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Government of India  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT OF COMMERCE  
(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)

**NOTIFICATION**

NEW DELHI,  
Dated the 22<sup>nd</sup> April, 2009

**PRELIMINARY FINDINGS**

**Subject: Anti-Dumping Investigation concerning imports of Ceramic Tiles originating in or exported from China PR.**

1. **No. 14/16/2008- DGAD** - Having regard to the Customs Tariff Act 1975 as amended in 1995(hereinafter referred to as Act.) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995(hereinafter referred to as Rules), thereof:

**A. PROCEDURE**

2. 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 an application filed by M/s H & R Johnson (India) Ltd. & M/s Kajaria Ceramics Ltd., on behalf of the domestic industry, alleging dumping Ceramic Glazed tiles other than vitrified tiles where at least one of the sides (length or width) exceeds 17 inches/431.80 Millimeters (MM)/43.18 Centimeters (CM)/1.4167 feet. ( hereinafter refer to as subject goods) originating in or exported from CHINA PR, (hereinafter referred to as subject country).
  - II. The Authority on the basis of evidence submitted by the applicant found it appropriate to initiate the investigation concerning imports of subject goods originating in/or exported from CHINA PR . The authority notified the Embassy of subject country in New Delhi about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with sub-Rule 5(5) of the Rules.
  - III. The Authority issued a public notice dated 17.10.08 published in the Gazette of India, Extraordinary, initiating anti-dumping investigations concerning imports of the subject goods classified under Chapter 69 of Schedule I of the Customs Tariff Act, 1975 originating in or exported from subject countries.
  - IV. The Authority forwarded a copy of the public notice to the known exporters (whose names and addresses were available with the authority) and gave them opportunity to make their views known in writing within forty days from the date of the letter in accordance with the Rule 6(2).

- V. The Authority forwarded a copy of the public notice to all the known importers (whose names and addresses were available with the authority) of subject goods in India and advised them to make their views known in writing within forty days from the date of issue of the letter in accordance with the Rule 6(2).
- VI. Request were made to Director General of Commercial Intelligence and Statistics (DGCI&S), Kolkata to arrange details of imports of subject goods made in India for the period of investigation and preceding three years. The transaction-wise data on imports received from DGCI&S have been relied upon in the findings.
- VII. The Authority provided copies of the non confidential version of the application to the known exporters and the Embassy of subject country in accordance with Rules 6(3) supra. A copy of the non-confidential application was also provided to other interested parties, wherever requested.
- VIII. The Authority sent a questionnaire to elicit relevant information to the known exporters/producers, in accordance with the Rule 6(4).
- IX. Following interested parties have responded to initiation notification and provided information:
- a) Topbro Ceramics Co.,Ltd (producer) & A Foshan Junjing Industrial Co., Ltd(Exporter)
  - b) Guangdong Winto Ceramic Co., Ltd (producer and exporter)
  - c) LOUIS VALENTINO (INNER MONGOLIA)CERAMIC CO.LTD (Producer) and Foshan HCC Building Material Co., Ltd.(Exporter)
  - d) Foshan Shunshui Summit Ceramic Co Limited and Shunshui Newpearl Building(Producers)-Foshan Newpearl Trade Company Limited and Foshan Summit Kangjian Ceramics Co. Limited (Exporters)
  - e) Sichuan New ZhongYuan Ceramics Co., Ltd (producer and exporter), Foshan New Zhong Yuan Ceramic Company Limited.(Producer), Foshan City Sandebo Ceramics Co Limited (Exporter), Foshan Lungo Ceramics Co Limited (Exporter), New Zhong Yuan Import & Export Company Limited of Guangdong (Exporter), Foshan Xin Yue Ceramic Co Limited (Exporter), Company name: Foshan Xin Nan Yue Building Ceramics Co Limited (Exporter)
  - f) R. A. K. (GAO YAO) CERAMICS CO. LTD.(Exporter)
  - g) Kingkong Building Material Co. Ltd
  - h) Foshan Fotiles Ceramics Co Ltd. (Exporter)
  - i) Guangdong Ouya Ceramic Co. Ltd
  - j) Ratnagiri Ceramics Private Limited, (Importer)
  - k) The Karnataka Marble and Granite Association

- X. Other exporters, producers, importers and other interested parties who have not supplied information in this investigation have been treated as non-cooperating interested parties.
- XI. A Market Economy Treatment (MET) questionnaire was forwarded to all the known exporters and Embassy of China PR. While 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, the Authority informed known exporters that it proposes to examine the claim of the applicant in the light of para 7 and para 8 of Annexure I of Anti Dumping Rules, as amended. 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 to enable the Authority to consider whether market economy treatment be granted to cooperative exporters/producers.
- XII. 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 as per Rule 6(7) and kept open for inspection by the interested parties.
- XIII. Cost investigations were conducted 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) and the information furnished by the applicant so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- XIV. Normal value in the investigation has been calculated in accordance with the judgment of the Supreme Court in case of Reliance industries Ltd. vs. DA (Civil Appeal No.1294/2001).
- XV. \*\*\* in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- XVI. Investigation was carried out for the period starting from 1st April 2007 to 31st March 2008 (12 months) i.e. the period of investigation (POI). The examination of trends in the context of injury analysis covered the period from April,2004-March,05, April,2005–March,2006, April,2006-March,2007 and the POI.

**B. Product under consideration and like Article**

- 3. The product under consideration for the investigation is Ceramic Glazed tiles other than vitrified tiles where at least one of the sides (length or width) exceeds 17 inches/431.80 Millimeters (MM)/43.18 Centimeters (CM)/1.4167 feet. These goods are used as covering for walls and floors in the buildings. The product is classified under Custom Tariff heading 6908 9090.
- 4. It has been submitted the domestic industry that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. There are no differences either in the technical specifications, quality, functions or end-uses of the dumped imports and the domestically produced subject goods. Hence, the goods produced by the domestic industry are 'Like Article' to dumped

goods from subject country. The two are technically and commercially substitutable and hence should be treated as 'like articles' under the Anti Dumping Rules.

