

**GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT OF COMMERCE  
(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)  
NOTIFICATION**

22<sup>nd</sup> May 2012

**Final Findings**

**Subject:- Anti-dumping investigation concerning imports of ‘Grinding Media Balls’ (excluding Forged Grinding Media Balls) originating in or exported from Thailand and China PR.**

**No. 14/34/2010-DGAD:** - Having regard to the Customs Tariff Act 1975 as amended (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules thereof, as amended (hereinafter referred to as the AD Rules);

2. Whereas M/s AIA Engineering Ltd and M/s Welcast Steels Limited, have jointly filed an application(hereinafter referred to as the Applicants before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Act and the AD Rules for initiation of Anti-dumping duty investigation concerning imports of ‘Grinding Media Balls’ (excluding Forged Grinding Media Balls) (hereinafter also referred to as the subject goods) originating in or exported from China PR and Thailand (hereinafter also referred to as the subject countries) and requested for levy of anti-dumping duties on the subject goods.

3. And whereas, the Authority on the basis of sufficient evidence submitted by the applicants issued a public notice dated 23<sup>rd</sup> May 2011, published in the Gazette of India, Extraordinary, initiating Anti-dumping investigation concerning imports of the subject goods, originating in or exported from the subject countries, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which, if levied would be adequate to remove the injury to the domestic industry.

**A. PROCEDURE**

4. The procedure described herein below has been followed with regard to investigation after issuance of the public notice notifying the initiation of the above investigation by the Authority:

i. The Authority sent a copy of initiation notification dated 23<sup>rd</sup> May 2011 to the Embassies of the subject countries in India, known exporters from the subject countries, known importers/ users and the domestic industry as per the addresses made available by the applicants and requested them to make their views known in writing within 40 days of the initiation notification.

- ii. The Authority provided a copy of the non-confidential version of the application to the known exporters and to the Embassies of the subject countries in India in accordance with Rule 6(3) supra.
- iii. The Embassies of the subject countries in India were informed about the initiation of the investigation in accordance with Rule 6(2) of the AD Rules with a request to advise the exporters/producers from their countries to respond to the questionnaire within prescribed time limit. A copy of the letter and questionnaire sent to the exporters/producers was also sent to them along with the names and addresses of the known exporters/producers.
- iv. The Authority sent questionnaires to elicit relevant information to the following known exporters/producers in subject countries in accordance with Rule 6(4) of the AD Rules:

S.N.	Name of Producer/ Exporter
1	M/s Magotteaux Co Ltd, Room No.312-313 31st Floor Thai CC Tower Building, 889, South Sathorn Road, Yannawa, Sathorn Bangkok- 10120 Thailand
2	M/s Magotteaux Alloyed Material ( Suzhou) Co Ltd, No.36 Ping Sheng Road, Sheng Pu Town, Suzhou Industry Park, Jiangsu Province- 215121, China PR

- v. In response to the above notification, the following have responded:
  - 1. M/s Magotteaux Co Ltd, Thailand
  - 2. M/s Magotteaux Singapore Pvt. Ltd., Singapore
  - 3. M/s Magotteaux Industries Pvt. Limited, India
- vi. A Market Economy Treatment (MET) questionnaire was forwarded to all the known exporters/producers from China PR and Embassy of China PR in New Delhi. For the purpose of initiation, the Normal value in China PR was considered based on the constructed cost of production of the subject goods in China PR, as the applicant pleaded that the information for market economy third country is not available to them. This claim has not been contested by any other interested party. The Authority informed known exporters/producers that it proposes to examine the claim of the applicants in the light of paras 7 and 8 of Annexure I of the AD Rules. The exporters/producers of the subject goods from China PR were therefore requested to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 of the Annexure of the AD Rules to enable the Authority to consider whether market economy treatment be granted to co-operative exporters/producers from China PR.
- vii. Questionnaires were sent to the following known importers / users of subject goods in India calling for necessary information in accordance with Rule 6(4) of the AD Rules:

S.No.	Name of Importers/Exporters
1.	M/s Balaji Industrial Products Ltd., Rajasthan.
2.	M/s Balls and Cylpebs Ltd., Uttar Pradesh.
3.	M/s ACC Limited Cement, Maharashtra .
4.	M/s Grasim Industries Limited Cement Division, Rajasthan
5.	M/s Alcon Cement Company Pvt. Ltd., Goa
6.	M/s Ambuja Cements Ltd , West Bengal.
7.	M/s Andhra Cement Co Ltd, Andhra Pradesh.
8.	M/s Anjani Portland Cement Limited, Andhra Pradesh.
9.	M/s Asian Concretes And Cements Private, Himachal Pradesh.
10.	M/s Gujarat Sidhee Cement Limited, Gujarat
11.	M/s Bharat Heavy Electricals Ltd , Uttar Pradesh
12.	M/s Birla Corporation Ltd (Cement Division), Uttar Pradesh
13.	M/s Khyber Industries (P) Ltd, Jammu and Kashmir.
14.	M/s Hindustan Zinc, Rajasthan.
15.	M/s Hindalco Industries Limited, Gujarat.
16.	M/s The India Cements Ltd, Tamil Nadu.
17.	M/s Jaiprakash Associates Ltd, Uttar Pradesh
18.	M/s Jaypee Rewa Plant, Madhya Pradesh
19.	M/s J.K. White Cement Works, Rajasthan
20.	M/s Kakatiya Cement Sugar & Industries (Cement Division), Andhra Pradesh
21.	M/s NCL Industries Limited, Andhra Pradesh
22.	M/s Madras Cements Ltd, Andhra Pradesh
23.	M/s Mahi Cement, Rajasthan
24.	M/s Mandovi Pellets (A Divn. Of Chowgule & Company Ltd.), Goa
25.	M/s Megha Technical & Engineers Pvt Ltd, Meghalaya
26.	M/s Murli Industries Limited, Maharashtra
27.	M/s My Home Cement Industries Ltd, Andhra Pradesh
28.	M/s Penna Cement Industries Ltd, Andhra Pradesh.
29.	M/s Heidelberg Cement India Ltd, Haryana
30.	M/s NGS White Cement Company, Tamil Nadu.
31.	M/s P.Rajya Vidyut Utpadan Nigam Ltd., Uttar Pradesh.
32.	M/s Prism Cement Limited, Madhya Pradesh
33.	M/s Rashmi Cement Limited , West Bengal
34.	M/s Rain Commodities Ltd, Andhra Pradesh.
35.	M/s Shriram Cement Works, (A Division Of DCM, Shriram Consolidated Ltd.), Rajasthan.
36.	M/s Reliance Infrastructure Ltd, Maharashtra.
37.	M/s Tata Chemicals Ltd, Gujarat.
38.	M/s Vasavadatta Cement (Prop. Kesoram Industries Limited), Karnataka
39.	M/s PRISM Cement Ltd., Madhya Pradesh
40.	M/s Sarda Energy & Minerals Limited Industrial Growth Centre,

