

**Minutes of the Technology and Finance Standing Committee (TFSC) Meeting held on Friday, 11<sup>th</sup> January, 2008 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**)

The Minutes of the TFSC meeting held on 19<sup>th</sup> October, 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 19<sup>th</sup> October, 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 **Appex Prefab Building System. Baddi (HP)**
2. M/s **Voltas Ltd., Mumbai**
3. M/s **Subros Ltd., Noida**
4. M/s **In Times Fire Appliance, Mumbai**
5. M/s **Polyflex India Pvt. Ltd., Chennai**
6. M/s **Techno Electronic Ltd., Kashipur, Uttarakhand**

Ex Post facto approval has also been taken in the recent meeting of the Empowered Steering Committee held on 21<sup>st</sup> November, 2007.

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

**Agenda Item No.1**    The application of **M/s E-Pack Polymers Pvt. Ltd., Greater Noida, U.P.** for duty exemption for import of one Cannon A-200 PU foaming machine and one Hydraulic hot press with automatic loading/unloading systems from EUMA, Malaysia.

**M/s E-Pack Polymers Pvt. Ltd.**, is a Pvt. Ltd. company currently engaged in the manufacture of expanded polystyrene (thermocole) products catering to 70% of the demand of M/s L.G. Electronic India Pvt. Ltd., for their shape moulded as well as block moulded packing systems and have almost 50% of market share in North India.

M/s E-Pack Polymers Pvt. Ltd., have now decided to diversify into manufacture of PU Sandwich panels for which they are

importing (a) one PU foaming plant from Italy and (b) one hot panel press from Malaysia. The details of the imported equipments are shown in the Table below:

**Table**

Sl. No	Equipment	Qty	P.O. No & Date	Price in Euro	Price in INR
1	One High Pressure 200 Kg. Cannon A-Compact 200 Polyurethane Foaming Machine <b>Spares:</b> One set of spare parts	1	LOI and Proforma Invoice No. 620/07 sA/mtC  Dated 10/09/07	1,10,000 FOB	60,50,000
2	One Hydraulic Hot Press with bottom movable platens with Automatic loading/unloading systems. <b>Specs:</b> Type PXE 70/15 (1+1), Solid Steel Platens Single Opening Platen Size : 7,000x1,500mm Stroke : 400 mm Opening : 400 mm Loading side : 1500mm 3 heating platens (One tope fixed and two bottom movable), PLC controlled	1	Sales Contract No. EUMA 99/07  Dated 26/09/07	125,000	68,75,000
<b>Total</b>				2,35,000	1,29,25,000/-
<b>Appox. Duty @ 7.5%</b>				17,625/-	969,375/-

The total cost of these two machines is Rs 129.25 lacs and duty payable on it @ 7.5% would be appox. Rs. 9.69 lacs.

The total cost of the project including land, building, plant and machinery is Rs. 38.5 crs. and it will be partly financed by a term loan of appox. 25.1 crs. for which they will apply to Corporation Bank, Noida.

The committee was informed that the project will be located at their existing premises in Greater Noida, U.P and apart from imported machinery other machines would be procured locally.

The committee wanted following further information from the company.

- a) A guaranty is required that at no time this plant will be used for production of anything other than foam sandwich Panels using non-ODS blowing agent.

- b) A large amount of waste may be generated in the process. The method of disposal of this waste without generating any environmental pollution may be indicated.
- c) The method of disposal of waste generated from current production of Expanded Polystyrene (EPS) may be also be mentioned.
- d) The plant may not be used throughout the year. Will it be used for other purposes?

In response to the above, M/s E-Pack Polymers have submitted the following:

- (a) A guarantee letter that the plant will not be used to produce anything other than PU sandwich panels.
- (b) No waste will be generated in the PUF panel making plant as in a discontinuous process panels are made as per exact specifications.
- (c) Polystyrene waste pieces from their existing EPS plant are sold to scrap dealers who further sale this to furniture manufacturers and soft toy manufacturers. No pollution is therefore generated in the premises.
- (d) The plant will run continuously, it may be shut down occasionally for maintenance purposes and it will not be used for any other purpose.

Taking note of the above the Committee recommended the application for approval for duty exemption.

**Agenda No. 2** The application of **M/s B.A. International** Raipur, Roorkee (Uttarakhand) for duty exemption for import of (i) one CNC Turret Punch Press (Model EM-2510NT) (ii) one Press Brake Model RG-80 and (iii) One Press Brake Model RG-355 with Auto Back Gauge.