5. It has been submitted by The Karnataka Marble and Granite Association that:-

- (i) The products of the applicant and that of the other members of the domestic industry and also those imported from China PR are similar in material respects so as to become 'Like Article' is subject to empirical determination it has been stated that there are no differences in the technical specifications, quality, functions or end uses of the above mentioned goods. However, the same is not substantiated by any empirical data for exercise undertaken to prove likeness. The Association in the meantime has approached Micro, Small and Medium Enterprises Development Institute, Bangalore (MSMEDI) working under the Government of India to test samples from the Applicants' products as well as those of the other members of the domestic industry and also those imported from China PR. The said reports are awaited. These reports will be crucial in the determination of "Like Article" as some specifications which are otherwise considered immaterial vary the prices of the tiles to a great extent. The authority has noted that no such report was submitted by the Association. Subsequently, however a photocopy of the book called "Industrial Ceramics" by Felix Singer and Sonja S. Singer was submitted.
- (ii) It has also been submitted that on closer scrutiny and comparison of the imported tiles and the domestically manufactured tiles being sold in India it will be found that the standard of imported tiles is much lower than that of the domestically manufactured tiles. It has been submitted that the two cannot, by any stretch of imagination, be considered to be 'Like Article' at all.
- (iii) The Association has been able to collect certain details and data in respect of recent imports of tiles from China, which unequivocally show that the sale of imported tiles is taking place at a higher price what the Applicants contend.
- (iv) On a perusal of the sale prices of the Applicants' tiles in respect of the subject goods and those of other domestic producers, it will be evident that the Applicants sell their products at a price higher by Rs.15-Rs.17 per square foot from such other domestic producers.

6. The authority has examined the issue in details and noted that 'Like Article' does not mean identical article. The domestically produced goods is treated to be 'Like Article' if same can be commercially or technically substituted by subject goods. In this case the subject goods is a directly substituting and competing with the domestic produced goods. It has also been noted that there may be differences in prices on account of sizes or variety etc. However, such variations would not prevent from treating domestically produced goods as 'Like Article' as same is substitutable by imports of subject goods. The Authority, therefore, treated the goods produced by the domestic industry as 'Like Article' to the subject goods from the subject country.

### **C. Standing of the applicants and Domestic industry**

7. Authority notes that the application has been filed M/s H & R Johnson (India) Ltd. & M/s Kajaria Ceramics Ltd., These producers account for 100% of the Indian production.
8. It has been represented by Karnataka Marble association that there are two specifications of tiles which would fall in the category of 'Product under Consideration' (PUC). These tiles are of the specification 300 x 450 and 400 x 600. These tiles are manufactured by a number of producers in India. Applicants contend that they are the only manufacturers of the subject goods in India. It has been submitted that the statement is blatantly wrong. The Association is in a position to show that the Applicants do not even produce 25% of the Indian domestic production, let alone producing 100%.The claim of the Applicants that they only constitute the domestic industry is wrong, the burden lies upon the Applicants to show that they have requisite qualification under the proviso to Rule 5(3) of the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 to initiate an investigation. It has also been submitted that there are other producers who are producing similar size of tiles and in this regard some quotations purported to be of such producers were also submitted.
9. The authority has noted that no producers other than applicants came forward to expressly support or oppose the investigation. Further, Indian Council of Ceramic Tiles and Sanitaryware (ICCTAS),the association of producers stated that there are no other manufacturers of tiles of sizes which are under investigation. The Authority therefore holds that the applicants have desired 'standing' in this investigation. Further, the companies providing data account for 100% of total production, therefore constitute domestic industry within the meaning of the Rule 2(b).

#### **D. Confidentiality**

10. In the preliminary findings the data of the domestic industry concerning capacity, production and sales etc. have not been kept confidential, however the information concerning customers, prices and costs have been considered confidential. The other interested parties may offer their comments in this regard.
11. The confidentiality claims of the cooperating exporters are under examination, however for the purpose of preliminary findings the data submitted by exporters as confidential have been considered confidential. The interested parties may offer their comments on the claims of exporters.

#### **E. Other issues**

##### **E.1 Imports by the applicant**

12. It has been contended by Karnataka Marble and Granite Association that M/s Kajaria Ceramics Ltd. is importer and exporter of ceramic tiles. It has also stated that this information is also available on their website Kajaria World. In this regard it has been clarified that M/S Kajaria Ceramic Ltd has imported Vitrified tiles and not ceramic tiles. It has been clarified that no imports have been made in the last three years.

#### **F. Methodology for Dumping Margin Determination**

##### **F.1 Submission made by domestic industry**

## **F.2 Market Economy Treatment**

13. It has been submitted China is a non-market economy country under the Indian Anti-dumping Rules. Therefore, the normal value for China is required to be determined as per the procedure described in Para 7 of the Annexure I to the Anti-dumping Rules.
14. It has also been submitted that the normal value is required to be determined based on domestic selling prices in a market economy third country or the constructed value in a market economy third country or the export prices from such a third country to any other country including India. However, if the normal value cannot be determined on the basis of the alternatives mentioned above, the Designated Authority may determine the normal value on any other reasonable basis including the price actually paid or payable in India for the like product duly adjusted to include reasonable profit margin.
15. It has further been submitted that for the purpose of determination of normal value in case of a non-market economy country, an appropriate third market economy country is required to be selected as the first alternative. Therefore it was proposed that Italy be taken as an appropriate market economy third country. It was also stated that the capacity in Italy for manufacturing the subject goods is close to the manufacturing facility in China PR. In support of this proposal it has been submitted that in Italy the industry structure, the average capacity of plants, the cost structure, the production process and the technology are reasonably and fairly close to that found in China PR. And the domestic industry has no links or relationship with any of the producers in Italy. Further it has been stated that this proposition is also guided by the fact that Italy is a market economy country with considerable competition within the local producers as well as from imported goods. Such conditions are a good indicator of market determined prices.

## **F.3 Market Economy Treatment for Cooperating Exporters**

16. At the stage of initiation, the Authority proceeded with the presumption by treating China PR as a non-market economy country as per para 8(2) of Annexure 1 of the Rules, for purposes of an anti dumping investigation. Upon initiation, the Authority advised the Producers/Exporters in the subject country to respond to the notice of initiation and provide information relevant to determination of their market economy status.
17. The Authority sent copies of the MET questionnaire to all the known exporters for rebutting presumption of non market economy in accordance with criteria laid down in para 8(3) of Annexure-I to the Rules. The Authority also requested Government of China PR and to advise producers/exporters in their country to provide information.

## **F.4 Submissions by Exporters and their Examination**

- (a) **Foshan Shunshui Summit Ceramic Co Limited and Shunshui Newpearl Building(Producers)-Foshan Newpearl Trade Company Limited and Foshan Summit Kangjian Ceramics Co. Limited(Exporters)**

18. The authority notes that these producers /Exporters have already been examined for market economy treatment in some other investigation, therefore, no fresh examination has been done for these entities and provisionally these entities have been treated as working in accordance with market principles for the purpose of provisional findings. The Normal Value for these entities have been determined in accordance with paragraph 1 to 6 of Annexure-1 of the Rules.