	Chhattisgarh.
41.	M/s Samruddhi Cement Limited, Rajasthan
42.	M/s Suday Minerals & Chemicals (P) Ltd., Rajasthan.
43.	M/s Saloni Industries, Rajasthan.
44.	M/s Trinayani Cement (P) Ltd., Uttar Pradesh
45.	M/s Zuari Cement Ltd, Andhra Pradesh
46.	M/s Penna Cement Industries Limited, Andhra Pradesh
47.	M/s Ultratech Cement Limited, Andhra Pradesh
48.	M/s Trumboo Industries Private Limited, Jammu and Kashmir
49.	M/s Shree Cement Ltd, Rajasthan
50.	M/s Panyam Cements & Mineral Industries Cement, Andhra Pradesh
51.	M/s Shiva Cement Limited, Orissa
52.	M/s Parasakti Cement Industries Limited, Andhra Pradesh
53.	M/s Saurashtra Cement Limited, Gujarat
54.	M/s Orient Cement, Andhra Pradesh
55.	M/s Sagar Cements Limited, Andhra Pradesh
56.	M/s Maharashtra State Power Generationm, Maharashtra
57.	M/s OCL India Limited, Orissa
58.	M/s Meghalaya Cements Limited, Meghalaya.
59.	M/s Maihar Cement, Madhya Pradesh
60.	M/s MSP Steel & Power Ltd., Chhattisgarh
61.	M/s Lafarge India Pvt Ltd., Chhattisgarh
62.	M/s Manikgarh Cement (A Divn Of Century Textiles & Inds Ltd, Maharashtra
63.	M/s Jindal Steel & Power Limited, Orissa
64.	M/s Kesoram Cements, Andhra Pradesh
65.	M/s Jaiprakash Associates Ltd, Uttar Pradesh
66.	M/s Keerthi Industries Limited, Andhra Pradesh.
67.	M/s JK Lakshmi Cement Ltd, Rajasthan.
68.	M/s Green Valliey Industries Pvt. Ltd. , Meghalaya
69.	M/s India Resources Limited Concentrator Plant, Jharkhand
70.	M/s J.K. CEMENT Works (Unit : J.K. Cement Ltd), Rajasthan
71.	M/s Panipat Thermal Power Station, Haryana.
72.	M/s Humboldt Wedag India Private Limited, Delhi.
73.	M/s Deccan Cements Limited (002) (Slag Cement Divn), Andhra Pradesh
74.	M/s Gujarat State Electricity Corpn. Ltd., Gujarat
75.	M/s Diamond Cements, Madhya Pradesh
76.	M/s Eco Cement India Ltd. Factory: Pashupati Cements (P) Ltd, Uttar Pradesh
77.	M/s Shree Digvijay Cement Company Ltd, Gujarat
78.	M/s Century Cement, Chhattisgarh
79.	M/s Chunar Churk Cement Ltd, Uttar Pradesh.
80.	M/s Cement Manufacturing Co. Ltd. Lumshnong Works, Meghalaya
81.	M/s Chariot Steel & Power (P) Ltd, Orissa
82.	M/s Chowgule & Company Limited,Goa

viii. Responses to the Importer's questionnaire have been received from the following importers of the subject goods In India:

1. M/s Saloni Industries, Rajasthan.
2. M/s Andhra Cement Co Ltd, Andhra Pradesh.
3. M/s My Home Cement Industries Ltd, Andhra Pradesh.
4. M/s Chowgule & Company Limited,Goa.
5. M/s Lafarge India Pvt Ltd., Chhattisgarh.

**Submissions made by the responding parties:**

The responding parties have, in brief, stated as follows:

M/s Saloni Industries, Rajasthan: It has been stated that no purchase of the product under consideration was made during the period of investigation.

M/s Andhra Cement Co Ltd, Andhra Pradesh: It has been stated that the product under consideration has not been imported by them for the cement plant.

M/s My Home Cement Industries Ltd, Andhra Pradesh: It has been stated that it had not imported the product under consideration from Thailand and China PR. The purchase of the said product are made locally and majorly from M/s. AIA Engineering Ltd. & M/s. Welcast Steels Ltd.

M/s Chowgule & Company Limited,Goa: It has been stated that they do not import the product under consideration from any country rather source it domestically from M/s. AIA Engineering Ltd. & M/s. Welcast Steels Ltd.

M/s Lafarge India Pvt Ltd., Chhattisgarh: It has been stated that no import of the product under consideration was made by them during the period of investigation.

- ix. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties;
- x. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years, including the period of investigation.
- xi. Optimum cost of production and cost to make & sell the subject goods in India based on the information furnished by the applicant on the basis of Generally Accepted Accounting Principles (GAAP) was worked out so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry.

- xii. Investigation was carried out for the period starting from **January 2010 to December 2010 (12 Months)** (POI). The examination of trends, in the context of injury analysis, covered the periods April 2007-March 2008, April 2008-March 2009, April 2009-March 2010 and the POI.
- xiii. In accordance with Rule 6(6) of the AD Rules, the Authority provided the opportunity to the interested parties to present their views orally in public hearing held on 09<sup>th</sup> March,2012. The parties, which presented their views in the public hearing, were requested to file written submissions of the views expressed orally. Interested parties were provided opportunity to file rejoinder submissions on the views expressed by the opposing interested parties. The argument made in the written submissions / rejoinders received from interested parties have been considered, wherever found relevant, in the final findings.
- xiv. In accordance with Rule 16 of the AD Rules, the essential facts considered by the Authority were disclosed to the known interested parties and comments received on the same have been considered, wherever found relevant, in these final findings.
- xv. Information provided by interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xvi. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has recorded these findings on the basis of the facts available.
- xvii. \*\*\* in this notification represents information furnished by an interested party on confidential basis, and so considered by the Authority under the AD Rules.

**B. Submissions made by the interested parties post Disclosure statement**

The following comments, in brief, have been made by the interested parties after issuance of the Disclosure statement:

**Submissions made by M/s Magotteaux**

- 5. Post-Disclosure statement, M/s Magotteaux, in brief, has submitted as follows:
  - a. Basic customs duty for the imports of the subject goods into India has been reduced from 15.00% in 2005-06 to 10.00% in 2006-07. The same will have a bearing on the landed value of the imports of the subject goods. As a result of the

above, the injury, if any, caused to the domestic industry is not on account of the alleged dumping of the imports. Further in the ambit of Trade agreement signed between India and Thailand there is progressive reduction in import duty currently 5% and slated to be zero by 2014.

- b. Domestic Industry has in recent past i.e. even during the period of investigation increased its capacity and have plans to further increase the same. This itself leads to an irrefutable presumption that that is no injury that has been caused to the domestic industry. Further the drop in plant utilization, as projected in the petition, from 82% to 62% is mainly on account of significant increase in the capacity by the domestic industry and not by any material injury caused by imports which constitute just a small fraction of the annual industry consumption which is primarily fed by domestic industry.
- c. The inventory level is measured at a particular time and cannot be a benchmark to examine if there is any injury caused to the domestic industry. The relevant test will be to see if the total production and total sales have increased in a year on year comparison and not just inventory at a point of time. The domestic industry itself has claimed in its annual disclosures and balance sheets how its sales of grinding media have actually registered an upward trend year on year.
- d. The prices at which Magotteaux sells its goods to Indian customers is higher than the price at which domestic industry sells its goods. Kindly also appreciate that imported goods have a disadvantage in terms of exchange fluctuation, customs import duties on CIF value and sea freight from overseas port to Indian port plus clearing and other expenses. As a result any International player seeking to enter or make inroads in Indian market is perforce liable to reduce its prices to accommodate these other cost barriers to bring some degree of parity with local supplier. It would be pertinent to examine landed price of imports versus landed domestic supplied prices.
- e. Opinion of major industry players viz: ACC cement ( Mumbai), Ultratech Cement (Mumbai), Shree Cement Beawar, Hindustan Zinc- Udaipur and Essar Steels – Vizag should be sought by sending them a reminder.

