

Minutes of the Technology and Finance Standing Committee (TFSC) Meeting held on Friday, 19th October, 2007 at 11:00 A.M. in the Conference Room No. – 2, (CDC), Core 4B, 2nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003
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List of participants is annexed (**Annexure A**)

The Minutes of the TFSC meeting held on 30th August, 2007 were circulated to the members. No comments have been received. The Minutes were adopted.

Dr. A. Duraisamy, Director (O) welcomed the members and informed the action taken by the Ozone Cell on the recommendations made by the TFSC held on 30th August, 2007.

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

1. **M/s Jindal Mectec (P) Ltd., Gurgaon.**
2. **M/s Pranav Vikas India Ltd.**
3. **M/s Nilkamal Ltd., Puducherry**
4. **M/s Nilkamal Ltd., Jammu & Kashmir**
5. **M/s Suchi Foams Pvt. Ltd., Ahmedabad**
6. **M/s Subros Ltd., Noida and Manesar**

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

Agenda Item No.1 The application of **M/s Apex Prefab Building Systems**, Kondi (Baddi, H.P.).

M/s Apex Prefab Building Systems is a new partnership company being set up in village Kondi, Tehsil Nalagarh in District Solan, Himachal Pradesh to manufacture PUF insulated Sandwich Panels and pre-engineered steel buildings for the rapidly expanding Telecom and Cold storage market. The site has been chosen as Government of H.P gives concessions like Duty Exemption, Sales

Tax reduction, Income Tax exemption etc. and nearness to the market. They have a factory named BNAL Prefabs Pvt. Ltd., manufacturing prefab structure for the defence forces and are now expanding into manufacture of PUF insulated panels and pre engineered steel buildings.

For this project they intend to import a PU foaming machine and a PUF Sandwich panel press details of which are given in the Table below:

Table

| Sl. No | Description of Equipment | Purchase order No. & Date | Price in INR & EURO |
|----------------------------|---|---|--|
| 1 | Cannon A- system 200 Std High Pressure Polyurethane foaming unit for the production of Sandwich panels with Non-ODS Technology. | Invoice No 248/07sA/mtC Confirmed by letter No APBS/2007-08/207 Dated 14 th April, 2007 Order confirm no. 9873/mtC(CM 13083+CR) dated 03-08-2007 | 1,00,50,000/- INR 1,67,500/- EURO |
| 2 | Press for Sandwich panels PMC Manni 90T 4.5x1.5 Mtr 4 Daylight Panels Press. | | |
| Total price INR | | | 100.5 Lacs |
| Duty payable @ 7.5% | | | 7.53 Lacs |

The total cost of these two machines are Rs. 100.5 Lacs and duty payable on in would be appox 7.53 lacs.

The total cost of the project including land building plant and machinery is Rs. 198.75 lacs and will be financed by the internal resources of the two partners.

Apart from the imported machines other ancillary machines would be procured locally. The approximate production capacity as visualized for the new plant is 1,34,400 sq. mtrs per annum.

The committee was informed that similarly equipment for manufacturing PUF panels have been approved for many companies earlier.

Taking note of the increasing demand for PUF panels for various purposes in the country, the committee recommended for approval of the above list for exemption of custom duty.

Agenda Item No.2 : The application of **M/s Voltas Limited (Mumbai)**.

M/s Voltas Ltd., is a leading Tata group of companies manufacturing amongst other things central Air-conditioning systems at Thane (Maharashtra), Dadra (UT of Dadra & Nagar Haveli) and Rudrapur (Uttarakhand).

They are now installing one plant at Dadra to manufacture Air Handling units which are made by assembling Polyurethane Sandwich panels cut to various sizes and fitting other units like blower, motor, coil etc. on frames inside the assembled insulated - channel.

For manufacturing Poly Urethane Sandwich panels they are importing one Cannon A-40 compact High Pressure Foaming machine details of which are given below.

Table

| Sl. No | Equipment | P.O. No & Date | Source | Price in Euros | Price in INR |
|---------------------|--|----------------------------------|------------------------|-----------------------|---------------------|
| 1 | Cannon A compact 40 High Pressure Machine. | 7700000700 date 15-06-2007 | M/s Cannon-Afros-Italy | 82000 | 4633000 |
| Total INR | | | | | 46.33 lacs |
| Duty payable | | | | | 3.47 lacs |

The cost of the machine is Euro 82000 (INR 46.33 Lacs) and duty payable on it is approx 3.47 Lacs @ of 7.5%.