**(b) Sichuan New ZhongYuan Ceramics Co., Ltd (producer and exporter), Foshan New Zhong Yuan Ceramic Company Limited.(Producer), Foshan City Sandebo Ceramics Co Limited (Exporter), Foshan Lungo Ceramics Co Limited (Exporter), New Zhong Yuan Import & Export Company Limited of Guangdong (Exporter), Foshan Xin Yue Ceramic Co Limited (Exporter), Company name: Foshan Xin Nan Yue Building Ceramics Co Limited (Exporter)**

19. The authority notes that these producers /Exporters have already been examined for market economy treatment in some other investigation, therefore, no fresh examination has been done for these entities and provisionally these entities have been treated as working in accordance with market principles for the purpose of provisional findings. The Normal Value for these entities have been determined in accordance with paragraph 1 to 6 of Annexure-1 of the Rules.

**(c) Guangdong Winto Ceramic Co., Ltd (producer and exporter)**

20. The producer/exporter has made detailed submissions for rebutting the presumption of non-market economy to satisfy the criteria laid down in para 8 (3) of the Annexure-1 of the Rules. The response appears to be prima facie meet the requirements laid down in above mentioned Rule. The Authority, therefore, is provisionally treating the producer/exporter as working in accordance with market economy principle. The Normal Value for this entity has been determined in accordance with paragraph 1 to 6 of Annexure-1 of the Rules.

**(d) Topbro Ceramics Co., Ltd ( Topbro) (producer) & A Foshan Junjing Industrial Co., Ltd (Junjing) (Exporter)**

21. Topbro is a private company invested by four natural persons. Three shareholders as detailed in Annex 2-D jointly own Topbro. It has been noted that in Articles of Association (AOA), there are four shareholders where as in annexure 2D only three shareholders have been shown with different percentage of shareholding.

22. Topbro has no relationship with other producers or exporters of the subject merchandise. It has been stated that in the response that further amendments to AOA are available at Annex NME-2.G, however, no such amendments have been found. It has also been stated that given Topbro is a small company, Topbro has no Board of Directors but has an Executive Director, further it has been stated that for decision-making rules of the company, Article \*\*\* of the Articles of Association may be seen. From the referred Article, no details about process of decision-making could be found.

23. Regarding Foshan Junjing Industrial Co.,Ltd it has been stated that Junjing is a private company invested by three natural persons. Three shareholders own Junjing

Junjing is controlled by its executive director and president. The foundation of Junjing was approved by local government. Junjing has no relationship with other producers and exporters of the subject merchandise. Due to the small size, there is no Board of Directors in Junjing. For the decision-making, it has been stated that specific Article of Association may be referred to. However, from the specified Article, no details about the process of decision-making could be found.

24. For the purpose of provisional finding, the Authority has decided not to grant the market economy treatment to the producer/exporter. It has also been noted that in the Exporters' response of (Topbro) as well the information relating to volume in Appendix-3, 4,5 and 6 have not been provided. Similarly, in the Exporters' response by Junjing as well the information about volume in Appendix -3 has not been provided. As the response has been treated as incomplete, therefore, no separate export price has been determined for the purpose of provisional findings.

**(e) LOUIS VALENTINO (INNER MONGOLIA) CERAMIC CO.LTD ("LVCC") (Producer) And Foshan HCC Building Material Co., Ltd.(Exporter)**

25. It has been submitted that LOUIS VALENTINO (INNER MONGOLIA) CERAMIC CO.LTD ("LVCC") is a wholly-owned foreign invested limited liability company established under the Company Law of China and is engaged in production of construction ceramic products. There is no change in the structure of our company in the last three year. The two shareholders of the Company are \*\*\* and \*\*\*. None of them is related to any other company engaged in production and sale of the subject goods. Both are Companies. \*\*\* and \*\*\* Ltd are holding the share capital in the ratio of \*\*\*. This company is controlled directly by \*\*\*, who owns \*\*\*% of the company and team of managers appointed by the shareholders. Both of the shareholders are companies and represent themselves. They enjoy the voting rights in proportion to their capital contribution. Both the shareholders are foreign companies, and all their rights has been stipulated in the Articles of Association of LV (Inner Mongolia) Ceramic Co. Ltd.

26. The authority has noted no information has been provided about shareholders of holding companies, neither any information has been provided about activities of these holding companies. Without such information it is not possible to ascertain about real owner of the company. Therefore, the Authority is not granting market economy treatment to producer and exporter for the purpose of provisional findings. It has also been noted that in respect of exporter, no details of expenses incurred on export sales have been provided, therefore, for the purpose of preliminary findings, the export price has not been determined separately.

**(f) R. A. K. (GAO YAO) CERAMICS CO. LTD.**

27. R. A. K. (Gao Yao) Ceramics Co. Ltd. has submitted response after permitted time and considerable delay. It has also been noted that the goods has been exported to related companies in India for which no response has been submitted. For the purpose of this findings, the response has not been taken into consideration.

**(g) Guangdong Ouya Ceramic Co. Ltd**

28. The exporter has submitted the response after permitted time and considerably delay. It has also been noted that the company belongs to Ouya group and various companies of the group are involved in production and sales of vitrified tiles and ceramic tiles. It has further been noted that no response about the group companies has been submitted. For the purpose of this findings, the response has not been taken into consideration.

**(h) Foshan Fotiles Ceramics Co Ltd.**

29. The response by this company has been found to be highly deficient and not supported by any data or supporting evidence. Therefore, the response has not been taken into consideration in the findings.

**(i) Kingkong Building Material Co. Ltd**

30. The response by this company has been found to be highly deficient and not supported by any data or supporting evidence. Therefore, the response has not been taken into consideration in the findings.

**F.5 Normal Value**

**F.6 Normal Value for China PR**

31. In anti-dumping investigations concerning imports originating in non-market economy normal value shall be determined in accordance with para 7 of Annexure I of the AD Rules. The Authority notes that para 7 of Annexure 1 of AD Rules provide 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.”*

32. As explained above, the market economy status has not been accorded to all of the responding exporters. Therefore the normal value has been determined in accordance with para 7 of annexure I of the Rules. The domestic industry at the time of application has proposed Italy as a surrogate country for determination of normal value; however no information was made available to the authority about details of manufacturers in Italy. In the responses by the cooperating exporters as well no comment has been provided about the Italy as an “appropriate market economy third country”. The authority has therefore determined the normal value in accordance with method “any other reasonable basis”.

