant rather than by batch wise production. These continuous panel making plants are just being introduced in India and will benefit the prefab housing industry. The committee recommended the application for approval.

**Agenda Item No.4**

The application of **M/s Rinac India Ltd., Bangalore**, for duty exemption for import of a plant for batch wise manufacture of PUF sandwich panels.

**M/s Rinac India Ltd.**, a Private Ltd. company, having their manufacturing facilities at Bangalore, is a reputed manufacturer of PU foamed articles including PU Sandwich panels. They manufacture modular cold rooms, clean rooms, commercial refrigerators and blast chillers/freezers from these panels for use in Aquaculture, Horticulture, Sericulture and other purposes. Currently they are installing a continuous PUF Sandwich panel plant at Murbud, Mumbai as a part of their expansion program.

The company is now undertaking manufacture of open type display cabinets for use of cold drinks in large malls. For this they are putting up a PU Sandwich panel making plant for batch wise production of PUF panels at **Pantnagar (UP)** using non-ODS technology.

For manufacture of this new item they are importing a PUF panel line with hot press and H.Pr. foaming machine from Italy. The details of machinery being imported is given in the table below.

**Table**

Sl. No	Eqpt. Des.	Qty.	P.O. No, Date & Supplier	Cost in EURO	Cost in INR
1	No. 1 PXE 65X15 2+2 hot press with ecomaster 100/50 high pressure foaming machine.	One	2006/U4PO/3  dated 20/03/07  Impianti Oms Spa (Milano), Italy	Euro 2,75,000/-	1,50,15,000/-
<b>Total</b>					1,50,15,000/-
<b>Duty payable approx. @ 7.5 %</b>					11,26,125/-

The total cost of the machine is Rs. 1.5 Crore. Duty payable on it is approx. 11.26 Lacs @ 7.5%

The total cost of the project is Rs. 117.4 Million and will be met from internal accruals.

The committee observed that the PUF panels making machine being imported will be used to make a novel open type display cabinets for the first time in India and recommended approval of the application.

**Agenda Item No. 5:**

The application of **M/s Krishna Maruti Ltd.**, Gurgaon for duty exemption for import of one PU-Plant conveyORIZED with robotic pouring for manufacture of car seats.

**M/s Krishna Maruti Ltd.**, a joint venture company of Suzuki Motor Corporation (29.24%), Maruti Udyog Limited (15.80%), and Ashok Kapur and Associates (54.96%), produces car seats as OEM supplier to M/s MUL. They also produce other PU items like back cushions and door trims etc. Their current capacity is 4.25 Lac door trims and 3.93 Lac seat sets all supplied to M/s MUL.



The company is now planning to expand their car seat manufacturing capacity from 4.67 Lac units to 8.02 Lac units and are importing one sophisticated fully automatic PU foaming machine with moulds and other accessories as they expect increasing demands from their existing customers as well as new customers like Honda Motocycles Ltd. The details of the plant and machinery being imported is given in the Table below.

**Table**

<b>Sl. No</b>	<b>Eqpt. Name &amp; Qty</b>	<b>P.O. No &amp; Date</b>	<b>Name &amp; address of supplier</b>	<b>FOB value in Japanese YEN</b>	<b>Value in INR (Exchange rate 0.34)</b>
1	(i) PEC make PU Plant, conveyORIZED with robotic pouring. <b>1 set</b>	IO/15006  Dated 22 -12-06	M/s Sojitz Corporation 1- 20, Akasaka, 6- Chome, Minato-Ku, Tokyo 107 – 8655, Japan	16,79,65,940/-	5,71,08,410/-
	(ii) Supervision charges of installation & commissioning			1,10,00,000/-	37,40,000/- (Not eligible)
<b>Total cost of machinery</b>					<b>5,71,08,410/-</b>
<b>Duty payable approx. @ 7.5%</b>					<b>42,83,131/-</b>

It may be mentioned that the cost of supervision and installation (Jap. Yen 11,000,000) given in the table is not eligible for duty exemption.

It may be mentioned that similar high pressure foam blowing machine have been recommended for many manufacturers earlier. This is the first application from this company and they will be using water as the foam blowing agent.

The committee observed that the machinery being imported is needed to meet increased demand for car seats in the market because of large recent increase of car manufacturing capacity in the country and recommended the application for approval.



**(Annexure I)**

The meeting of the Technology and Finance Standing Committee on **21<sup>st</sup> June, 2007** at **11:00 A.M.** in the Conference Room No. – 2 (CDC), Core 4B, 2<sup>nd</sup> Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

**LIST OF PARTICIPANTS**

1	<b>Dr. S. Varadarajan,</b> Chairman (TFSC), 4-A, Girdhar Apartments, 28, Feroze Shah Road, New Delhi- 110001 Ph. : <b>23230828</b> (Dir)	Chairman
2	<b>Dr. A. Duraisamy,</b> Director (O) Ozone Cell, India Habitat Centre, Zone IV 4 <sup>th</sup> Floor, Lodhi Road, New Delhi – 110003	Member Secretary
3	<b>Mr. H. S. Kaintura,</b> Ministry of Chemicals & Petrochemicals, Room No. – 227, Department of Chem. & Petro-Chemical, Shastri Bhavan, New Delhi – 110001 Ph. : <b>23386047</b> , 23384196	Member
4	<b>Dr. Shraddha Dubey,</b> Confederation of Indian Industry, India Habitat Centre, Zone IV 4 <sup>th</sup> Floor, Lodhi Road New Delhi – 110003	Member
5	<b>Dr. Kiran Pal, Joint Director,</b> Centre for Fire, Explosive & Environment Safety (CFEES), Defence Research & Development Organisation (DRDO), Ministry of Defence, Brig. S.K. Mazumdar Road, Timarpur, Delhi – 110054 Ph: 23907125	Member

6	<b>Mr. Rajes Parpani,</b> Consultancy Development Centre, India Habitat Centre, Lodhi Road, New Delhi – 110003 Ph. 24648268 (Dir), 4602601/2915	Member
7	<b>Dr. S. Satapathy,</b> NPM, SPPU India Habitat Centre, Zone IV 4 <sup>th</sup> Floor, Lodhi Road, New Delhi – 110003	(Special invitee)
8	<b>Shri. R. Srinivas,</b> Project Coordinator, Project Management Unit (PMU), India Habitat Centre, Zone IV 4th Floor, Lodhi Road, New Delhi – 110 003	(Special invitee)
9	<b>Shri. Amit Gulati,</b> Audit Coordinator (PMU) Project Management Unit (PMU), India Habitat Centre, Zone IV 4 <sup>th</sup> Floor, Lodhi Road, New Delhi – 110003	(Special invitee)
10	<b>Prof. S.K. Mukerjee,</b> Consultant (Ozone Cell), Ozone Cell, India Habitat Centre, Zone IV 4 <sup>th</sup> Floor, Lodhi Road, New Delhi – 110003	Consultant