The committee was informed that for the production of panels HCFC-141b is used as the non-CFC blowing agent and the hydraulic

press (4 day light) needed for the plant will be procured locally. The capacity projected is 250 Air handling units per month consuming 7500 kg of polyol and isocyanate (MDI) per month.

The committee was further informed that Cannon A-40 foaming machine is a standard machine needed for rigid PU foam insulated panels and duty exemption for similar machines have been approved for many others earlier.

Considering that this foaming machine is essential for manufacture of air handling units (AHU) and that non ODS technology will be used, the committee recommended approval of the machine listed above for exemption of customs duty.

Agenda Item No. 3 The application of **M/s Subros Ltd.**, for Duty exemption for import of 13 pieces of equipment / toolings.

M/s Subros Ltd., is the largest manufacturer of car Air-conditioners in India. Their main customer, M/s Maruti Udyog Ltd., is now going launch a new model of cars which require MACs fitted with new generation of fuel efficient, **environment friendly 10SA13 type compressors** which uses non-ODS refrigerant, HFC-134a. These compressors will replace their existing range of compressors.

For implementation of this new project, M/s Subros is importing 13 pieces of basic equipment/machines details of which are given in the Table below:

Table

| Sl | Description of eqpt. | Qty | P.O. No, Date & Supplier | Total amount (FOB/CIF value) in JPY | Price in INR |
|----|--------------------------------------|-------|---|-------------------------------------|--------------|
| 1 | Pulley Press Insertion Machine. | 1 set | 7200000201 Dated 03.09.07 Logics Corporation | 9250000 | 3620450 |
| 2 | Automatic Pulley TIG welding system. | 1 set | 7200000202 Dated 03.09.07 Logics Corporation | 12000000 | 4696800 |

| Sl | Description of eqpt. | Qty | P.O. No, Date & Supplier | Total amount (FOB/CIF value) in JPY | Price in INR |
|----|--|------------|---|-------------------------------------|--------------|
| 3 | Die for Front Cylindrical Block (2 nos taken) | 1 set each | 7200000204 Dated 17.09.07 Sumitomo Corporation | 25663000 | 10044498.20 |
| 4 | Die for Rear cylindrical Block (2 nos taken) | | | 26163000 | 10240198.20 |
| 5 | Die for Front Housing (4 nos taken) | | | 26663000 | 10435898.20 |
| 6 | Die for Rear Housing (4 nos taken) | | | 19849000 | 7768898.60 |
| 7 | Takisawa CNC lathe Model TC 200 L3 with Fanuc 21iT controls and Accessories | 1 set each | 7200000205 Dated 20.09.07 Takisawa machine Tool Co. Limited | 7800000 | 3052920 |
| 8 | Takisawa CNC lathe Model TC 200 L3 with Fanuc 21iT controls and Accessories | | | 7350000 | 2876790 |
| 9 | Takisawa CNC lathe Model TC 200 L3 with Fanuc 21iT controls and Accessories | | | 7450000 | 2915930 |
| 10 | Takisawa CNC lathe Model TC 200 L3 with Fanuc 21iT controls and Accessories. | | | 7550000 | 2955070 |
| 11 | Takisawa CNC lathe Model TC 200 L3 with Fanuc 21iT controls and Accessories. | | | 7850000 | 3072490 |
| 12 | 12 Stage progressive die compressor cylinder gasket GA011-30400 KEN t0.38 requires A class surface finish. | 1 set | 7200000206 Dated 22.09.07 Logics Corporation | 4000000 | 1565600 |

| SI | Description of eqpt. | Qty | P.O. No, Date & Supplier | Total amount (FOB/CIF value) in JPY | Price in INR |
|-----------------------------|--|-------|--|-------------------------------------|--------------|
| 13 | 12 Stage progressive die compressor centre gasket GA011-30900 KEN t0.38 requires A class surface finish. | 1 set | 7200000206 Dated 22.09.07 Logics Corporation | 4000000 | 1565600 |
| Total amount INR | | | | 64811143.20/- | |
| Duty payable Approx. | | | | 4860835.74/- | |

The total cost of these 13 pcs of equipment is Rs. 6.481 crores and duty payable on it would be approx. Rs 48.6 lacs.

The committee was informed that this new generation of compressors will surpass the old 10s technology and will be **First to be Globally Launched from India**. These have a smaller size, no muffler and bolt and a rotor of sheet metal thus reducing weight, energy consumption and cost. It is designed for use with non-ODS refrigerant HFC-134a.

Considering the advantages of the new type of non-ODS energy efficient compressors, the committee recommended approval of the above list of machinery and tools for exemption of customs duty.

Agenda Item No. 4 The application of **M/s InTime Fire Appliances**, Mumbai.