### **Submissions made by the domestic industry**

The domestic industry, in brief has submitted as follows:

- It has requested for disclosure of grade and size of the product exported by the exporter as there cannot be any confidentiality with regard to the grade and size of the product exported by the exporter. This suppression of information is because exporter wishes to prevent the domestic industry from defending domestic industry's interests and in managing a lower injury margin.
- The Authority's proposal to compare non injurious price of the domestic industry for product as a whole with the weighted average landed price of the dumped material for determining injury margin is not correct as the domestic industry has clearly established that the cost and price of the product varies with the grade of the product and the size of the ball. Grade of the product and size of the balls are mentioned by the sellers on the invoices itself. The size of the ball is evident even

in the import data. The petitioner domestic industry submits that failure of the exporter to provide the relevant information cannot and should not penalize the domestic industry. The failure of the exporter in the present is deliberate and conscious on the part of the exporter. The exporter has realized that it would be able to get lower injury margin if weighted average non injurious price is compared with weighted average import price. Thus, the exporter has preferred non cooperation by design.

- All producers in this product produce and sell the product on the basis of chrome content and size of the balls. It is not a case of “*inability of the party*” concerned. It is a case of “*unwillingness on the part of exporter for malafide reasons*”. Domestic industry notes that the Authority has compared non injurious price of the domestic industry for the product cumulatively for various grades and sizes of the product under consideration with the weighted average landed price of the dumped material. The comparison is clearly flawed. Domestic industry submits that comparison non injurious price with landed price of imports needs to be done on apple to apple basis. Unless non injurious price and landed price are compared for the grade and size imported, the exporter shall get rewarded for its partial cooperation as there is very significant difference in cost of production of different sizes, despite the same chrome content. Cost of production of 12 MM size is more than 50% higher as compared to cost of production of 40 MM. GM Balls are always priced to the customer based on grade and size. There are two ways to ensure fair comparison – (a) by doing comparison of identical product types; or (b) by comparing different products and making an adjustment for the difference. The later part involves more complex calculations and therefore the preference with the investigating authorities is to do comparison of comparable product types.
- The injury margin is required to be determined by drawing adverse inference against the exporter and assuming highest chrome content and lowest size in the goods exported by the exporter. Any other approach would be rewarding the exporter for its non cooperation and penalizing the domestic industry for exporter’s partial/non cooperation.
- Difference in packing cost requires adjustment to ensure fair comparison for determining injury margin: the packing costs involved in respect of domestic and export sales are significantly different. Thus, the packing cost involved in respect of imported product is much higher and requires an adjustment before the same can be compared with the landed price of imports. Thus, either non injurious price of the domestic industry is required to be adjusted for the form of packing involved in imports; or the landed price of imports is required to be adjusted for the packing form involved in domestic industry product. In any case, landed price of imports in one form of packing cannot be compared with the non injurious price of the domestic industry for different form of packing. Thus, either the Authority should add difference in packing cost to the non injurious price while comparing with the landed price of dumped imports; or the difference should be deducted from the landed price of imports.

- Application of new non injurious price law: The domestic industry submits that the current non injurious price law cannot be applied in the facts and circumstances of the present case. Elaborate submissions have earlier been made before the authority establishes that the raw materials and utilities consumption varies with product type involved. Difference in raw materials and utility consumption over the period does not imply any inefficiency. The same simply implies the difference in product mix over the period. A detailed note on applicability of the NIP law has been enclosed. Further, in any case, petitioner domestic industry submits that in the facts and circumstances of the present case, the cost of production should not be reduced either for raw materials or utilities difference or difference in capacity utilization.
- Form of duty: Petitioner submits that the anti dumping duty may be imposed only as fixed quantum of anti dumping duty (fixed form of duty), expressed as duty in US\$/kg.

### **Examination by the Authority**

7. The Authority has examined all the issues that were considered pertinent in the instant matter as follows:

- As regards contentions relating to reduction in the basic customs causing injury to the domestic industry and that the domestic industry controls more than 70% of the market of the subject goods and that it has sought imposition of the anti dumping duty on the subject goods with the sole intent to further eliminate competition from the market are concerned; the Authority reiterates that the subject goods are being dumped from the subject countries into India and the same is causing injury to the domestic industry, as would be apparent from the relevant sections of these findings.
- As regards the contentions that the domestic Industry was focusing on the global market and thus was not able to completely meet the increase in the domestic demand and hence the import of the subject goods were inevitable and that the domestic Industry has in recent past increased its capacity and plans to further increase the same and thus there is no injury caused to the domestic industry; the Authority notes that the contentions are misleading and are not based on facts, as the domestic industry's inventories had significantly increased during the POI as compared to the previous periods. Besides, it has not been able to utilize its installed capacity to produce the subject goods.
- As regards the contentions that opinion of major industry players should be sought by sending them a reminder; the Authority notes that it had written to all known interested parties requesting them to respond in the present investigation. The initiation notification was also hosted on the Department's web-site besides publication of the same in the Government of India's gazette. As the interested parties referred to have chosen not to respond in the instant matter, due to time

constraints to complete this investigation, no further opportunity can be granted at this late stage.

- As regards injury margin determination, the Authority notes that as M/s Magotteaux has in their post-Disclosure submissions disclosed the chrome contents for the sizes exported, the same has been shared with the domestic industry in order to arrive at a fair comparison. Thus, comparison of the injury margin has been based as per best information available on record.
- As regards difference in packing cost for determining injury margin; the packing costs involved in respect of domestic and export sales are significantly different; the Authority notes that it has landed value of the subject goods and the NIP thereof have compared in packed condition.
- As regards determination of non injurious price and the law thereof; the Authority notes that it has determined the same as per the relevant rules & regulations on the subject.

### **C. Product under Consideration and Domestic Like Article**

8. The product under consideration is 'Grinding Media Balls' (excluding Forged Grinding Media Balls). 'Grinding Media Balls' (in short, 'GM Balls') are produced in different sizes, shapes and compositions for use in diverse applications. Further, it is available in different hardness depending upon varying requirements of the customers.

9. The product under consideration is extensively used in cement build materials, metal mine, coal slurry, thermal power plant, chemical engineering, ceramic industry, dope industry, light industry such as papermaking and magnetic material etc for powder preparation. The subject goods are classified under Customs sub-heading 7325 9100 of Chapter 73 of the Customs Tariff Act, 1975. However, the Customs classification is indicative only and in no way binding on the scope of this investigation.

### **Like Article**

### **Submissions made by the Domestic industry**

10. The Applicant has claimed that there is no known significant difference in the subject goods produced by the Indian industry and the subject goods exported from the subject countries. The subject goods produced by the Indian industry and imported from the subject countries are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably.

