

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

NOTIFICATION FINAL FINDINGS

New Delhi: 11th April 2005.

Subject: Anti-dumping investigation concerning import of Hexamine originating in or exported from Iran - Final Findings.

No. 14/35/2002-DGAD - Having regard to the Customs Tariff Act, 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, thereof;

A. PROCEDURE

1. The procedure described below has been followed with regard to the investigation:
 - i. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a petition from M/s Kanoria Chemicals and Industries Ltd. (hereinafter referred to as petitioner) on behalf of the domestic industry, alleged dumping of Hexa Methylene Tetramine in market parlance known as Hexamine (hereinafter referred to as subject goods) originating in or exported from Iran (hereinafter referred to as subject country).
 - ii. The Authority issued a public notice dated 18th September 2002 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods classified under customs sub-heading No. 2921.2901 of Chapter 29 of the Customs Tariff Act, 1975 originating in or exported from Iran.
 - iii. The Designated Authority (hereinafter also referred to as the Authority) notified preliminary findings vide Notification No. 14/35/2002-DGAD dated the 23rd December 2002 and recommended imposition of anti-dumping duty with regard to Anti Dumping investigations concerning imports of Hexamine originating in or exported from Iran.

- iv. The Authority forwarded a copy of the Preliminary Findings to known interested parties, who were requested to furnish their views, if any, on the Preliminary Findings within forty days of the date of the letter;
- v. The Authority also forwarded copy of the Preliminary Findings to the Embassies/High Commissions/Representatives of subject country in New Delhi with a request to furnish their views on the Preliminary Findings;
- vi. After notification of Preliminary Findings, the exporter showed its willingness to extend price undertaking in accordance with rules. The exporter also conveyed that after the undertaking is accepted, the investigation should be terminated as there was no other producer of Hexamine in Iran.
- vii. The domestic industry also requested to the Designated Authority to accept the price undertaking being given by the exporter and in consequence thereof suspend the investigation.
- viii. The Authority, in term of Rule 15 of Anti-Dumping Rules, accepted price undertaking from M/s. Sina Chemicals Industry Co. and accordingly no anti-dumping duty was to apply in case of exports of all types of Hexamine by M/s. Sina Chemicals Industry Co. However, in case of any violation in the execution of this undertaking by the exporter, the duties as set out in the preliminary findings was to become applicable, pending specific recommendations by the Authority in this regard.
- ix. On receipt of representation, made on 27.04.04 by the applicant M/s. Kanoria Chemicals and Industries Ltd. Mumbai alleging violation of price undertaking by M/s Sina Chemicals Industry Co. and on examination of information provided by the exported form time to time, in pursuance of Rule 5 of Anti-dumping Rules, the Authority decided to cancel the price undertaking given by M/s. Sina Chemicals Industry Co. and withdrawn the suspension of investigation Order dated 17th September 2003.
- x. Vide notification No. 5/2005-Customs dated 27th January 2005, in pursuance of Preliminary findings No. 14/35/2002-DGAD dated 23rd December 2002 and notification No. 14/35/2002-DGAD dated 15th October 2004 withdrawing the suspension of investigation Order dated 17th September 2003, the Central Government imposed anti-dumping duty on hexamine originating in or exported from Iran.
- xi. The Authority vide Notification No. 14/35/2002-DGAD dated 15th October 2004 re-commenced the investigation suspended vide Order dated 17th September 2003.
- xii. The Authority invited comments on the Preliminary findings dated 23rd December 2002 from all interested parties for which time period of forty days (40) were given.
- xiii. The Authority held an oral hearing on 03.03.2005 to hear the interested parties, which was attended to by the domestic industry only. Representative of