**M/s B.A International** is a small company manufacturing Cold Rooms, Water Coolers, Water Chillers and PUF panels from 1982 at Meerut (U.P.). They expanded their facilities for manufacturing these appliances on a larger scale at Raipur, Roorkee (Uttarakhand) in 2005 and are now manufacturing cold rooms from PUF panels on a big scale in this area. For this expansion they received duty exemption assistance earlier.

The company is now facing some difficulties in the manufacture of sheet metal fabricated articles with existing manually operated presses and to over come these difficulties they are importing three sophisticated metal presses from Japan. Details of the machinery being imported are shown in the table below. The application is for duty exemption for the import of these three presses.

**Table**

Sl. No	Description of machine	Qty	P.O. No./date	Value in INR	Value In Japan Yen
1	<ul style="list-style-type: none"><li>Amada CNC Turret Punch Press model EM-2510 NT along with Punch Assembly Jig.</li><li>Off line Programming Software Model AP 100 NT</li><li>Nex Air Blow Tooling</li><li>Automatic Storage &amp; Retrieval System (ASR 48M-T)</li><li>Scrap Conveyor</li></ul>	1 Unit  1 Set  1 Set 1 Set  1 Set	BA/AIPL/944/07  Dated 22 <sup>nd</sup> 10, 2007	17160000	52000000
2	Amada Press Brake Model RG-80 with DC 9III	1 Unit			
3	Amada Press Brake Model RG-355 with Auto Back Gauge	1 Unit			
Total				17160000	52000000
Duty Appox. @ 7.5%				12.8 lacs	

**The project will be utilizing all other ancillaries from local sources.** The import of these presses will cost Rs. 1.71 crs. and duty payable @ 7.5% will be appox. Rs. 12.8 Lacs.

The Committee observed that fabrication of sheet metal components requires high precision so that the final assembling can be done with speed to produce higher quality products. Installation of these imported presses will not only give better products but also will increase their capacity and recommended the application for approval.

**Agenda Item No.3** The application of **M/s Hunter Telecom India Pvt. Ltd., Gurgaon** for duty exemption for import of a PUR Cold Room Panel continuous production line from Korea.

**Hunter Telecom India Pvt. Ltd., Gurgaon**, is a recently (2006) formed private limited company at Baddi (Solan), H.P. manufacturing products for Telecom Industries. They are now expanding to make **telecom shelters** using polyurethane foam panels and are importing a continuous production line for PUR foam

panels from Korea. The details of the machinery being imported are given in the table below:

**Table**

Sl. No	Details of Equipment	P.O. No & Date	Price in INR	Price in US\$
1	PUR Cold room Panel continuous production line	HU/1107/0066 Dated 24.11.2007	40400000	1010000
<b>Duty Payable @ 7.5%</b>			30.3 Lakhs	

The cost of the production line is Rs. 4.04 crs. and duty payable on it would be approx. Rs. 30.3 Lakhs.

The committee noted that continuous panel making machines are more economical and currently every manufacturer of PUF foam panels are opting for this kind of machine.

However the committee wanted following further information from the company:

- a) The capacity of the plant.
- b) The purchase order shows that major spares (7 in number) are free of cost. This may be explained and an item wise breakup of the quotation should be given.

The company has replied (a) the projected production capacity of the plant working on a double shift basis is 6.0 lakh panels (3 Mtr. Length) per annum and (b) in the negotiations it was agreed that there will be no charge for these spares. Item wise break up of the quotation has been provided.

The Committee taking note of the clarifications received, recommended the application for approval.

**Agenda Item No. 4:** The application of **M/s Lloyd Insulations (India) Ltd.**, for duty exemption for import of (i) one continuous operating production line – wet part from M/s Henneck, Germany and (ii) one continuous operating production line (dry part) from Kwang Metal Forming for manufacturing PU Sandwich foam panels by continuous process.

**M/s Lloyd Insulations (India) Ltd.**, is a large manufacturer of P.U. foam products and have P.U. foam plants at Pithampur (M.P.), and at Baddi, in (H.P.).