## **Submissions made by the Responding Exporter from Thailand**

M/s Magotteaux Co Ltd, Thailand has stated that there is no significant difference in the grade / product sold in the domestic market and in the Indian Market.

### **Examination by the Authority**

11. With regard to like articles, Rule 2(d) of the AD Rules provides as under: -

*"like article " means an article which is identical or alike in all respects to the article under investigation for being dumped in India or in the absence of such article, another article which although not alike in all respects, has characteristics closely resembling those of the articles under investigation;*

12. The claim of the domestic industry with respect to 'like Article' has not been disputed by any interested party. After considering the information on record, the Authority is of the view that there is no known difference in product under consideration exported from the subject countries and the product produced by the Indian industry. Product under consideration produced by the domestic industry is comparable to the imported subject product in terms of chemical characteristics, functions & uses, product specifications, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable.

13. Thus, the Authority is of the view that the subject goods produced by the applicant domestic industry is like article to the product under consideration in accordance with the AD Rules.

### **D. SCOPE OF 'DOMESTIC INDUSTRY' & 'STANDING'**

14. Rule 2(b) of the AD Rules at the time of the initiation of the investigation defined 'domestic industry' as under: -

*'domestic industry' means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term 'domestic industry' may be construed as referring to the rest of the producers only"*

Rule 2(b) of the AD Rules has been subsequently amended to read as under: -

*'domestic industry' means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related*

*to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term 'domestic industry' may be construed as referring to the rest of the producers."*

15. The application has been jointly filed by M/s AIA Engineering Ltd and M/s Welcast Steels Limited on behalf of the domestic industry. As per information available on record, the Applicants account for over 90% of the total Indian production of the subject goods and thus the production of the Applicants account for a major proportion of the domestic production. It is evident from the above that the Applicants account for 'a major proportion' of total Indian production.

16. The applicants therefore satisfy the 'Standing' requirement and constitute 'domestic industry' according to the AD Rules.

E. **NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN**

**Examination of Market Economy claims in respect of China PR by the Authority**

17. The Authority notes that in the past three years China PR has been treated as a non-market economy country in anti-dumping investigations by India and other WTO Members. China PR has been treated as a non-market economy country subject to rebuttal of the presumption by the exporting country or individual exporters in terms of the AD Rules.

18. As per Paragraph 8 of Annexure I of the AD Rules, the presumption of a non-market economy can be rebutted, if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) of Paragraph 8 and establish the facts to the contrary. The co-operating exporters/producers of the subject goods from China PR are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 of Annexure I of the AD Rules in response to the Market Economy Treatment questionnaire to enable the Authority to consider the following criteria as to whether: -

- the decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;
- the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
- the exchange rate conversions are carried out at the market rate.

19. The Authority indicated, in the initiation notification that the applicants have claimed that China PR should be treated as Non Market Economy and therefore Normal value in case of China PR should be determined in accordance with Para 7 and 8 of Annexure I of the AD Rules. The applicants have submitted that they have not been able to access information from a market economy third country for the purposes of determination of Normal value in respect of China PR and have pleaded that India can be considered as an appropriate market economy third country for determination of normal value in China PR. The Authority informed known exporters/producers from China PR that it proposes to examine the claim of the Applicants in the light of para 7 and 8 of Annexure I of the AD Rules. The exporters/producers of the subject goods from China PR were therefore requested to furnish, *inter alia*, necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 of the Annexure I of the AD Rules to enable the Authority to consider whether market economy treatment be granted to cooperative exporters/producers from China PR.

20. The Authority notes that consequent upon the initiation notice issued by the Authority; no exporter/producer from China PR has submitted its questionnaires' responses including the market economy questionnaire response and thus has not sought to rebut the non-market economy presumption.

#### **Determination of Normal value in respect of Exporters / Producers from China PR**

21. Para 7 of Annexure I of the AD Rules provides that

*In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.*

22. The Authority notes that sufficient information and evidence is not available on record in respect of the price or constructed value of a market economy third country that has the comparable level of development *vis a vis* China PR, particularly considering the subject goods. Thus, in view of the above facts, the Authority, for the purpose of this determination, proceeds to determine the Normal value in respect of exporters/producers from China PR on available reasonable basis, in terms of second proviso of para 7 of Annexure 1 to the AD Rules. Accordingly, the ex-works Normal Value of the product under consideration have been determined based on constructed costs of production, duly

adjusted. The Normal Value has been constructed as per the methodology described below:

**Methodology adopted for constructing Normal Value in case of China PR**

23. Accordingly, the Authority has constructed Normal value for producers in China PR on the following basis:

- a. The Authority notes that international prices of major raw materials, namely Scrap and Ferro alloys have not been accessible to it, despite efforts. Hence, the Authority is constrained to proceed further on the basis of best information available on record. Thus, the prices of Scrap and Ferro alloys as reflected in the data of the efficient domestic producer have been adopted for constructing the normal value.
- b. Efficient consumption norms of raw materials of domestic producer have been considered.
- c. The utilities cost and efficient conversion costs of the efficient domestic producer have been adopted.
- d. After arriving at total cost of production for CNV as above, 5% profit has been added.

24. For the purpose of these findings, the normal value so determined comes to \*\*\* US\$/MT.

**Normal value in respect of Thailand – responding exporters**

25. Responses to the questionnaire were filed by the following companies:

S.No.	Name of Producer/Exporter
1	M/s Magotteaux Company Ltd., Thailand
2	M/s Magotteaux Singapore Pvt. Ltd., Singapore
3	M/s Magotteaux Industries Pvt. Limited, India

**General methodology followed for the responding exporters/producers for determination of Normal Values in Thailand**

26. It was first seen, whether the domestic sales of the subject goods by the responding exporters/producers in their domestic market were representative and viable for permitting determination of Normal value on the basis of their domestic selling prices and whether the ordinary course of trade test was satisfied as per the data provided by the respondents. Wherever the respondents have provided transaction-wise details of the sales of the like article in their home markets, the information so provided has been relied upon to determine the Normal value for the subject goods after carrying out the ordinary course of trade test and sufficiency test. Wherever, there were no domestic sales or no sufficient domestic sales, the costs of production as claimed by the respondent and

verified by the Authority have been accepted. And where it was not feasible, the Normal value has been determined by the Authority on the basis of ‘facts available’ in terms of Rule 6(8) of the AD Rules.

27. For the determination of the ordinary course of trade test, the company was advised to show the details of costs of production of the product concerned during the on-the-spot verification. However, the company failed to do so on the occasion and hence the cost of production of the subject goods has been constructed. It is further seen that over 80% of the domestic sales were profitable *vis.a.vis* the cost of production so constructed. As per post-disclosure statement submissions, M/s Magotteaux Industries Limited has furnished the information on various grades exported to India, therefore the Authority has undertaken PCN-wise analysis to compute the dumping margin for the company. Because there was no sale of ESMM040BY grade in the domestic market, accordingly, cost of production with profit has been considered as normal value.

**Determination of Normal value in respect of Co-operative Exporters / Producers from Thailand**

28. The Authority sent questionnaire to the known exporters/producers from the subject countries, advising them to provide information in the form and manner prescribed.