- exporter, Embassy of Iran or any other interested party did not attend the hearing. The party attending the public hearing was requested to file written submissions of views expressed orally. Designated Authority considered the submissions as such received from interested party in the findings.
- xiv. The Authority has considered all views expressed and submissions made by various interested parties subsequent to the Preliminary Findings.
 - xv. The cost of production of the domestic industry was analysed to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) based on the information furnished by petitioner so as to ascertain if anti dumping duty lower than dumping margin would be sufficient to remove injury to domestic industry. The cost of production data of M/s. Kanoria Chemicals and Industries Limited was considered and examined appropriately.
 - xvi. The Authority verified the information provided by the domestic industry to the extent considered necessary.
 - xvii. The Authority kept available non-confidential version of the evidence presented by various interested parties in the form of a public file maintained by the Authority and kept open for inspection by the interested parties as per Rule 6(7);
 - xviii. In accordance with Rule 16 of the Rules supra, the essential facts/basis considered for these findings were disclosed to known interested parties and comments received on the same have also been duly considered in these findings;
 - xix. The Authority considered the period of investigation (POI) of fifteen months from 1st April 2001 to 30th June 2002 and injury analysis was carried out for the periods 1999-2000, 2000-01 and April 2001-June 2002.
 - xx. *** In the Notification represents information furnished by interested parties on confidential basis and so considered by Authority under the Rules.
 - xxi. 'Rules' or 'Anti-dumping Rules' in this notification refers to the Custom Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules 1995.

B. PRODUCT UNDER CONSIDERATION

2. Hexa Methylene Tetramine is known as Hexamine in market parlance. Hexa Methylene Tetramine is a white crystalline powder with a sweet metallic taste. In the pure form, it is colourless and odourless. It crystallizes in rhombic dodecahedrons. Hexa Methylene Tetramine compound is also known as Ammoform, Methenamine, Cystamine, Cystogen, Urotropine. It is classified under Chapter 29 of the Customs Tariff Act, 1975 and ITC no. 2921.2901.

3. The most important industrial use of Hexamine is for the manufacture of solid phenolic resins. The other important use is for the manufacture of a high explosive cyclonite. Hexamine being anti-bacterial in action is used as a urinary antiseptic. It is also used for-

- Adhesives
- Coatings
- Sealing compounds
- In the preservation of hides
- As a rubber vulcanization accelerator
- As a corrosion inhibitor for steel
- Dye fixative
- Fuel tablet for camping stoves
- Stabiliser for lubricating and insulating oils

C. Like Product

4. In order to establish that Hexamine produced by the domestic industry is a Like Article to that exported from Iran, characteristics such as technical specifications, manufacturing process, functions and uses and tariff classification have been considered by the Authority.

5. The Authority finds that there is no argument either before or after notification of the Preliminary Findings dated 23rd December 2002, disputing that Hexamine produced by the domestic industry has characteristics closely resembling the imported material and is substitutable by Hexamine imported from the subject country both commercially and technically. Hexamine produced by the domestic industry has been treated as Like Article to the product exported from Iran within the meaning of Rule 2(d).

D. DOMESTIC INDUSTRY

6. The petition has been filed by M/s Kanoria Chemicals & Industries Ltd., Mumbai alleging dumping of Hexamine originating in or exported from Iran. There are four producers of subject goods in India. Other three producers have supported the petitioner. The production of Hexamine by the various producers are as under:-

| | 1998-99 | 1999-2000 | 2000-2001 | Apr. 2001-June 2002 |
|------------------------|---------|-----------|-----------|---------------------|
| Petitioner | | | | |
| Kanoria | *** | *** | *** | *** |
| Other producers | | | | |
| Simalin | *** | *** | *** | *** |

| | | | | |
|-------------------------|-----|-----|-----|-----|
| Rockhard | *** | *** | *** | *** |
| Newton | *** | *** | *** | *** |
| Total Indian production | *** | *** | *** | *** |

7. The Authority notes that no interested party had raised any issue disputing claim of the applicant about its right to file the application in terms of Rule 5 of the Anti-Dumping Rules.