Encouraged by the expanding market of insulated foam panels particularly in the cold storage sector, the company has decided to set up a new plant near Chennai. It is a continuous type panel making plant consisting of (i) wet part (foaming unit) and (ii) dry part (panel press). The details of machinery being imported are given in the table below:

**Table**

<b>S. No</b>	<b>Description of Goods</b>	<b>Purchase order no.</b>	<b>Supply date</b>	<b>Price in Euro</b>	<b>Price in INR</b>
1	One continuous operating production line (part one-Wet part) for the manufacture of sandwich panel of rigid polyurethane foam (PUR/PIR) type CONTIMAT CM 30	18/VPM/07/003  Dated 02.04.2007	31.01.08	2290000	13.28 Cr
2	One continuous operating production line (part two- Dry part) for the manufacture of sandwich panel of rigid polyurethane foam	18/VPM/07/001  Dated 02.04.2007	Do	935769	5.43 cr
<b>Total Price INR</b>					<b>18.71 cr</b>
<b>Duty @ 7.5% INR</b>					<b>1.4 cr</b>

The total cost of machinery being imported is Rs. 18.71 cr and duty on it would be approx. Rs. 1.4 cr. For foam blowing they will be using n-pentane (non-ODS).

The total project, including land, building etc. will cost Rs. 37.44 crores, the major part of which will be financed mostly by internal accruals. The projected capacity of the plant is approx. 783360 linear meters per year working on single shift basis. While considering the application, the committee wanted the following additional information from the company.

- List of main customers of the company.
- Quantum of wastes generated in the continuous P.U. panel making process.
- The maximum distance the panels can be transported economically and
- Can the plant be used for other purposes when it is not being used for panel making?

M/s Lloyd Insulation in response to the above provided a list of 47 names as their main customers. The wastes from panel manufacture are in the form of polymer powder from the cutting process. The powder is briqueted under pressure and the bricks are recycled during pressing of new panels. Further they have mentioned that the fully formed panels can be transported upto 12 miles easily and economically if there is road for the trailers. It has

also been mentioned that their plant will be in operation throughout the year.

The Committee noted the clarifications received and recommended the application for approval.

**Additional Agenda Item No.1** The application of **M/s Sanden Vikas India Ltd.**, Faridabad, for duty exemption for import of machinery for their expansion project.

M/s **Sanden Vikas India Limited** is a large manufacturer of Mobile Air Conditioners (MACs) located at Faridabad. The company has gradually increased their production capacity for MACs and their currently projected capacity is 200,000 units per year. They are now further expanding their capacity for which they are importing and installing six pieces of equipment details of which are given in the table below:

**Table**

SI. No	Equipment	Qty	P.O. No & Date	Price in Euro/Yen/USD	Price in INR
1	Moulds for HVAC (YC5)	1	SVL/IMP/064 31/08/2007	396000 USD	15444000
2	END Forming Machine for AC Pipes with bulge & spinning tools	1	SVL/IMP/068 08/09/2007	21280000 Yen	8512000
3	Pipe Rolling Machine & Tools	1	SVL/IMP/070 17/09/2007	55000 USD	2145000
4	Finn Power SP 100S VS Crimping Machine	1	SVL/IMP/075 15/10/2007	21000 EURO	819000
5	Moulds for HVAC (Microbus)	1	SVL/IMP/071 24/09/2007	281950 USD	10996050
6	Measuring & profiling system	1	SVL/IMP/078 25/10/2007	118073 USD	4604847
<b>Total cost INR</b>					<b>42520897</b>
<b>Duty payable @ 7.5%</b>					<b>32 Lakhs</b>

The cost of the equipment being imported is 4.26 crores and duty payable on it is approx. 32 lakhs.

The committee noted that all the equipment being imported by the company are general purpose machinery and moulds and similar equipment has been approved earlier for them as well as for others manufacturing Mobile Air Conditioners. However the committee needed following further information regarding the project

- (a) information about their main customers and

- (b) information whether they also manufacture MACs suitable for refrigerants other than HFC-134a.

In reply the company has given a list of their customers. They have also informed that their plant is dedicated for manufacture of MACs using non-CFC refrigerant (HFC-134a) and it can not be used for manufacturing MACs using any other refrigerant.

The Committee noted the additional information and recommended the application for approval.

**Additional Agenda Item No. 2** The application of **M/s Telecom Network Solutions Pvt. Ltd.**, Noida for duty exemption for import of one High Pressure Polyurethane Foaming machine.