M/s InTime Fire Appliances Ltd., is a small size company engaged in the manufacture of fire extinguisher equipment since 1993. They have two plants (i) at Andheri (West), Mumbai and (ii) at TTC, MIDC, Navi Mumbai. After Montreal Protocol the use of Halon-1211 and Halon-1301 has been given up and the company started manufacture of non-ODS fire extinguishers of ABC powder (4/5 kg capacity) and CO₂ squeeze grip extinguishers.

The company now wants to manufacture bigger size (9/10 litre capacity) ABC powder based pressurized fire extinguishers which are more effective. For manufacturing these larger type of fire extinguisher cylinders they are importing one Hydraulic

stretcher machine (a press of 200 ton) and a mould set to be used with the press. The details of the machines being imported are given below:

Table

| Sl. No | Name of Machine | P.O. No. and Qty | Price in FOB | Price in INR |
|---------------------|--|-------------------|--------------|--------------|
| 1 | Hydraulic stretcher machine 200 ton 380V, 50Hz | 59/07-08 1 set | US\$ 22875/- | 915000/- |
| 2 | Moulds set for 9 1t/ 10 kg. | 59/07-08 1 set | US\$ 7500/- | 300000/- |
| Total INR | | | | 12.15 lacs/- |
| Duty payable | | | | 0.91 lacs /- |

The total cost of these two equipment is Rs. 12.15 lacs and appox duty payable is Rs. 0.91 lacs @ of 7.5%.

The committee was informed that the company received duty exemption assistance once earlier for import of similar press of **smaller size** to make cylinders of 4/5 kg capacity. Market demand for larger size fire extinguishers emerging now can only be met by import of larger size press.

Considering that non-ODS fire extinguishers of larger size are needed now the committee recommended approval of the above list of equipment for exemption of custom duty.

Agenda Item No.5

The application of **M/s Polyflex (India) Pvt. Ltd., Tamil Nadu.**

M/s Polyflex (India) Pvt. Ltd., is a large manufacturer of molded polyurethane automotive seats since 1984. They have plants at Bangalore, Chennai and Pune. Recently M/s Hyundai Motors India Pvt. Ltd., have decided to double their car production from 3 lacs cars per year to 6 lacs cars per year in their Chennai plant. M/s Polyflex (India) Pvt. Ltd., have to expand their production capacity at their Chennai plant to meet the increased demand from M/s Hyundai Motors.

For this expansion programme, they have decided to purchase more sophisticated **dual hardness foaming machine** in order to have an advantage in the competitive market for car seats and have applied for duty exemption for the import of two sophisticated **dual hardness P.U. foaming machine** details of which are given in the table below:

Table

| Sl. No | Name of Equipment | Qty | P.O. No. & Date | Price in EURO | Price in INR |
|----------------------------|---|-----|--------------------------------------|---------------|---------------|
| 1 | High Pressure Foaming machines Cannon A-Compact 60 FC for Dual Hardness CFC free technology | 02 | PIPL/Chennai/2007-08 | 232950/- | 13045200/- |
| | Spare : Mixing Head FP2L 22 | 01 | Dated 3 rd Sept., 2007 | | |
| | Cannon Pump fixed output 12 cc/rev. | 01 | | | |
| | Cannon Pump fixed output 3 cc/rev | 01 | | | |
| Total cost in INR | | | | | 1.31 /-Crores |
| Duty payable @ 7.5% | | | | | 9.83 /- Lacs |

The total cost of the machine being imported is Rs. 1.31 crores and duty on it would be approx. 9.83 lacs.

The committee was informed that the **dual hardness PU foaming machine is a state of the art machine** and is being procured for the first time in India. It is actually **two PU foaming machines connected to one common high pressure mixing head (FP2L 22)**. It will use water as the non-ODS blowing agent.

Considering the advantage of car seats of dual hardness type in the competitive car seats market in India, the committee recommended approval of above list of dual hardness PU foaming machine with spares for exemption of customs duty.

Some members suggested that a survey should be undertaken to assess the pollution from polyurethane wastes in the country arising out of large increase of the use P.U. products.

Agenda Item No. 6: The application of **M/s. Techno Electronics Ltd., Kashipur.**

M/s. Techno Electronics Ltd., is a new company belonging to Videocon group, formed to look after the new project of M/s Videocon Industries Ltd., at Kashipur. M/s Videocon Industries Ltd., felt that this large project should have its own identity and have decided to form this new company by the name M/s Techno Electronics Ltd., and transferred all the assets so far created in Phase I of the project at Kashipur including equipment recommended earlier by TFSC to the new company

The company under the new name **M/s Techno Electronics Ltd., is now embarking on Phase-II of the refrigerator manufacture project and also setting up a complete plant for manufacture of Air Conditioners** based on non-ODS technology in the same premises.