8. After examination of the production details of the Indian Manufacturers, the Authority came to conclusion that the applicant account for 35.62 % of the total production of the Indian Industries during the period of investigation and all the other three producers have supported the application. There is no opposition to the applicant's application. In view of the aforesaid, the Authority finds that the applicant constitutes the domestic industry and has required standing to file the application in terms of Rule 5.

E. OTHER ISSUES

Violation of Price undertaking

9. After notification of the Preliminary Findings on 23rd December 2002, the exporter M/s. Sina Chemicals Industry Co. approached the Designated Authority and offered price undertaking on the following lines :

- a. M/s. Sina Chemicals Industry Co. agrees not to sale the subject goods to any importers in India at prices lower than CIF Indian Customs Frontier, Basic Customs Duty paid price of US \$ 700. This price is based on the average methanol price of USD 140 per MT during the period of investigation . In case of any variation in the price of Methanol, the price will be changed as per following formula :

Changes in the prices of Methanol, the principal raw material, by more than USD 10 per MT as compared to previous quarter shall be appropriately reflected in the price of Hexamine. For the purpose, it shall be considered that with each USD change in the prices of Methanol, price of Hexamine should change by USD 1.65 per MT. The changes in the prices of Hexamine would be effected on quarterly basis.

- b. The first such revision would be done in the month of March, 2003 for shipments, which would be effective for period April-June 2003.
- c. The change in price of Methanol shall be considered on the basis of average prices during the quarter mentioned in ICIS-LOR, as applicable for West Asia region.

10. The price undertaking was accepted by the authority vide notification of even No. dated 17th September 2003.

11. The applicant M/s. Kanoria Chemicals and Industries Limited filed a representation on 27th April 2004 alleging violation of price undertaking by M/s. Sina Chemicals Industry Co. The applicant given specific instances of violations wherein export made during March 2004 was exported at unit rate of USD 640 whereas export price as per price undertaking should have been 698.83 USD. Similarly, shipment made in April 2004 was made at unit price of USD 655 whereas it should have been made at price not less than USD 760.71.

12. The exporter had also not fulfilled the requirement of price undertaking as exporter failed to send revised/ amended Appendix A for new quarters as per price undertaking.

13. After re-commencement of the initiation vide notification dated 15th October 2004, the exporter was given opportunity to offer comments on the Preliminary Findings. The exporter did not to respond on the merit of the case and stated that '*... we have replied, done all said formalities and signed the format of Hexamine price undertaking on 19th August 2003 and from that time as promised, if there has been any export activity within Indian territory, a copy of P/I has been sent directly to that esteemed Ministry of Commerce for ready reference*'. The exporter further stated that '*for your information it is around a year that we have suspended exporting to India and at these circumstances there remains no interest for us to continue business there*'.

14. The increase in prices of Methanol should have been reflected in prices of Hexamine in accordance with formula given in appendix B of price undertaking, as following :

| S. No. | Quarter | Average Price of Methanol | | Increase in Methanol Price from base of US \$ 140 | Impact on Hexamine considering 1.65 factor | Undertaking price | | Should be price CIF Indian port | Should be price-basic Cust. duty paid. | Actual CIF export price |
|--------|---------------|---------------------------|------------------|---|--|--------------------|-----------|---------------------------------|--|-------------------------|
| | | Quarter | Avg. price US \$ | | | Inland price basis | CIF basis | | | |
| 1 | Oct.- Dec. 03 | Jul.- Sept03 | 218 | 78 | 128.70 | 700 | 560.00 | 688.70 | 860.88 | 640 |
| 2 | Jan.- Mar04 | Oct.- Dec.03 | 224 | 84 | 138.60 | 700 | 583.33 | 721.93 | 902.42 | 640 |
| 3 | Apr.- Jun04 | Jan.- Mar04 | 269 | 129 | 212.85 | 700 | 583.33 | 796.18 | 995.23 | 655 |
| 4 | Jul-Sep 04 | Apr.- Jun04 | 266 | 126 | 208.15 | 700 | 583.33 | 791.49 | 989.36 | 655 |

| | | | | | | | | | | |
|---|----------------|----------------|-----|-----|--------|-----|--------|--------|---------|-----|
| 5 | Oct.-Dec 04 | Jul-Sep 04 | 242 | 102 | 168.99 | 700 | 583.33 | 752.32 | 940.40 | 655 |
| 6 | Jan.- Mar05 | Oct.- Dec04 | 272 | 132 | 217.93 | 700 | 583.33 | 801.26 | 1001.58 | 655 |