**M/s Telecom Network Solutions Pvt. Ltd.**, is a new company founded in 2001 to manufacture steel structures for Telecom Industries. They gradually expanded to other businesses like Microwave, networking and Telecom training centers. **The company is now diversifying into manufacture of Telecom shelters** at UPSIDC Industrial area, Sikendrabad, (U.P.). For this new activity they want to import one high pressure P.U. foaming machine with accessories details of which are given in the table below. The application is for duty exemption for the import of this machine.

**Table**

S. No	Equipment	Qty	P.O. No & Date	Price in Euro	Price in INR
1	High Pressure Polyurethane Machine Model Titan 100 R. 1.1 using CFC-Free Technology, composed of: a) Polyol / Isocyanate Tank b) Polyol Metering Group c) Isocyanate Metering Group d) Hydraulic Power Pack e) Mixing Head Type EKS 18 f) Control Panel g) Pneumatic Drum Transfer Pumps h) Heat Exchangers	1	TNS/07-08/04/001  Dated 28-9-2007	59000	3392500
<b>Total cost INR</b>					3392500
<b>Duty payable @ 7.5%</b>					2.54 Lacs

The cost of this machine is Euro 59,000 (INR 33,92,500/-) and duty payable is approx. 2.54 lacs.



The approximate production capacity to start with is estimated to be 250 shelters per month.

For making the panels a press is also necessary. The company has informed that the press will be procured from indigenous sources.

The total cost of the project is approx Rs. 2.927 crs and will be financed from internal accruals.

The Committee noted that similar PU foaming machines for making PUF panels have been approved earlier for many companies and recommended the application for approval of exemption of customs duty.

**Additional Agenda Item No.3:** The Application of **M/s Global Autotech Ltd.**, Noida (U.P) for duty exemption for import of machinery needed for increasing the capacity for manufacture of components for mobile Air-Conditioners suitable for non-ODS technology.

M/s **Global Autotech** is a private limited company, engaged in the manufacture of parts and components of MACs which at present are totally supplied to **M/s Subros Ltd.** They manufacture all the tube connectors for M/s Subros and due to increased demand from **M/s Subros Ltd.**, they are now enhancing their capacity of manufacture of **Tube Connectors** from 300,000 pcs per month to 350,000 Tube connectors per month. For this they are importing two vertical CNC tap centre machines details of which are given in the table below. Also they are increasing their capacity for manufacture of **squeeze cast aluminium housing for AC compressors** for which they are importing one squeeze casting machine and one melting furnace with unloading Robot, details of which are also given in the table:

**Table**

S No	Item	Machine / Equipment Req'd.	Qty	PO/LOI No. Date	Supplier Source	FOB /CIF Value	Total Landed Cost INR (Lacs)
1	Tube Connector	Yamazen – Brother make Vertical CNC tap centre equipped with all standard accessories	1	GAL/MISC/2131-2007-2008 9 <sup>th</sup> Aug, 07	Yamazen Corp. Japan	JPY 6,200,000	29.76

2		Yamazen – Brother make Vertical CNC tap centre equipped with all standard accessories	1	GAL/TC/ MISC/2135/2007-08  5 <sup>th</sup> Oct, 07	Yamazen Corp. Japan	JPY 6,100,000	29.28
3		Model No. HVSC 800 SQ Horizontal Die Clamp Vertical Shot Structure 800T Squeeze Casting Machine with Accessories	1	GAL/PDC/ 5164/ 2006-2007  25 <sup>th</sup> Aug, 07	UBE Corp. Japan	JPY 76,500,000	367.20
4	Die Casting	CMTS Sdn Bhd Model – MH 400 Aluminum Melting & Holding Furnace of capacity 400 kg/Hr.	1	GAL/PDC/ IMP/014/  30 <sup>th</sup> Nov, 07	CMTS SDN BHD Malaysia	US \$ 72,000	34.56
<b>Total Price</b>							<b>460.80</b>
<b>Duty Payable @ 7.5 %</b>							<b>34.56</b>

The total cost of machinery being imported is Rs. 460.8 Lacs and duty on it would be approx. Rs. 34.6 lacs. The cost of this expansion will be met by internal accruals.

The Committee noted that the machinery being imported will be used to make parts of MACs being manufactured by M/s Subros for use with non-ODS refrigerant HFC-134a and can be considered but desired that M/s Global Autotech should submit a copy of their MOU with M/s Subros to ensure that the goods produced with the above imported equipment are solely used by M/s Subros. Further, the committee wanted to know about the wastes produced in the above manufacturing process and the method of disposal of these wastes without generating any environmental pollution.