29. In response thereto, M/s Magotteaux Co Ltd, Thailand has filed its exporter’s questionnaire’ response in the instant matter. It has been stated that the company manufactures the grinding media and sells it directly to its Thai customers. Indian customers place the orders with either M/s Magotteaux Industries Pvt. Ltd. (MIPL) or with M/s Magotteaux Singapore Pvt. Ltd.; who in turn place the orders with M/s Magotteaux Co. Ltd (Thailand). It has been further stated that there is no significant difference in the grade / product sold in the domestic market and in the Indian Market.

**M/s Magotteaux Co Ltd, Thailand**

30. The questionnaire’ response submitted by the company was perused. It has been, *inter alia*, contended therein that during the period of investigation, in Indian Market and in the Thai Market only five common grades have been sold by the Company. The five grades sold in both Indian Market and Thai Market were as follows:

<b>Product Code</b>	<b>Broad Category</b>
ESMM017AE	E12
ESMM020AE	E12
ESMM025AE	E12
ESMM015AE	E12
ESMM040BY	E55

31. However, during number of interactions held with the company’s representatives, including during the on-the spot verification, they were not able to spell out the basis on which these grades were devised. As despite opportunities provided, the company was not able to provide any cogent rationale for the product differentiation, the Authority is

not able to undertake a PCN-wise analysis to compute the dumping margin for the company. It was also noted the in some the grades the cost of production was identical. The company, was advised to claim adjustments, if any, by substantiating the same. The Normal value has thus been computed as per the methodology explained above. The adjustments as claimed in respect of inland freight and credit costs and verified during the on-the-spot verification have been made to arrive at *ex factory* normal value. As per post-disclosure statement submissions, M/s Magotteaux Industries Limited has furnished the information on various grades exported to India, therefore the Authority has undertaken PCN-wise analysis to compute the dumping margin for the company. Because there was no sale of ESMM040BY grade in the domestic market, accordingly, cost of production with profit has been considered as normal value. Accordingly, ex factory normal value, which works out as follows:

	InUS \$/MT
<b>Product Code</b>	Normal Value
ESMM015AE	***
ESMM017AE	***
ESMM020AE	***
ESMM025AE	***
ESMM040BY	***
	***

**Determination of Normal value in respect of Non-Co-operative Exporters / Producers**

32. The Authority notes that no other exporter/producer from Thailand has responded to the exporter' questionnaire. Therefore, the normal value in their cases has been determined on the basis of 'facts available'. The Normal Values have accordingly been constructed on the basis of best information available.

E. **EXPORT PRICE**

**Export price for the responding exporters**

M/s Magotteaux Co Ltd, Thailand.

33. The Authority examined whether the export prices in respect of responding companies could be determined on the basis of questionnaire responses filed by the respondent. It is noted that exports of the subject goods to India have been made in two modes, viz. Indian customers have placed the orders with either M/s Magotteaux Industries Pvt. Ltd. (MIPL) or with M/s Magotteaux Singapore Pvt. Ltd.; who in turn placed the orders with M/s Magotteaux Co. Ltd (Thailand). It is further noted that these are group companies and essentially acting as marketing arm of their related company based in Thailand. The company had, *inter alia*, contended that the dumping margins should be computed separately for each of its marketing arms. The Authority, however,

notes that both M/s Magotteaux Industries Pvt. Ltd. (MIPL) and M/s Magotteaux Singapore Pvt. Ltd have essentially acted as marketing arm for the related company and it has not been demonstrated that these companies act independently as trading entities. Besides, the Indian subsidiary has essentially facilitated imports into India. Therefore, considering the facts of this case, the Authority considers that it would be more appropriate to determine the dumping margin for M/s Magotteaux Co. Ltd (Thailand), irrespective of which marketing arm it chooses for the purposes of effecting its exports.

34. The respondent has furnished information in Appendix 2 relating to exports to India. The company has exported 2461 MT of the subject goods to India during the POI. The adjustments have been claimed on account of inland freight, terminal handling charges, Customs clearance fee, ocean freight, overseas insurance and commission. It was seen during the on-the-spot verification that no adjustment had been made on account of credit cost and the bank charges. Thus, the adjustments as verified during the on-the-spot verification have been accepted for the determination of the net export price. On the basis of PCN wise analysis, net export price has been determined as follows:

<b>Product Code</b>	<b>Export Price</b>
ESMM015AE	***
ESMM017AE	***
ESMM020AE	***
ESMM025AE	***
ESMM040BY	***
	***

**Determination of Export Price in respect of Non-Co-operative Exporters/Producers**

35. Since no other response has been received from any other producer/exporter of the subject goods from the subject countries; the Authority has determined the Export price as per ‘facts available’ in terms of Rule 6(8) of the AD Rules. The data has been collated as per the information available on record. Accordingly, the net export price in respect of the other producers/exporters from China PR has been worked out as \*\*\* US \$ /MT. Further, net export price in respect of the producers/exporters from Thailand has been worked out THB \*\*\* /MT.

**F. DUMPING MARGIN**

36. Considering the Normal values and Export prices as determined above, the dumping margins have been determined as follows:

**Dumping Margin for responding exporter from Thailand**

In US\$/MT

<b>Product</b>	<b>Normal Value</b>	<b>Export Price</b>	<b>Dumping</b>	<b>Dumping</b>
----------------	---------------------	---------------------	----------------	----------------

Code			Margin	Margin %
ESMM015AE	***	***	***	50-70%
ESMM017AE	***	***	***	20-40%
ESMM020AE	***	***	***	35-55%
ESMM025AE	***	***	***	40-60%
ESMM040BY	***	***	***	20-30%
Weighted average Dumping Margin			***	25-45%

**Dumping Margin for Non-co-operative exporter from Thailand**

**(In USD MT)**

Product Code	Normal Value	Export Price	Dumping Margin	Dumping Margin %
ESMM015AE	***	***	***	50-70%
ESMM017AE	***	***	***	30-50%
ESMM020AE	***	***	***	30-50%
ESMM025AE	***	***	***	40-60%
ESMM040BY	***	***	***	10-30%
Weighted average Dumping Margin			***	30-50%

**Dumping margin for China PR**

In US\$/MT

Product Code	Normal Value	Export Price	Dumping Margin	Dumping Margin % (Range)
	***	***	***	55-75%

**INJURY AND CAUSAL LINK**

37. The Authority notes that there are significant differences within the subject goods in terms of sizes, chrome content etc and the same have been duly considered, while undertaking the injury analysis to the extent feasible.