33. For the purpose of calculating the normal value the prices of raw materials in India, consumption norms and conversion cost of the producer of the domestic industry have been taken into account. A profit @ 5% has been added to arrive at the normal value. By this methodology the normal value has been determined as \$ \*\*\* Sqm.

**F.7 Normal value for Cooperating Exporters  
(provisionally accorded Market economy Treatment.)**

34. For the purpose of calculating the normal value for following cooperating exporters who have been provisionally granted market economy status in accordance with paragraph 8(3) of Annexure-1 of the Rules, the Normal Value has been determined in accordance with paragraph 1 to 6 of the Annexure-1 of the Rules.

- I. **Guangdong Winto Ceramic Co., Ltd (producer and exporter)**
- II. **Sichuan New ZhongYuan Ceramics Co., Ltd (producer and exporter), Foshan New Zhong Yuan Ceramic Company Limited.(Producer), Foshan City Sandebo Ceramics Co Limited (Exporter), Foshan Lungo Ceramics Co Limited (Exporter), New Zhong Yuan Import & Export Company Limited of Guangdong (Exporter), Foshan Xin Yue Ceramic Co Limited (Exporter), Company name: Foshan Xin Nan Yue Building Ceramics Co Limited (Exporter)**
- III. **Foshan Shunshui Summit Ceramic Co Limited and Shunshui Newpearl Building(Producers)-Foshan Newpearl Trade Company Limited and Foshan Summit Kangjian Ceramics Co. Limited(Exporters)**

35. The producers have provided transaction wise details of home sales transactions during the period of investigation. For the purpose of preliminary findings all transactions of sales have been taken into consideration for determination of normal Value. The expenses incurred on account of sales claimed by exporter have been adjusted to arrive at ex-factory price. By this methodology the ex-factory weighted average normal value for all producers who have been provisionally been considered to be working in accordance with market economy principles have been worked according to sizes of tiles.

## **F.9 Export Price for Cooperating Exporters**

- I. **Guangdong Winto Ceramic Co., Ltd (producer and exporter)**

36. The exporter has provided transaction wise details of exports to India during the period of investigation. For the purpose of preliminary findings all transactions of exports have been taken into consideration for determination of export price. The expenses incurred on account of overseas freight, bank charges and other expenses claimed by exporter have been adjusted to arrive at ex-factory export price. By this methodology the ex-factory weighted average export price have been determined for each size separately.

- II. **Foshan Shunshui Summit Ceramic Co Limited and Shunshui Newpearl Building(Producers)-Foshan Newpearl Trade Company Limited and Foshan Summit Kangjian Ceramics Co. Limited(Exporters)**

37. It has been stated by producers that the goods were exported through related Exporters to India during the period of investigation. In this regard, the exporters have provided transaction wise details of exports to India during the period of investigation. For the purpose of preliminary finding all transactions of exports have been taken into consideration for determination of export price. The expenses incurred by the exporters for making export sales as claimed by exporters have been

adjusted to arrive at ex-factory export price. By this methodology the ex-factory weighted average export prices have been determined separately for each size.

**III. Sichuan New ZhongYuan Ceramics Co., Ltd (producer and exporter), Foshan New Zhong Yuan Ceramic Company Limited.(Producer), Foshan City Sandebo Ceramics Co Limited (Exporter), Foshan Lungo Ceramics Co Limited (Exporter), New Zhong Yuan Import & Export Company Limited of Guangdong (Exporter), Foshan Xin Yue Ceramic Co Limited (Exporter), Company name: Foshan Xin Nan Yue Building Ceramics Co Limited (Exporter)**

38.It has been stated by exporters that the goods manufactured by its related producers as stated above were exported to India during the period of investigation. In this regard, the exporters have provided transaction wise details of exports to India during the period of investigation. For the purpose of preliminary finding all transactions of exports have been taken into consideration for determination of export price. The expenses incurred by the exporters for making export sales as claimed by exporter have been adjusted to arrive at ex-factory export price. By this methodology the ex-factory weighted average export price have been determined separately for each size .

**Export Prices of the exporters whose response are found to be deficient:-**

39.The export prices of those exporters whose responses have been found to be reasonably complete have been determined separately. For those exporters whose responses were either received after the permitted time or have been found to be deficient, separate export prices have not been determined for the purpose of preliminary findings. The responses of these exporters would be examined in details in the final findings on rectification of deficiencies and verification. The exporters who have submitted the responses after the permitted time or whose responses have not found to be deficient are as under:-

**I. Topbro Ceramics Co.,Ltd (producer) &Foshan Junjing Industrial Co.,Ltd(Exporter)**

**II. LOUIS VALENTINO (INNER MONGOLIA)CERAMIC CO.LTD (Producer) And and Foshan HCC Building Material Co.,Ltd.(Exporter)**

**III. Guangdong Ouya Ceramic Co. Ltd**

**IV. R. A. K. (GAO YAO) CERAMICS CO. LTD.(Exporter)**

**V. Foshan Fotiles Ceramics Co Ltd. (Exporter)**

**F.10 Export price for Non-cooperating Exporter**

40. To determine the export price from non-cooperating exporters details of the transaction-wise export made to India by DGCI&S has been taken into account. As the transactions are on CIF basis therefore to determine ex factory export price, the expenses incurred on account of export to India have been adjusted. For this

purpose expenses on account of overseas freight, insurance and had been taken into account and adjusted. In this regard information provided by cooperating importer has been relied upon. By this methodology the ex-factory export price has been determined as\$ \*\*\*/SQM.

## F.11 Dumping Margin

41. Based on the normal values and export prices as determined by above mentioned methodologies the weighted average dumping margins were determined separately for each sizes, thereafter weighted average for each exporter or combinations have been determined as under:

Producer	Exporter	Dumping Margin
		Considering weighted average normal value
Foshan NZY Ceramics	Foshan Lungo Ceramics	***
	SANDEBO	***
	NZY Import Export	***
	XINNANYUE	***
	XINYUE	***
Sichuan NZY	Sichuan NZY	***
	<b>Weighted average for NZY</b>	<b>-10.53%</b>
Guangdong Winto Ceramic Co.	Guangdong Winto Ceramic Co.	-30.65%
FOSHAN SHANSHUI NEW PEARL CERAMICS BUILDING CO.,LTD	Foshan Summit Kangjian Ceramics Co. Limited	***
	Foshan Newpearl Trade Co Limited	***
FOSHAN SHANSHUI SUMMIT CERAMICS CO.,LTD.	Foshan Summit Kangjian Ceramics Co. Limited	***
	Foshan Newpearl Trade Co Limited	***
	<b>Weighted average for Newpearl Group</b>	<b>-0.89%</b>
Other producers from China PR	Other Exporters from China PR	119.35%

The above determined dumped margins for other producers/exporters are more than *de minimis*.