In reply M/s Global Autotech have submitted a copy of the MOU which states that they will supply the parts manufactured solely to M/s Subros. Further they have stated that the primary waste generated in their manufacturing process is aluminum chips which are sold as a scrap to authorized scrap dealers for further remelting and reuse without generating environmental pollution.

The Committee noted the clarifications received and recommended the application for approval.

**Additional Agenda Item No 4:** The Application of **M/s Pranav Vikas India Ltd.**, for duty exemption for import of one End Forming machine and tools for the inlet & outlet pipes.

M/s **Pranav Vikas India Ltd**, is a manufacturer of aluminum heat exchangers (condensers and evaporators) used in MACs. They supply these heat exchangers mainly to their sister company M/s

**Sanden Vikas Limited**, but also to other MAC manufacturers. Currently their capacity is 600,000 heat exchangers units per year. The company is now undertaking expansion to manufacture 1000,000 units of heat exchangers per year.

For this expansion programme they want to import one End Forming machine and tools for inlet and outlet pipes, details of which are given below. The application is for duty exemption for import.

**Table**

S. No	Description of Equipment	Qty	P.O. No & Dated	Supplier	Cost in USD	INR Lacs
1	End Forming Machine & Tools.	1	PVPLIII/1558 Dated 18.09.07	Shinwon World Trading Co., Ltd., Korea	34,250	13,35,750
<b>Total INR</b>						<b>13,35,750/- Lacs</b>
<b>Duty payable</b>						<b>1.002/- Lacs</b>

The total cost of the equipment is Rs. 13.36/- Lacs and the duty on it would be approx Rs. 1.002/- Lacs @ of 7.5%.

The Committee considered the application and desired that the following additional information may be obtained from the company regarding (a) MOU between Pranav-Vikas and Sanden-Vikas for exclusive/otherwise supply of Heat exchangers manufactured by Pranav-Vikas and (b) the wastes generated in the plant during manufacture of Heat exchangers and the current procedure for disposal of wastes without generating any environmental pollution.

M/s Pranav-Vikas have submitted a copy of the MOU which mentions that they will supply all the heat exchangers for MAC systems manufactured by M/s Sanden-Vikas. Further, they have mentioned that only some aluminum scrap is generated as waste product in their plant and it is regularly disposed off to scrap dealers for recycling. They also have a NOC from the State Pollution Control Department.

The Committee noted the reply and recommended the application for approval.



**Annexure-I****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>Shri R. Balasubramaniyan,</b> Regional Secretary, India Chemical Manufacturers Association (ICMA), 209 G.K. House, 187-A Sant Nagar, New Delhi – 110065 Tel : 91-11-9810690755 Fax : 26836838	Member
3	<b>Dr. Shraddha Rubey,</b> Confederation of Indian Industry, India Habitat Centre, Zone IV 4 <sup>th</sup> Floor, Lodhi Road New Delhi – 110003	Member
4	<b>Mr. M. Zakaria Khan</b> DIPP, Room No. 439, Udyog Bhawan, New Delhi – 110 001 Tel: 23062017	Member
5	<b>Dr. Sunil Abrol,</b> Director General, Consultancy Development Centre, India Habitat Centre, Lodhi Road, New Delhi – 110003 Ph. 24648268 (Dir), 4602601/2915 Fax : 24602602	Member
6	<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	Member
7	<b>Dr. S. Satapathy,</b> NPM, SPPU Core IV B, 2 <sup>nd</sup> Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	(Special invitee)

8	<b>Shri. Mohd. Rashid Ayub,</b> MIS Coordinator, Project Management Unit (PMU), Ozone Cell, Ministry of Environment and Forests, India Habitat Centre, Zone IV 4 <sup>th</sup> Floor, Lodhi Road, New Delhi – 110003	(Special invitee)
9	<b>Shri. Amit Gulati,</b> Audit Coordinator (PMU) Project Management Unit (PMU), Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 <sup>nd</sup> Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	(Special invitee)
10	<b>Prof. S.K. Mukerjee,</b> Consultant, Ozone Cell, Ministry of Environment and Forests, Core IV B, 2 <sup>nd</sup> Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	Consultant
11	<b>Dr. A. Duraisamy,</b> Director (Ozone Cell), Ministry of Environment and Forests, Core IV B, 2 <sup>nd</sup> Floor, India Habitat Centre, Lodhi Road, New Delhi – 110003	Member Secretary