### **Submissions made by the domestic industry**

38. The following submissions, in brief, have been made by the domestic industry:

- That the volume of imports has increased in absolute terms, the demand of the subject goods has increased from 35313 MT in 2007-08 to 37,138 MT in 2009-10, but the sales of the domestic industry has just increased from 27,625 MT in 2007-08 to 27627 MT. Hence it is evident that there is an increase in the imports with respect to the production and consumption of the concerned product in India and a decline in the market share of the domestic industry.
- That the price undercutting from the subject countries on an individual and cumulative basis is positive and significant and that there is 5-10% undercutting on a cumulative basis. As regards G12 it ranges from 5-10% and 30-40% from Thailand and China PR respectively and as regards G16, there is a negative undercutting from Thailand and no imports from China PR.
- That there was improvement in the production, sales and capacity utilization of the domestic industry but it was relatively less than the improvement in demand. In fact the market share of the domestic industry has declined from 77.21% in 2007-08 to 74.39% in 2009-10 whereas that of the imports from the subject countries has increased from 1.33% in 2007-08 to 5.32% in 2009-10. Had the domestic industry maintained its market share, it would have produced and sold significantly higher volumes.
- That the performance of the domestic industry has materially deteriorated in terms of profits accrued. The decline in profits has resulted in decline in return on investment and cash profit. It has been submitted that the increase in volume parameters is futile if there is no corresponding improvement in the price parameters namely profits and return on investments.
- That the inventory of the domestic industry has increased in the proposed POI in absolute terms as well as in relation to the sales of the domestic industry. Average inventory period with the domestic industry was 13 days of sales which increased to as high as 25 days during POI.

### **Submissions made by Submissions made on behalf of M/s Magotteaux Company Ltd., Thailand and its trading entities M/s Magotteaux Singapore Pvt. Ltd., Singapore and M/s Magotteaux Industries Pvt. Ltd., India**

39. The following submissions, in brief, have been made on behalf of M/s Magotteaux Company Ltd., Thailand and its trading entities M/s Magotteaux Singapore Pvt. Ltd., Singapore and M/s Magotteaux Industries Pvt. Ltd., India:

- It has been contended that the basic customs duty for the imports of the subject goods into India has been reduced from 15.00% in 2005-06 to 10.00 % in 2006-07 and the

same would have a bearing on the landed value of the imports of the subject goods. As a result this, the injury, if any, caused to the domestic industry is not on account of the alleged dumping of the imports.

- Admittedly, the domestic industry controls more than 70% of the market of the subject goods. However, despite having significant control over the market, the domestic industry has sought imposition of the anti dumping duty on the subject goods, with the sole intent to further eliminate competition from the market.
- The allegations made by the domestic industry that although the demand of the subject goods has increased from 35313 MT in 2007-08 to 37,138 MT in 2009-10, but its sales has just increased from 27,625 MT in 2007-08 to 27627 MT In 2009-10 is incorrect as the same is on account of the fact that it was focusing on the global market and thus was not able to completely meet the increase in the domestic demand and hence the import of the subject goods were inevitable.
- It has been contended that as the domestic Industry has in recent past increased its capacity and plans to further increase the same, this in itself leads to an irrefutable presumption that there is no injury caused to the domestic industry. Further, the drop in plant utilization, as projected in the petition, from 82% to 62% is also on account of significant increase in the capacity by the domestic industry.
- It has been contended that the domestic industry itself at Page 25 of its application states that injury, if any, is only on account of imports from China and thus there is no injury caused to the domestic industry on account of imports from Thailand.

#### **Examination by the Authority**

40. The issues raised by the interested parties have been examined as follows:

- As regards contentions relating to reduction in the basic customs causing injury to the domestic industry and that the domestic industry controls more than 70% of the market of the subject goods and that it has sought imposition of the anti dumping duty on the subject goods with the sole intent to further eliminate competition from the market are concerned; the Authority notes that the subject goods are being dumped form the subject countries into India and the same is causing injury to the domestic industry, as would be apparent from the relevant sections of these findings.
- As regards the contentions that the domestic Industry was focusing on the global market and thus was not able to completely meet the increase in the domestic demand and hence the import of the subject goods were inevitable and that the domestic Industry has in recent past increased its capacity and plans to further increase the same and thus there is no injury caused to the domestic industry; the Authority notes that the contentions are misleading and are not based on facts, as the domestic industry's inventories had significantly increased during the POI as compared to the

previous periods. Besides, it has not been able to utilize its installed capacity to produce the subject goods.

- As regards the contention that the domestic industry in its application has stated that injury is on account of imports from China PR; it is noted that the investigation was initiated on a duly substantiated application filed by the domestic industry alleging injury caused to it on account of dumping of the subject goods originating in or exported from China PR and Thailand. It is further noted that the application filed by the domestic industry has to be read in its entirety and is not to be evaluated in a selective manner. It has been further noted that the subject goods have been exported to India at dumped prices from Thailand in significant volumes.

### **Cumulative assessment**

41. Annexure II para (iii) of the AD Rules provides that in case imports of a product from more than one country are being simultaneously subjected to anti-dumping investigations, the Authority will cumulatively assess the effect of such imports, in case it determines that: -

- a. the margin of dumping established in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent (or more) of the import of like article or where the export of individual countries is less than three percent, the imports collectively accounts for more than seven percent of the import of like article and
- b. Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles.

42. The Authority notes that:-

- The subject goods are being dumped into India from China and Thailand.
- The margins of dumping from each of the subject countries are more than the *de-minimis* limits prescribed;
- The volume of imports from each of the subject countries is more than the *de-minimis* limits prescribed;
- Cumulative assessment of the effects of imports is appropriate as the exports from the subject countries directly compete with the like articles offered by the domestic industry in the Indian market, which is evident from the following:-
  - a. The products manufactured by the producers from the subject countries and the products manufactured by the Applicants have comparable properties. In other words, goods supplied by the subject countries and by the domestic industry are *inter-se* like articles.

- b. There are common parties who are resorting to use of the imported subject goods from various sources and the goods produced by the domestic industry. Both, the imported and the domestic subject goods, are being used interchangeably and there is direct competition between the domestic product & imported products and *inter-se* amongst imported products.
- c. The volume of imports from each of the subject countries is significant.

43. In view of the above, the Authority considers that it would be appropriate to assess injury to the domestic industry cumulatively from exports of the subject goods from the subject countries

44. Rule 11 of Antidumping Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, "... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles...." In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

45. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the AD Rules.

A) Volume Effects of Dumped Imports:

46. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

Volume Effect

47. The Authority notes that product is produced in different sizes and different grades, which is essentially defined in terms of Chrome content, because of which the costs and the prices thereof differ. The summary information published by the DGCI&S includes information of grinding media balls and castings. It is further noted that the transaction-wise data indicating different chrome content is not available in the DGCI&S data-base. Besides, castings (not part of subject goods) also cannot be identified and segregated from the DGCI&S data. Therefore, the Authority has considered transaction-wise imports data as obtained from International Business Information Services, Mumbai

(IBIS) by the Applicants. The volume and value of the imports of the subject goods as per data of IBIS for the entire injury period, is as follows:

Table 1 – Table showing Volume and Value of Imports

SN	Countries	Quantity in MT				Value in Rs Lacs			
		07-08	08-09	09-10	POI	07-08	08-09	09-10	POI
1	China PR	34	50	214	133	16.97	23.79	77.51	51.52
2	Thailand	435	1270	1761	2236	203.30	927.07	945.12	1215.66
3	Subject Countries	469	1320	1,975	2,369	220.27	950.86	1022.63	1267.18
4	Other Countries	79	1380	35	0.39	36.72	978.72	32.35	0.33
5	Total	548	2700	2,011	2,369	256.99	1929.58	1,054.97	1267.51
6	Rate Rs./Mt								
7	China PR	49903	47572	36164	38770				
8	Thailand	46736	72998	53670	54367				

48. It is seen that the imports volumes from Thailand have shown continuous increase over the injury period. However, the imports volumes from China PR have increased gradually till 2009-10 and then fell slightly during the POI. These, however, increased in the POI as compared to the base year. It is further noted that rate per unit of the subject goods from China PR has generally fallen over the injury period, with a marginal increase in the POI as compared to the base year. While the rate per unit of the subject goods from Thailand significantly increased in 2008-09 period and then declined significantly in the 2009-10 period, to marginally increase in the POI. It is seen that the performance of the domestic industry has been significantly impacted by the volume of imports and the prices thereof.