15. It is evident from above that the exporter had been exporting Hexamine at prices well below the bench-mark price as calculated in accordance with the formula agreed to by the exporter in the price undertaking.

16. The exporter has not responded to issue of violation of price undertaking and instead stated that he was not exporting Hexamine into India . Bill of entries of imports clearly indicates that the exporter had been exporting subject goods to India. The Authority, therefore, unable to accept version of the exporter that no export was being made to India after signing the price undertaking and concludes that the exporter had been exporting Hexamine to India in violation of agreement contained in price undertaking.

F. METHODOLOGY FOR CALCULATION OF DUMPING MARGIN

F 1. NORMAL VALUE

17. The Authority notes that exporter had not provided information and data in the relevant appendix of questionnaires regarding domestic sales, before notification of Preliminary Findings.

18. The Authority provided further opportunity to the exporter to give required data after notification of the Preliminary Findings and subsequently on recommencement of the investigations on 15th October 2004. The exporter did not respond to the questionnaires.

EXAMINATION BY THE AUTHORITY

19. The Authority notes that since data and information on domestic sale has not been submitted, a determination of normal value as per provisions contained in Section 9 A (I) (c)(i) and (ii) read with sub-rule 2(i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made and is constrained to determine normal value on the basis of 'facts available' as per Rule 6 (8).

20. The constructed cost of the subject goods has been determined on the basis of the information available on the estimated cost of production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after

making reasonable adjustments for working out the Normal Value of the subject goods in Iran which is therefore considered to be USD ***/MT or Rs. ***/MT at an average exchange rate during POI of 1USD= Rs. 48.02.

F 2. EXPORT PRICE

21. Before notification of Preliminary Findings M/s. Sina Chemicals has sent only few pages of the questionnaires and stated that they would provide the Authority with the other required information as soon as possible. Information relating to exports to India (Appendix 2), Sales price structure for exports to India (Appendix 4), Sales price structure for exports to countries other than India (Appendix 6), Factory cost and profit of exports to India (Appendix 8) and Factory cost and profit of exports to countries other than India (Appendix 10) had been provided. After the notification of Preliminary Findings, the exporter offered price undertaking on the basis of export price determined in the Preliminary Findings. After recommencement of investigation, the exporter has not provided any further information.

22. The Authority notes that the export price claimed by M/s Sina Chemicals, Iran, was not supported with documentary evidence which was also lacking in respect of the adjustments claimed from the export price. The Authority also notes that the exporter had accepted, by implication, the export price determined in the Preliminary Findings by offering price undertaking (which was later on accepted by the Authority). The Authority, therefore, relies on the methodology adopted and export price determined during Preliminary Findings. The export price and methodology adopted, in the Preliminary Findings, are given in the following paragraph.

23. M/s Sina Chemicals had exported a quantity of 180 MT of Unstabilised Hexamine to India during the period of investigations at a weighted average cif price of USD ***/MT or Rs ***/MT. As per adjustments claimed by the exporter, the ex-factory export price has been determined after taking packing charges at USD ***/MT , inland freight at USD ***/MT, insurance at USD ***/MT, storage cost at USD ***/MT and handling charged at USD ***/MT before fob and USD ***/MT (ave.) as ocean freight, USD ***/MT as overseas insurance, USD ***/MT for clearance and handling after fob thereby bring the total cost on account of adjustments claimed by the export to USD ***/MT. After adjustments on these accounts the ex-factory fob export price is USD ***/MT or Rs ***/MT at an average exchange rate of Rs 48.02 = 1USD.