## G. METHODOLOGY FOR INJURY DETERMINATION AND EXAMINATION OF CAUSAL LINK

### G.1 View of the domestic industry

The domestic industry made the following submissions:-

42. Imports from China have increased phenomenally to almost 3 times i.e. 56.18 Lacs SQM in the period of investigation from 20.46 Lacs SQM in the base year. The increase in imports from China in the period of investigation is also sharper as compared to immediate previous year 2006-07. It clearly indicates that the imports from China have been able to capture a significantly higher market share due to aggressive dumping by the exporters from the subject country.

43. Further, imports from China in comparison to the total demand in India have increased from 32% during April 04-March 05 to 52% during the period of investigation. The increase in share of imports in total demand in the period of investigation is also sharper as compared to immediate previous year. This clearly goes to show that the imports from China have been able to capture a substantial slice of demand in the domestic market due to the aggressively dumping the subject goods.
44. The imports from China as percentage of domestic production have increased phenomenally from 48% in the year April 04-March 05 to 114% during the period of investigation. There has been a whopping increase of almost 2.5 times in the imports as percentage of domestic production over the injury investigation period. It is a clear indicator that the growth in the market has directly been taken over by the dumped imports from China.
45. It has been submitted that the landed value from China over the injury investigation period has increased. However, the same is still lower than the domestic selling price which has resulted into significant price undercutting. The lower import prices from China have forced the domestic industry to reduce the selling prices thereby depressing the domestic price. It has also been submitted that the cost of the domestic industry has increased over the injury investigation period. However, the Chinese imports prevented the domestic industry to increase its prices and the same are suppressed. Thus, the imports from China have not only depressed the domestic prices but also suppressed the domestic prices.
46. The market share of the domestic industry has declined from 66% in April 04-March 05 to 44% during the period of investigation. The market share of the domestic industry has significantly declined despite the fact that the demand in the country has increased by 72% over the injury investigation period. It clearly indicates that the drastic decline in market share of the domestic industry has been affected only by aggressively dumping of the subject goods by China.
47. The capacity to produce the subject goods is not separately available. The analysis of the capacity utilization has been made by considering the production of all the products including the subject goods. Moreover, the applicant namely M/s Kajaria Ceramics Ltd. started producing the subject goods in the period of investigation only. Therefore, the analysis of the capacity utilization in the present case does not give the actual effect of dumped imports.
48. The productivity per employee during the period of investigation has improved as compared to base year 2004-05. Thus, indicating the loss of productivity is not a cause of injury to the Domestic Industry.
49. The sales volume of the domestic industry in the POI as compared to base year has increased over the injury investigation period. However, the market share of the domestic industry has declined by about 22% over the injury investigation period in a growing market where the total demand has increased by about 72%. It clearly indicates that the growth in the market has directly been taken over by the dumped imports from China. Thus, the domestic industry is severely injured with respect to its sales volume as well as market share.

50. The number of employees engaged by the applicant has come down over the injury investigation period whereas the wages paid to them have increased over the injury investigation period.
51. The profitability of the domestic industry has severely been affected due to dumped imports from China. The domestic industry is prevented from increasing its prices and the same have come down over the injury investigation period which has directly affected their profitability. The losses have increased over the injury investigation period worsening the injury to the domestic industry. It has been mentioned that even though injurious dumping had been taking place for some time, the domestic industry did not approach the Hon'ble Authority with the hope that the Chinese prices will improve and so will the situation of the domestic industry. However, contrary to expectations, the marginal increase in the Chinese prices is not in line with the increasing costs. For the domestic industry, the prices have actually come down even though the costs have gone up which has resulted in further deterioration of the profitability of the domestic industry.
52. It has been submitted that the return on capital employed (ROCE) of the domestic industry has become negative in the period of investigation from a positive return in the base year 2004-05. This is mainly due to decline in the profitability of the company as a result of large scale dumping by China.
53. The domestic industry has been severely injured as the level of stock has increased over the injury investigation period.
54. The injury to the domestic industry due to the dumped imports is further accentuated by the fact that not only the subject goods are being heavily undersold, the exporters from the subject country are also indulging in significant price undercutting. It may be noted that there is abnormally high price undercutting. Thus, there is a constant pressure on the domestic industry to bring down their prices. It has also been submitted that the landed value of the product under consideration from the subject country is also much lower than the prices the domestic industry ought to have realized on the sales of the subject goods.
55. It has been submitted that the cash flow position of the petitioner has deteriorated during the period of investigation. There is a decline of (\*\*\*) % over the injury investigation period.
56. It has been submitted that the demand in the country has increased over the injury investigation period by 72% whereas the market share of the domestic industry has come down drastically by 32% over the same period. The growth is also severely negative with respect to profitability, cash flow and ROCE. This clearly indicates that the exporters from China have captured a substantial share of the domestic industry's market share by selling at dumped prices which is evidently clear from the growth in imports.
57. The future investment in the sector is marred by the presence of dumped imports from China. The negative profitability, negative cash flow and negative returns clearly indicate that the ability of the domestic industry to raise capital investments for the sector is jeopardized by the dumped imports.

58. In addition to the fact that material injury is being caused to the Domestic Industry, It has been submitted that the threat of material injury to the Domestic Industry is imminent.
59. The imports from the subject country have shown a significant increase during the period of investigation as compared to the base year as well as the preceding periods. The imports have gone up from 20.46 Lacs SQM in April 2004-March 2005 to 56.18 Lacs SQM during the POI.
60. Imports from the subject country are coming at extremely low prices, which do not allow the domestic industry to earn reasonable returns. The profitability of the domestic industry due to current severe undercutting by China has become severely negative. If the same trend continues, it would not only lead to further losses to the domestic industry but it would also become very difficult for the domestic industry to operate and survive. Therefore, an immediate action to curb the present dumping from China would be in the interest of domestic industry.
61. The Domestic Industry also understands that there are huge disposable capacities and surplus production in China, which is likely to find its way into the Indian market if anti-dumping duties are not immediately imposed.
62. It has been stated that the inventories of the domestic industry have also significantly increased over the injury investigation period. It clearly indicates that the same would further increase in case immediate measures are not adopted to impose the anti-dumping duties.