#### Demand and market share

49. Demand of the product in the Country has been assessed as the sum of domestic sales of the domestic producers and imports from all sources. The sales of other domestic producer have been estimated as 7500 MT per annum based on best available information available on record.

	Unit	2007-08	2008-09	2009-10	POI (Jan 2010 to Dec 2010)
Domestic Sales	MT	27,265	26,564	27,209	25,293
Sales of other Domestic Producer	MT	7500	7500	7500	7500
Import Volumes					
China PR	MT	34	50	214	133
Thailand	MT	435	1270	1761	2236
Other Countries	MT	79	1380	35	---

Demand	MT	35313	36764	36719	35162
Market Share in Demand					
Domestic industry's Sales	%	77.21	72.26	74.10	71.93
Sales of other Domestic Producer	%	21.24	20.40	20.43	21.33
Import Volumes	%				
China PR	%	.10	.14	0.58	0.38
Thailand	%	1.23	3.45	4.80	6.36
Other Countries	%	0.22	3.75	0.09	-----

50. It is seen that the demand of the subject goods in India have varied in a narrow band over the injury period. However, it is noted that the domestic industry has lost its market share by about 6.8%; whereas the market share of the subject goods from Thailand have increased significantly and that from China PR marginally.

### **Price Undercutting**

51. The following table shows that the subject goods from the subject countries have been undercutting the prices of the domestic industry.

	Unit	Thailand	China PR
Landed Price	Rs./MT	56639	42151
Net Selling Price	Rs./MT	***	***
Price Undercutting	Rs./MT	***	***
Price Undercutting	Range	5-15	45-60

### **Price Suppression/Depression**

52. A perusal of the data in respect of the cost of sales and the net selling price shows that the domestic industry has apparently suffered price suppression, if the data of the POI is compared vis a vis the base year data, as it is noted that the cost of sales increased by about 8.1%; whereas the net selling price increased by only 5.8%. However, if the cost of sales and net selling price are seen vis a vis 2009-10 period, then it is noted that while the cost of sales increase by about 3%; but the net selling price increased by about 6.7%. Hence, no significant case of price suppression is noted. Even a case of price depression is not apparent

	Unit	2007-08	2008-09	2009-10	POI(Jan 2010 to Dec 2010)
Cost of Sales	Rs./MT	***	***	***	***
Trend	Index	100	123	105	108

Net Selling Price	Rs./MT	***	***	***	***
Trend	Index	100	124	99	106

#### Economic parameters relating to the Domestic Industry

53. The other injury parameters relating to the domestic industry are as follows:

#### Sales volumes

54. The sales volumes of the domestic industry were analyzed over the injury period as follows:

Sales volume (MT)	Unit	2007-08	2008-09	2009-10	POI (Jan 2010 to Dec 2010)
Domestic Sales	MT	27,265	26,564	27,209	25,293
Trend	Index	100	97	100	93
Export Sale	MT	***	***	***	***
Trend	Index	100	133	135	176
Total Sale	MT	***	***	***	***

55. The Authority notes that during the injury period, the domestic industry's exports grew significantly. However, its domestic sales volume declined during the POI as compared to the base year as well as the preceding year.

#### Capacity and Capacity Utilization

S.No	Particulars	Unit	2007-08	2008-09	2009-10	POI
1	Capacity	MT	110,600	172,000	172,000	180833
2	Total Production	MT	90935	105845	101214	117663
3	Production – PUC	MT	***	***	***	***
4	Trend	Index	100	152	155	192
5	Capacity Utilization-Plant	%	82.22	61.54	58.85	65.25
6	Capacity Utilization-PUC	%	***	***	***	***
7	Trend	Index	100	98	99.90	117
5	Domestic sales	MT	27,265	26,564	27,209	25,293
6	Export sales	MT	***	***	***	***

56. The Authority notes that domestic industry is producing the subject goods and others castings in the same plant and thus the capacity have been created for subject goods and other castings. However, the plant capacity has increased from 110600 MT in the base year to 172000 MT in 2008-09 and further to 180,333 MT in the POI. Further, it may be seen from above that production of the subject goods has increased from \*\*\* MT during the base year to \*\*\* MT during the POI. The capacity utilization of the subject

goods has increased from \*\*\*% during the base year to \*\*\*% during the POI. It is thus seen that the capacity utilization for the PUC have increased during the POI as compared to the base year.

**Profitability of domestic industry during the POI has been shown in the following table:**

		2007-08	2008-09	2009-10	POI (Jan 2010 to Dec 2010)
Cost to make & sell	Rs\MT	***	***	***	***
Trend	Index	100	123	105	108
Net Selling Price	Rs./MT	***	***	***	***
Trend	Index	100	124	99	106
Profit/(loss)	Rs\MT	***	***	***	***
Trend	Index	100	130	63	91

57. A perusal of data further shows that in comparison to the base year, the domestic industry's net selling prices have not increased in proportion to increase in cost of sales. Though domestic industry is earning profit continuously during the injury period on the subject goods but profit to the tune of Rs. \*\*\*/- per unit on subject goods during the base year has reduced to profit per unit of Rs. \*\*\*/- per unit during the POI.

**Profit/Loss, return on investment and cash profits**

58. The position with regard to Profit/Loss, return on investment and cash profits is as follows:

		2007-08	2008-09	2009-10	POI (Jan 2010 to Dec 2010)
Profit/( loss)	Rs./lakhs	***	***	***	***
Trend	Index	100	122	64	87
Return on Investment	%	***	***	***	***
Trend	Index	100	94	43	60
Cash profit	Rs. Lakhs	***	***	***	***
Trend	Index	100	138	83	90

59. It is seen that the domestic industry has been earning profits throughout the injury period. However, the profits increased significantly during the year 2008-09 as compared to the base year 2007-08; but significantly declined during 2009-10 period and then increased again during the POI. It is noted that though the profits in absolute terms improved during the POI as compared to the immediately preceding year; but the profits declined as compared to the base year. The return on investment and cash profits has followed the same trend as that of profitability. While it came down from the base year, to significantly dip during 2009-10 but increased during the POI as compared to the

immediately preceding period. However, the return on investment has come down from \*\*\*% during the base year to \*\*\*% during the POI.

**Inventories:**

60. The data relating to inventories shows as follows:

	Unit	2007-08	2008-09	2009-10	POI(January 2010 to Dec 2010)
Average Stock	Mt	***	***	***	***
Trend	Indexed	100	159	246	258

61. It is noted that inventories have increased in the POI as compared to the base year. Apparently the domestic industry is not able to sell its produce completely resulting in increase in inventories.