This application is for Duty Exemption for equipment and machinery which they have to import further to complete Phase-II of the refrigerator project and a complete new plant for manufacture of Air conditioners with non-ODS technology.

The details of the equipment being imported for the refrigerator project and the Air-conditioners project is given separately in the tables in Annexures:

- 1) **Annexure – I** consists of 78 Sets of Equipment needed for manufacture of different parts of refrigerators and the total costs of these imported equipment is INR 11.08 Crores.
- 2) **Annexure – II** consists of 57 Sets of Equipments needed for manufacture of Air Conditioners and the total costs of these imported Equipment is INR 17.14 Crores.

Thus the total cost of the imported equipment needed for Phase – II of the Refrigerator plant and the Air Conditioners Plant is INR 28.22 Crores. and Duty payable on it @ 5% is approx 1.41 Crores.

The committee was informed that the Refrigerators will be using non-ODS refrigerant R-134a and the Air Conditioners are designed to operate with the non-ODS refrigerant blend of R-410a. These new technology refrigerants have been chosen keeping in view the future problems which might arise with usual refrigerant R-22 used by all other Air Conditioner manufacturers currently.

Further they were informed that in addition to the imported equipment the company will be investing appx. INR 14.62 Crores worth of other equipment from the indigenous market for both Refrigerator and Air Conditioner Plants. The Lists of equipment to be procured indigenously is given in **Annexure III & IV**. The Company will be investing approx. Rs. 300 Crores in this Project through internal accruals.

Considering that the demand for refrigerators and Air-conditioners is increasing in the country and there is need for early introduction of non-ODS refrigerants like R-410a in place of currently used low ODP refrigerants like HCFC-22, the committee recommended approval of the list of equipment in Annexure I (for refrigerators) and Annexure II for Air-conditioners for exemption of customs duty.

The committee also suggested that for such large projects some inspection is necessary at an advanced stage of implementation by persons deputed by the ozone cell.

The meeting ended with vote of thank to the chair.



Annexure-A

The meeting of the Technology and Finance Standing Committee held on **19th October, 2007** at **11:00 A.M.** in the Conference Room No. – 2 (CDC), Core 4B, 2nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110 003.

LIST OF PARTICIPANTS

| | | |
|---|---|----------|
| 1 | Dr. S. Varadarajan, Chairman (TFSC), 4-A, Girdhar Apartments, 28, Feroze Shah Road, New Delhi- 110001 Ph. : 23230828 (Dir) | Chairman |
| 2 | Mr. H. S. Kaintura, Ministry of Chemicals & Petrochemicals, Room No. – 227, Department of Chem. & Petro-Chemical, Shastri Bhavan, New Delhi – 110001 | Member |
| 3 | Dr. Sunil Abrol, Director General, Consultancy Development Centre, India Habitat Centre, Lodhi Road, New Delhi – 110003 Ph. 24648268 (Dir), 4602601/2915 Fax : 24602602 | Member |
| 4 | Dr. R.S. Agarwal, Professor of Mechanical Engineering, Mechanical Engineering Department, Indian Institute of Technology (IIT), Hauz Khas, New Delhi – 110016 Ph. 26591120 (O) Mobile : 9811361865 Email : rsaral@mech.iitd.ernet | Member |
| 5 | 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 | Member |

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| 6 | Shri. Rajesh Piplani, Director General, Consultancy Development Centre, India Habitat Centre, Lodhi Road, New Delhi – 110003 Ph. 24648268 (Dir), 4602601/2915 | Member |
| 7 | Dr. S. Satapathy, NPM, SPPU Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003 | (Special invitee) |
| 8 | Shri. Mohd. Rashid Ayub, MIS Coordinator, Project Management Unit (PMU), Ozone Cell, Ministry of Environment and Forests, India Habitat Centre, Zone IV 4 th Floor, Lodhi Road, New Delhi – 110003 | (Special invitee) |
| 9 | Shri. Amit Gulati, Audit Coordinator (PMU) Project Management Unit (PMU), Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 nd Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003 | (Special invitee) |
| 10 | Shri. Mahinder Singh, AO, Ozone Cell, Ministry of Environment and Forests, India Habitat Centre, Zone IV 4 th Floor, Lodhi Road, New Delhi – 110003 | (Special invitee) |
| 11 | 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 |

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| 12 | 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 |
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