Concerning Causal link it has been submitted:

63. The imports of subject goods from sources other than China are de minimis during the period of investigation. Only the imports from China are being made at dumped prices and are above the de minimis limits causing material injury to the petitioners. It has also submitted that the imports from European Union are also above the de minimis limits. However, their prices are well above the prices of China as well as current domestic prices and the desirable selling prices. Therefore, the same have not caused injury to the domestic industry.
64. The demand in the country has grown up by 72% over the injury investigation period. Hence, there is no decline in demand during the period of investigation and decline in demand is not a factor of injury to the domestic industry.
65. There is a single market for the subject goods where dumped imports compete directly with the goods produced by the domestic industry. The price determines the choice of supplier. The dumped goods are substituting the product of the indigenous producers. The imported product is also sold to meet the similar commercial grades, standards and specifications, as domestically produced subject goods. The imported goods and the domestically produced goods are like articles and are used for the same applications/end uses. Thus, pricing becomes the most important factor for purchasing the article either from imported sources or domestic sources. The domestic industry is not realizing reasonable selling price / profit with respect to

subject products. This can directly be attributed to the low priced imports from China as the domestic industry is always expected to match the prices offered by the importers from the subject country. There are no trade restrictive practices or technology issues which can be attributed to the cause of injury to the domestic industry. The productivity of the domestic industry has also gone up and, therefore, has not caused any injurious effect on the financial state of the domestic industry. As regards the competition between the foreign and domestic producers, it has been submitted that the domestic industry is suffering only on account of unfair trade due to dumped imports from China. If the imports take place at the fair normal prices, the domestic industry is totally in a position to face the competition from imports. There are no exports by the domestic industry during the injury investigation period. Therefore, the question relating to exports is not applicable.

## **G.2 View of Other Interested parties**

### **G.3 Submissions by The Karnataka Marble and Granite Association**

66. The Trade between India and China is governed by Asia Pacific Trade Agreement which describes a decreasing rate of Custom Duty
67. On perusal of the sale prices of the Applicants' tiles in respect of the subject goods and those of other domestic producers, it will be evident that the Applicants sell their products at a price higher by Rs.15-17 per square foot from such other producers. The reason for such inflated rates of sale are unknown to other members of industry.
68. It has been submitted that domestic industry has been unable to keep up with increase in demand. It is evident that demand has increase by 60% in 2004-05 to 2007-08, whereas the domestic industry has only increase production about 17%.
69. Applicants have been investing substantial amounts in expansion of their production capacity. If despite such investment and expansion in their production capacities, the applicants have not been able to produce more, the fault ought to lie not with reasonably priced imports from various countries, but because of a fault that is peculiar to the Applicants.

## **G.4 Examination by the Authority**

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

*“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.”*

71. As regards the impact of the dumped imports on the domestic industry para (iv) of Annexure-II of the Anti Dumping Rules states:

*“The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the Industry, including natural and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of margin of dumping*

*actual and potential negative effects on cash flow, inventories, employment wages growth, ability to raise capital investments.”*

72. The Authority has examined the arguments of the domestic industry and other interested parties and noted that the parameters relating to injury of the domestic industry are analyzed on the basis of data submitted by the domestic industry and verified/counter-checked from the records of the domestic industry. The analysis of various aspects of the injury to the domestic industry are as under:-

### **Volume and market share in dumped imports**

73. Imports data from DGCI&S has been relied upon for analysis. Imports volume from subject country and other countries has been analysed as under:

### **G.5 Market Share of Imports from the Subject country (% of Total Imports)**

74. The share of imports from the China in total imports is 87% during the period of investigation. It has been noted that during the POI, imports from China have increased to 29.36 Lacs SQM in the period of investigation from 15.76 Lacs SQM in the base year.

	<b>Apl 04- Mar 05</b>	<b>Apl 05- Mar 06</b>	<b>Apl 06- Mar 07</b>	<b>POI</b>
Imports from Subject Countries (SQM)	1576648	1696612	2408784	2936125
Total Imports (SQM)	1949098	1932083	2765639	3382305
% Share	81%	88%	87%	87%

### **G.6 Market Share of Imports from the Subject country (% of Total Demand)**

75. Further, imports from China in comparison to the total demand in India have increased from 26% during April 04-March 05 to 36% during the period of investigation.

	<b>Apl 04- Mar 05</b>	<b>Apl 05- Mar 06</b>	<b>Apl 06- Mar 07</b>	<b>POI</b>
Imports from Subject Countries (SQM)	1576648	1696612	2408784	2936125
Total Demand (SQM)	6087707	6106192	7102276	8193071
% Share	25.90%	27.79%	33.92%	35.84%

### **G.7 Imports from the subject country as % of domestic production**

76. The imports from China as percentage of domestic production have increased from 37% in the year April 04-March 05 to 60% during the period of investigation.

	<b>Apl 04- Mar 05</b>	<b>Apl 05- Mar 06</b>	<b>Apl 06- Mar 07</b>	<b>POI</b>
Imports from Subject Countries (SQM)	1576648	1696612	2408784	2936125
Production (SQM)	4272465	4436570	4635414	4914728
% Share	36.90%	38.24%	51.96%	59.74%

77. The above data indicates that the imports from China have increased not only in absolute terms but have also increased in relation to total imports, total demand and domestic production.

### **G.8 Changes in Market Share held by the Indian Producers.**

78. The market share of the domestic industry has declined from 68% in April 04-March 05 to 59% during the period of investigation. It has been noted that the market share of the domestic industry has declined despite the fact that the demand in the country has increased by 35% over the injury investigation period.