F 3. DUMPING MARGIN

24. Considering the constructed normal value at USD ***/MT and the ex-works export price at USD ***/MT, the dumping margin determined by the Authority comes to USD ***/MT (which is 43.91 % of export price).

G. INJURY AND CAUSAL LINK:

25. The principles for determination of injury set out in Annexure-II of the Anti-Dumping Rules lay down that:

- i. A determination of injury shall involve an objective examination of both (a) the volume of dumped imports and the effect of the dumped imports on prices in the domestic market for like article and (b) the consequent impact of these imports on domestic producers of such products.
- ii. While examination the volume of dumped imports, the said Authority shall consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. With regard to the effect of the dumped imports on prices as referred to in sub-rule (2) of Rule 19 the Designated Authority shall consider whether there has been a significant price under-cutting by the dumped imports as compared with the price of like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increase which otherwise would have occurred to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, the Authority has considered such indices having a bearing on the state of the industry as production, capacity utilisation, sales quantum, stock, profitability, net sales realisation, the magnitude and margin of dumping, etc. in accordance with Annexure II(iv) of the rules supra.

Volume and Market Share in Dumped imports

| Particulars | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|--|------|-----------|-----------|-------------------|---------------------------------|
| Imports | | | | | |
| Subject Country | MT | 0.00 | 120.00 | 180.00 | 144.00 |
| Other Countries | MT | 102.00 | 782.56 | 404.00 | 323.20 |
| Total Imports | MT | 102.00 | 862.56 | 584.00 | 467.20 |
| Volume and Market Share in Dumped imports | | | | | |
| Share of Imports | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
| Share of Subject Country | % | 0.00 | 9.27 | 30.82 | 30.82 |
| Other Countries | % | 100.00 | 90.73 | 69.18 | 69.18 |
| Total | | 100.00 | 100.00 | 100.00 | 100.00 |

26. The imports from subject country increased in absolute term during POI. It has also increased in comparison to production of domestic industry during POI. In terms of market share in imports, the share has increased from 9.27% to 30.82% during POI. The market share from other countries has decreased from 100% to 69.18% during the POI.

Market Share in Demand

| | Unit | 1999-2000 | 2000-2001 | April'01-June'02 | Investigation period annualised |
|---|------|------------|-----------|------------------|---------------------------------|
| Demand | | | | | |
| Imports | MT | 102 | 862.56 | 584 | 467.2 |
| Sales of petitioner | MT | *** | *** | *** | *** |
| Sales of petitioner indexed | | 100 | 77 | | 63 |
| Simalin | MT | *** | *** | *** | *** |
| Rockhard | MT | *** | *** | *** | *** |
| Newton | MT | *** | *** | *** | *** |
| Total of Other Producers | MT | *** | *** | *** | *** |
| Total of Other Producers Indexed | | 100 | 72 | | 96 |
| Total Demand | MT | *** | *** | *** | *** |
| Total Demand indexed | | 100 | 84 | | 86 |
| Share in Demand | | | | | |
| Imports from Subject Country | % | 0 | 1.17 | 2.06 | 2.06 |
| Other Country | % | 1.25 | 11.44 | 4.62 | 4.62 |
| Petitioner | % | 45.34 | 41.78 | 33.59 | 33.59 |
| Other Producers | % | 53.41 | 45.61 | 59.73 | 59.73 |
| Total | % | 100 | 100 | 100 | 100 |

27. Demand has shown declining trend. On the basis of 100 in 1999-2000 it declined to 86 during POI. Share in Demand of the domestic industry had declined from 45.34 % in 1999-2000 to 33.59 % during POI. The subject country captured share of 2.06 % during POI from 0 % in 1999-2000. Sales of domestic industry declined to 63 during POI from base of 100 in 1999-2000.