**Employment, wages and productivity:**

62. The data relating to employment, wages and productivity is as follows:

	Unit	2007-08	2008-09	2009-10	POI(January 2010 to Dec 2010)
Number of employees-	Nos.	***	***	***	***
Trend	Indexed	100	128	132	133
Wages-	Rs.Lacs	***	***	***	***
Trend	Indexed	100	153	167	195
Wages per unit of production-	Rs./MT	***	***	***	***
Trend	Indexed	100	132	141	133
Productivity per employee-	MT	***	***	***	***
Trend	Indexed	100	92	90	112

63. It is seen that the number of employees have substantially increased over the injury period. The wages per unit of production have also increased significantly during the POI as compared to the base year; whereas the productivity per employee showed a declining trend during the year 2008-09 and 2009-10 as compared to the base year but improved during the POI as compared to the base year. Besides, it is seen that total wages paid showed an increasing trend.

**Ability to raise funds:**

64. It is noted that there are two constituents of the domestic industry. While M/s Welcast Steel Ltd is single product company; whereas M/s AIA Engineering Limited is producing castings as well. It is noted that the profits of the domestic industry have come

down during the POI as compared to the base year. However, its ability to raise fund may not have been seriously impacted as yet.

### **Magnitude of the margin of dumping**

65. It is noted that the subject goods are being dumped from the subject countries and that the dumping margins are significant.

### **Growth:**

66. It is noted that though domestic industry is earning profit during the injury period but the growth of the domestic industry shows a declining trend in the POI as compared to the base year.

### **Causal Link**

#### **Submissions made by the domestic industry**

67. As regards the Causal link it is stated that:

Volume Effect: There is price undercutting due to the imports of the product under consideration from the subject countries which in turn has led to the preference of Chinese goods by the consumers. As a consequence, the domestic industry is losing sales in the domestic market i.e. there is a decline in the market share due to which the capital utilization of the domestic industry is getting adversely affected.

Price Effect: There is price undercutting on account of the imports of the product under consideration from the subject countries which has prevented the domestic industry from effecting price increase. The same has resulted in decline in cash profits as well as decline in return on capital employed.

### **Examination by the Authority**

68. As per the AD Rules, the Authority is, *inter alia*, obligated to also examine any known factors other than the dumped imports, which at the same time are injuring the domestic industry, so that the injury caused by these other factors are not attributed to the dumped imports. Factors which may be relevant in this respect include the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry.

69. It was examined whether these other parameters listed under the AD Rules could have contributed to injury to the domestic industry. It is noted that:

- a. Imports from Third Countries: - The Authority notes that imports from third countries are negligible.
- b. Contraction in Demand: - The Authority notes that the demand has marginally moved on either side over the injury period and no contraction in the demand over the injury period is seen.
- c. Pattern of consumption: - No significant change in the pattern of consumption has come to the knowledge of the Authority, nor any interested party has made any submission in this regard.
- d. Conditions of competition: - The investigation has not shown that conditions of competition or trade restrictive practices are responsible for the claimed injury to the domestic industry.
- e. Developments in technology: - The investigation has not shown that there was any significant change in technology, which could have caused injury to the domestic industry.
- f. Export performance of the domestic industry: - The price and profitability in the domestic and export market has been segregated by the Authority for the purpose of present injury assessment. Therefore, the analysis on injury is not misrepresentative due to possible inclusion of export performance.

70. The Authority notes that while listed known other factors do not show injury to the domestic industry, the following parameters indicate that injury to the domestic industry has been caused by dumped imports.

- It is seen that market share of the subject countries have increase, whereas that of the domestic industry has decreased.
- The imports of the subject goods from the subject countries are significantly undercutting the prices of the domestic industry.
- The performance of the domestic industry in terms of cash flow, return on investment, profitability has been adversely impacted.

71. Thus, the Authority is of the view that material injury to the domestic industry has been caused by the dumped imports from the subject countries.

Magnitude of injury and injury margin:

72. The Authority has determined non-injurious prices of different grades of the subject goods for the domestic industry taking into account the respective cost of production of the domestic industry. The non-injurious price of the domestic industry has been compared with the landed values of the subject goods to determine the injury margins. The injury margins have been worked out as follows:

**Injury Margin for responding exporter from Thailand (In USD MT)**

Product Code	NIP	Landed Value	Injury Margin	Injury Margin %
G-12 15MM	***	***	***	
G-12 17 MM	***	***	***	
G-12 20 MM	***	***	***	
G-12 25 MM	***	***	***	
G-18 40 MM	***	***	***	
			***	0-20

**Injury Margin for responding exporter from Thailand (In USD MT)**

Product Code	NIP	Landed Value	Injury Margin	Injury Margin %
G-12 15MM	***	***	***	
G-12 17 MM	***	***	***	
G-12 20 MM	***	***	***	
G-12 25 MM	***	***	***	
G-18 40 MM	***	***	***	
			***	0-20

**H. Conclusions:**

73. After examining the submissions made by the interested parties and issues raised therein; and considering the facts available on record, the Authority concludes that:

- (a) The product under consideration has been exported to India from the subject countries below their associated Normal values, thus resulting in dumping of the product.
- (b) The domestic industry has suffered material injury.
- (c) The material injury to the domestic industry has been caused by the dumped imports from the subject countries.

**I. Indian industry's interest & other issues**

74. The Authority notes that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the Country. Imposition of anti-dumping measures would not restrict imports from the subject countries in any way, and, therefore, would not affect the availability of the product to the consumers.

75. It is recognized that the imposition of anti-dumping duties might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products. However, fair competition in the Indian market will not be reduced by the anti-dumping measures, particularly if the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.

**J. Recommendations**

76. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information, *inter alia*, on the aspects of dumping, injury and causal link. Having initiated and conducted an investigation into dumping, injury and the causal link thereof in terms of the AD Rules and having established positive dumping margins as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of definitive anti-dumping duty is required to offset dumping and injury in the instant matter. Therefore, the Authority considers it necessary to recommend imposition of definitive anti-dumping duty on imports of the subject goods from the subject countries in the form and manner described hereunder.

77. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury, so as to remove the injury to the domestic industry. Accordingly, definitive antidumping duty as per amount specified in Col 8 of the table below is recommended to be imposed from the date of this notification in the event of acceptance of these recommendations by the Central Government, on all imports of the subject goods originating in or exported from the subject countries.

S. No.	Heading/ Subheading	Description of goods	Countries of Origin	Countries of Exports	Producer	Exporter	Duty Amount  In US \$ per MT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	7325 9100	'Grinding Media Balls' (excluding Forged Grinding Media Balls)	China PR	China PR	Any	Any	387.36
2	-do-	-do-	Any	China PR	Any	Any	387.36

3	-do-	-do-	China PR	Any	Any	Any	387.36
4	-do-	-do-	Thailand	Thailand	Magotteaux Co Ltd, Thailand	Magotteaux Co Ltd, Thailand	158.80
5	-do-	-do-	Thailand	Thailand	Any other except as reflected in column 5		187
6	-do-	-do-	Any	Thailand	Any	Any	187
7	-do-	-do-	Thailand	Any	Any	Any	187

78. An appeal against this order shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

**(Vijaylaxmi Joshi)**  
**Designated Authority**