	<b>Apl 04- Mar 05</b>	<b>Apl 05- Mar 06</b>	<b>Apl 06- Mar 07</b>	<b>POI</b>
Domestic industry Sales (SQM)	4138608	4174109	4336637	4810765
Total Demand (SQM)	6087707	6106192	7102276	8193071
Trend	100	100	117	135
Domestic industry Share	67.98%	68.36%	61.06%	58.72%
Trend	100	101	90	86

### **G.9 Capacity, production & capacity utilization**

79. Capacity, Production and Capacity Utilization of the domestic industry has been analysed as under:

80. It has been noted that capacity for subject goods is not separately available, therefore the analysis of the capacity utilization has been made by considering the production of all the products including the subject goods. The capacity of the domestic industry has increased by 28% in POI as compared to base year. Similarly the production of subject goods has increased by 15% in POI as compared to base year. The production of all goods produced in same facility has increased by 25% during the same period. The capacity utilization however, has declined to 67% in POI as compared to base year. It has also been noted that M/s Kajaria Ceramics Ltd. one of producers started producing the subject goods in the period of investigation only. Therefore, the evaluation of the capacity utilization in the present case is cannot be taken as correct indicator of injury to the domestic industry.

	<b>Apl 04- Mar 05</b>	<b>Apl 05- Mar 06</b>	<b>Apl 06- Mar 07</b>	<b>POI</b>
Capacity (SQM)	30373500	30373500	38773500	38773500

Indexed	100	100	128	128
Production (SQM)	20723132	22764196	27827858	25835051
Indexed	100	110	134	125
Capacity Utilisation%	68%	75%	72%	67%
Production-PUC (SQM)	4272465	4436570	4635414	4914728
Indexed	100	104	108	115

## G.10 Sales

81. The sales volume of the domestic industry in the POI as compared to base year has increased by 16% over the injury investigation period. However, the market share of the domestic industry has declined by about 69% to 58% over the injury investigation period in a growing market where the total demand has increased by about 35%. Indicating that the growth in the market has been captured by the dumped imports from China PR.

	Apl 04- Mar 05	Apl 05- Mar 06	Apl 06- Mar 07	POI
Sales (SQM)	4138608	4174109	4336637	4810765
<b>Trend</b>	<b>100</b>	<b>101</b>	<b>105</b>	<b>116</b>
Sales Value (Rs Lacs)	***	***	***	***
<b>Trend</b>	<b>100</b>	<b>97</b>	<b>98</b>	<b>112</b>

82. The profitability, profits and cash flow of the domestic industry are given in the following table:-

## G.11 Profitability and Cash flows

	Apl 04- Mar 05	Apl 05- Mar 06	Apl 06- Mar 07	POI
Net Sales Price (Rs. Lacs)	***	***	***	***
Indexed	<b>100</b>	<b>97</b>	<b>98</b>	<b>112</b>
Net Sales Price( Rs / Sqm)	***	***	***	***
Indexed	<b>100</b>	<b>96</b>	<b>94</b>	<b>96</b>
Cost of sales (Rs. Lacs)	***	***	***	***
Indexed	<b>100</b>	<b>106</b>	<b>99</b>	<b>118</b>
Cost of sales (Rs./Sqm)	***	***	***	***
Indexed	<b>100</b>	<b>105</b>	<b>95</b>	<b>102</b>
Profit/Loss (Rs. Lacs)	***	***	***	***
Indexed	<b>-100</b>	<b>-328</b>	<b>-126</b>	<b>-275</b>
Profit/Loss (Rs.Sqm)	***	***	***	***
Indexed	<b>-100</b>	<b>-326</b>	<b>-120</b>	<b>-237</b>
Profit Before Interest	***	***	***	***
Trend	<b>100</b>	<b>-112</b>	<b>42</b>	<b>-36</b>
Depreciation (Rs. Lacs)	***	***	***	***
Cash profit (Profit before depreciation) In Rs. Lacs	***	***	***	***
Indexed	<b>100</b>	<b>-39</b>	<b>77</b>	<b>-31</b>

83. The data of the domestic industry shows that the cost of sale per Sqm has increased to 102 (indexed) in POI as compared to 100 of base year. In terms of value the cost of sale increase by Rs. 5 per Sqm. During the same period the net sales of

realisation of the domestic industry declined to 96 (indexed) in POI as compared to 100 of the base year. In terms of value the sale price declined by Rs15/- per Sqm. The loss per Sqm. has increased from -100 (indexed) in the base year to -275 in the POI.

84. The data indicates that the losses continued during the entire injury period. The PBIT which was positive in base year from 100 (indexed) become negative 36 in the POI.

### G.12 Cash Flow

85. Authority has evaluated cash profit situation of the domestic industry, which shows that cash profit declined from base year to POI. In indexed form, from 100 in base year it became -31 in POI.

### G.13 Factors affecting domestic prices

86. During the injury period the basic custom duty declined from 6.45% (under Bangkok Agreement) in 2004-05 to 4.30% in the POI. The cost of sale from base year in 2004-05 increased by Rs. 5/Sqm in POI. The landed value from subject country though, continue to increase, however, the undercutting continue throughout injury period. The undercutting of selling prices of the domestic industry by imports from subject country was significant during POI.

### G.14 Price Undercutting

87. The impact on the prices of the domestic industry on account of imports from the subject country has been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis, weighted average Net Sales Realisation (NSR) and the Non-Injurious Price (NIP) of the domestic industry (worked out on the basis of the costing information of the domestic industry) have been compared with landed value of imports from the subject country.

88. A comparison for subject goods during the period of investigation was made between the weighted average landed value of dumped imports and the domestic selling price in the domestic market. In determining the net sales realization of the domestic industry, taxes, the rebates, discounts and commission offered by the domestic industry have been adjusted.

89. It has been noted that the price undercutting by imports from subject country continued throughout the injury period. During the POI the undercutting from subject country was in the range of 25-35%.

90. It is also been noted that the cost of the domestic industry has increased over the injury investigation period. The selling price has declined during the same period indicating that the prices of domestic industry remained suppressed.

#### Price Undercutting

	Subject Country			
	2004-2005	2005-2006	2006-2007	POI
Landed value per MT	98	141	173	178
Domestic	***	***	***	***

Selling Price				
Price Undercutting	***	***	***	***
% Undercutting	***	***	***	***

### G.15 Price Underselling

91. Authority notes that the price underselling is an important indicator of assessment of injury. Non injurious price has been worked out and compared with the landed value of the subject goods to arrive at the extent of price underselling. The non-injurious price has been evaluated for the domestic producers by appropriately considering the cost of production for the product under consideration during the POI. The analysis shows that the landed values of subject goods from subject country was much below the non-injurious price determined for the domestic industry during the period of investigation. The underselling margin was within a range of 40-50% for subject goods from subject country during the POI.