Actual and Potential Decline in sales.

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|----------------|------|-----------|-----------|-------------------|---------------------------------|
| Domestic Sales | MT | *** | *** | *** | *** |
| Export Sales | MT | *** | *** | *** | *** |
| Total | | *** | *** | *** | *** |
| Indexed | | | | | |
| Domestic Sales | | 100 | 77 | 79 | 63 |
| Export Sales | | 100 | 86 | 43 | 34 |

| | | | | | |
|-------|--|-----|----|----|----|
| Total | | 100 | 78 | 78 | 62 |
|-------|--|-----|----|----|----|

28. The export sales constitute insignificant part of total sales of the domestic industry. The total sales declined sharply from base of 100 in 1999-2000 to 62 during POI. The domestic sales constitute bulk of total sales, accordingly declined from base of 100 in 1999-2000 to 63 during POI.

Production and Capacity Utilisation

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|----------------------|------|-----------|-----------|-------------------|---------------------------------|
| Installed Capacity | MT | *** | *** | *** | *** |
| Production | MT | *** | *** | *** | *** |
| Capacity Utilization | % | *** | *** | *** | *** |
| Indexed | | | | | |
| Production | | 100 | 80 | 75 | 60 |
| Capacity Utilization | | 100 | 80 | 60 | 60 |

29. The installed capacity remained same from 1999-2000 to POI. Production declined sharply from base of 100 in 1999-2000 to 60 during POI. The capacity utilization accordingly declined from base of 100 in 1999-2000 to 60 during POI.

Price undercutting

30. The Authority has compared weighted landed value of imports with weighted average net selling price of the domestic industry for POI. The landed price of export has been determined by making adjustments of landing charges and custom duty amount with cif export price of imports. The undercutting, difference of landed value and net sale price of domestic industry, found out to be significant and in the range of 6-16 % of net selling price of the domestic industry.

Price underselling

31. Price underselling is an important indicator of assessment of injury. The non-injurious price of domestic industry has been worked out by appropriately considering cost of production for like product during POI. In order to eliminate inefficiencies, capacity utilization has been normated. The evaluation of data shows that the weighted average landed value of Hexamine from subject country is less than the non-injurious price determined for the domestic industry during POI. In this case, there was a significant price undercutting by the dumped imports, therefore, imports had been depressing the price of the like product and consequently dumped imports were forcing domestic industry to undersell the product. Price underselling, determined by comparing landed value from the subject country with non-injurious price of like product of the domestic industry. It was found that weighted landed value of imports

from subject country undersells the non-injurious price significantly of the like product. The underselling margin was in the range of 13-23 % during POI .

Factors affecting domestic prices

32. The Authority noted that the selling prices of domestic industry are linked to the raw materials cost and prices of subject goods from the subject country. The Authority observed that cost of production had increased from 1999-2000 to POI but domestic industry could not increase prices of the like product in consonance with the cost of production. It is also noted that selling price of domestic industry remained suppressed due to dumped imports from the subject country and they could not raise prices due to lower landed value of the dumped imports.

Magnitude of margin of dumping

33. The Authority observed that the magnitude of margin of dumping of subject goods from subject country is significant. For determination of margin of dumping, the Authority has determined ex-factory export price by making adjustments as claimed by exporter. The normal value has been constructed on the basis of facts available by taking international price of raw material and selling, administrative and general expenses of the domestic industry with reasonable profit margin.

Evidence of lost contracts

34. No evidence has been provided by the domestic industry showing loss of contracts.

Inventory

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|---------------------------------|------|-----------|-----------|-------------------|---------------------------------|
| Opening Stock | MT | *** | *** | *** | *** |
| Closing Stock | MT | *** | *** | *** | *** |
| Avg. Stock | MT | *** | *** | *** | *** |
| Production per day | MT | *** | *** | *** | *** |
| No. of days production in stock | Nos. | *** | *** | *** | *** |
| No of days Indexed | | 100 | 200 | 180 | 180 |

35. The inventory, measured in term of equivalent of number of days of production, doubled from 1999-2000 to POI. The increase in inventory had occurred despite decline in production during the same period.

Return on Investment and ability to raise capital

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|---------------------------------------|----------|-----------|-----------|-------------------|---------------------------------|
| Gross fixed assets-products concerned | Rs. Lacs | *** | *** | *** | *** |
| Working Capital-product concerned | Rs. Lacs | *** | *** | *** | *** |
| Capital employed | Rs. Lacs | *** | *** | *** | *** |
| Total profit from the product | Rs. Lacs | *** | *** | *** | *** |
| Return on capital employed | % | *** | *** | *** | *** |
| ROI Indexed | | 100 | -189 | -165 | -165 |

36. The return on capital employed was positive in 1999-2000 and become negative during POI. From the base of 100 in 1999-2000 it become negative 165 during POI. For determining the rate of return, total capital employed has been considered as gross fixed asset and working capital employed on the concerned product.

Profitability

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|-------------------------|--------|-----------|-----------|-------------------|---------------------------------|
| Avg. Cost of production | Rs./MT | *** | *** | *** | *** |
| Avg. Selling price | Rs./MT | *** | *** | *** | *** |
| Profit/Loss | Rs./MT | *** | *** | *** | *** |
| Indexed | | | | | |
| Avg. Cost of production | | 100 | 146 | 125 | 125 |
| Avg. Selling price | | 100 | 125 | 106 | 106 |
| Profit/Loss | | 100 | -219 | -197 | -197 |

37. The average of cost of production of the like product had increased from base of 100 in 1999-2000 to 125 during POI, but average selling price increased only to 106 during the same period. This shows difficulty in increasing the price of like product because of pressure of dumped imports. Consequently, profitability from position of positive return in 1999-2000 turned negative sharply during POI.

Employments

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|---------------------------------|------|-----------|-----------|-------------------|---------------------------------|
| Employment (Numbr of employees) | Nos. | *** | *** | *** | *** |
| Indexed | | 100 | 100 | 100 | 100 |

38. The employment had not changed and remained same from 1999-2000 to POI.

Productivity

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|--|------|-----------|-----------|-------------------|---------------------------------|
| Productivity (Production per Employee) | MT | *** | *** | *** | *** |
| Indexed | | 100 | 80 | 75 | 75 |

39. Number of employees had not changed from 1999-2000 to POI but the production of like product had declined from base of 100 in 1999-2000 to 66 during POI. Consequently, productivity per employee came down from base of 100 in 1999-2000 to 75 during POI.

Salary & Wages

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|----------------|------------------|-----------|-----------|-------------------|---------------------------------|
| Salary & Wages | Rs. Per employee | *** | *** | *** | *** |
| wages indexed | | 100 | 107 | 116 | 116 |

40. Because of rules relating to employment, salary and wages increased from 1999-2000 to POI. Number of employee had not changed from 1999-2000 to POI but salary and wages had increased from base of 100 in 1999-2000 to 116 during POI.

Cash Flow

| | Unit | 1999-2000 | 2000-2001 | April'01- June'02 | Investigation period annualised |
|-----------------------------|----------|-----------|-----------|-------------------|---------------------------------|
| Cash Flow (unit as a whole) | Rs. Lacs | *** | *** | *** | *** |
| Indexed | | 100.00 | 68.15 | 60.37 | 60.37 |

41. The domestic industry is a multi-product company involved in production of other products also. The Cash flow of domestic industry is reflective of operation relating to unit as a whole.

Conclusion on Injury

42. On examination of injury parameters, the following conclusions are made by the Authority regarding injury suffered by the domestic industry.

- a. Imports from subject country had increased in absolute term during period of examination.
- b. Sales of domestic industry declined during period of investigation.
- c. Imports from subject country had been undercutting the selling price of domestic industry.
- d. Imports from subject country had been underselling the non-injurious price of domestic industry significantly.

- e. Profitability of domestic industry had turned negative during period of investigation which was positive in 1999-2000.
- f. Domestic industry is suffering from price suppression as cost of production of subject goods had increased whereas domestic industry could not increase selling price in consonance with the cost of production.
- g. Return on capital employed turned negative sharply during period of investigation whereas it was positive in 1999-2000.
- h. The production of domestic industry had declined during period of investigation.
- i. Despite decline in production, inventory of domestic industry increased during period of investigation.

Causal Link and other factors

43. The Authority has examined the submissions made by interested parties in respect of the issue of causal link. A detailed examination was made by the Authority with regards to issues pertaining to the material injury to the domestic industry and causal link between the material injury to the domestic industry and dumped imports. Paragraph V of Annexure II of the Anti-dumping Rules reads as under :

“It must be demonstrated that the dumped imports are, through the effects of dumping, as set forth in paragraphs (ii) and (iv) above, causing injury to the domestic industry. The demonstration of a causal relationship between the dumped imports and the injury to the domestic industry shall be based on an examination of relevant evidence before the designated authority. The designated authority shall also examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, and the injury caused by these other factors must not be attributed to the dumped imports. Factors which may be relevant in this respect include, inter alia, the volume and prices of imports not sold at dumping 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.”

44. The Authority notes that share of imports from subject country had increased during period of investigation and during the same period the imports from other countries had declined. The total demand of product had declined during period of investigation but market share of subject country increased and captured around 2.06 %, whereas market share of other countries declined to 4.62 % during period of investigation from 11.44 % in 2000-01 and market share of petitioner declined from 45.34 % in 1999-2000 to 33.59 % during period of investigation.

45. The dumped imports were causing price-undercutting that ranged from 6-16 % of the net selling price of the domestic industry. The dumped imports also caused price suppression as domestic industry could not raise price of the product in consonance with increase in cost of production. The dumped imports were not only causing undercutting but it were also being undersold the non-injurious price of the domestic industry that ranged from 13-23 %. This resulted in losses per units during period of investigation whereas it was in position of profit in 1999-2000.

46. The pressure of price-undercutting and losses to the domestic industry resulted in decline in production and decline in capacity utilization during period of investigation which in turn affected productivity and cash flow, consequently return on capital employed turned negative during period of investigation whereas it was positive in 1999-2000.

47. No other factor has come to the notice of the Authority which might be causing injury to the domestic industry.

INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

48. The purpose of anti-dumping duties, in general, is to eliminate dumping which is causing injury to the domestic industry and to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country.

49. It is recognised that the imposition of anti-dumping duties might affect the price levels of the products 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 Hexamine. 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.

CONCLUSIONS

50. It is seen after considering the foregoing that:

- a. Hexamine, originating in or exported from Iran has been exported to India below normal value, resulting in dumping;
- b. the domestic industry has suffered material injury;

c. injury has been caused by imports from the subject country.

51. It has been decided to recommend the amount of anti-dumping duty equal to the margin of dumping or less which if levied, would remove the injury to the domestic industry. Accordingly, it is proposed that definitive anti-dumping duties be imposed, from the date of notification to be issued in this regard by the Central Government, on Hexamine originating in or exported from Iran, falling under Chapter 29 of the Customs Tariff Act and ITC no. 2921.2901. The anti-dumping duty shall be the amount mentioned in Col.3.

| Country | Name of the producer/exporter | Amount (USD/MT) |
|---------|-----------------------------------|-----------------|
| Iran | (a) M/s Sina Chemicals | 107.28 |
| | (b) All other producers/exporters | 107.28 |

52. Landed value of imports for the purpose shall be the assessable value as determined by Customs under the Customs Act, 1962 and all duties of customs except duties levied under Sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.

53. An appeal against this order shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff Rules, 1995.

(Dr. Christy Fernandez)

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