#### Price Underselling

	POI
NIP	***
Landed Price /MT	***
Price Underselling	***
% Underselling	***

### G.16 Return on capital employed

	Apl 04- Mar 05	Apl 05- Mar 06	Apl 06- Mar 07	POI
Capital Employed	***	***	***	***
Indexed	100	97	85	76
Profit Before Interest	***	***	***	***
ROCE (%)	***	***	***	***
Trend	100	-116	49	-47

92. The capital employed is a sum of net fixed assets and working capital. The net fixed assets for the product under consideration have been allocated in the production ratio for product under consideration. The working capital has been allocated in the sales ratio of product under consideration. The data shows that the capital employed has declined to 76 in POI as compared to 100 of the base year mainly due to reduction in working capital. The return on capital employed declined from base year to POI.

### G.17 Employment and Wages

	Apl 04- Mar 05	Apl 05- Mar 06	Apl 06- Mar 07	POI
No of Employees	***	***	***	***
Indexed	100	89	81	70
Wages Total (Rs. Lacs)	***	***	***	***
Indexed	100	121	120	197

93. The data shows that number of employees declined to 67% in POI as compared to base year. The wages to employees however, increased by 97% during the same period.

## G.18 Productivity

94. Productivity of the domestic industry, as reflected in terms of production per employee, is given in the following table

	<b>Apl 04- Mar 05</b>	<b>Apl 05- Mar 06</b>	<b>Apl 06- Mar 07</b>	<b>POI</b>
Production(SQM)	4272465	4436570	4635414	4914728
Employees	***	***	***	***
Production / Employee	***	***	***	***
<b>Index</b>	<b>100</b>	<b>111</b>	<b>112</b>	<b>132</b>

95. The productivity of the domestic industry i.e. production per employee improved by 32% during POI as compared to base year.

## G.19 Growth

	<b>Apl 04- Mar 05</b>	<b>Apl 05- Mar 06</b>	<b>Apl 06- Mar 07</b>	<b>POI</b>
Growth in Demand as Compared to the preceding Year (%)		***	***	***
Growth in Sales of the applicants (As compared to the preceding Year (%))		***	***	***
Growth in Market Share of domestic industry as Compared to the preceding Year (%)		***	***	***
Profitability as Compared to the preceding Year (%)		***	***	***
Cash Flow		***	***	***
ROCE (%)		***	***	***

96. The demand in the country has increased over the injury investigation period, the sale of domestic industry also grew whereas the market share of the domestic industry has shown declining trend. The growth is also severely negative with respect to profitability, cash flow and ROCE.

	<b>Apl 04- Mar 05</b>	<b>Apl 05- Mar 06</b>	<b>Apl 06- Mar 07</b>	<b>POI</b>
Closing stock(Sqm)	538848	801309	1100087	1204050
Indexed	<b>100</b>	<b>149</b>	<b>204</b>	<b>223</b>

97. The closing inventories of the domestic industry have increased in absolute terms showing the difficulty being faced by the domestic industry to sell the subject goods during the period of investigation.

## G.20 Ability to raise capital/investment

98. It has been submitted that the ability of the domestic industry to raise capital investment for any further expansion of capacity is not feasible in view of the low

returns during the period of investigation. However in this regard it has been noted that one of constituents of domestic industry has added capacity to produce the subject goods.

## **G21 Conclusion**

99. The production of goods have increased by 25% (642263 SQM) in POI as compared to base year. The sales have also increased by 16%(672157) against increase in demand of 35% (2105364SQM). The closing stock, however, also increased. In this period the share in demand of the domestic industry has declined from 67.98% to 58.72% in POI. The share of subject countries increased from 26% to 36% in POI, however share of

imports from other countries declined from 6% to 5 %. The data indicates that the domestic industry has been able increase the production, sales, but is unable to take advantage of growth in demand as share in demand of domestic industry declined.

100. The cost of sales has increased from 100(indexed) in the base year to 102 in POI i.e. by Rs. 5 per Sqm., the selling price however declined to 96 (indexed) i.e. by Rs.15 per Sqm. the domestic industry was suffering loss (per unit) in the base year and continued to suffer loss during the injury period . The loss per unit in POI increased to -237 (indexed) from -100 in the base year. The PBIT however turned negative from in POI from positive in the base year. The return on capital employed also turned negative in POI from positive in the base year.

### **G.21 Causal Link and Other Factors**

#### **a. Volume and Prices of imports not sold at the dumped prices**

101. It has been noted the imports of subject goods from sources other than China are de minimis except in case of Spain during the period of investigation. It has also been noted that imports from Spain is at considerably higher prices, therefore imports from other countries are not causing injury to the domestic industry.

#### **b. Trade restrictive practice and competition between the foreign and domestic producers**

102. The Authority did not find any trade restrictive practices followed by the domestic industry or other Indian producers.

#### **c. Contraction in demand or Changes in the pattern of consumption**

103. It is noted that there is no contraction in the demand during the period under consideration. On the contrary, the overall demand has increased by 35% over the injury period. Therefore, possible decline in demand is not a factor which could have caused injury to the domestic industry. There is no argument by interested parties regarding the change in the pattern of consumption, nor has investigation shown possible changes in consumption pattern.

#### **d. Developments in Technology, Export performance and productivity of the Domestic Industry**

104. None of the interested parties have raised any issue that these factors could have caused injury to the domestic industry. Further, the investigation has not revealed that technology for production of the subject goods has undergone any significant change. There is no export activity of the domestic industry during the injury period.

## **G.22 Causal Link**

105. The authority notes that there is a significance undercutting of selling price of the domestic industry by the imports from the subject country. The undercutting from subject country however, declined from base year to POI but it is still significant. It has also been noted that every domestic selling price of the subject goods has declined by Rs.15/Sqm in POI as compared to base year whereas cost of sale has gone up by average of Rs.5/sqm during the same period, consequently increasing the losses of the domestic industry. The authority has further noted that subject goods has been showing consistent growth in demand. It grew by 35% in POI as compared to base year. Despite growth in demand the share of domestic industry declined from 68% to 59% whereas the share of subject country increased from 26% to 36% during the same period indicating that advantage of the growth was cornered by the subject country.

106. It has also been noted that there is a available capacity to meet the growth in demand, however the capacity remain underutilized even though there was growth in demand. The authority did not find any other reason except the undercutting by the imports of subject country impacting the selling price, decline in share of the domestic industry and significant rise in share of the subject country. The above analysis establishes causal link between dumped imports from subject country and injury to the domestic industry.

## **H. Conclusions**

107. The Authority has, after considering the foregoing, come to the conclusion that:

- a. The subject goods have been exported to India from the subject countries below its normal value;
- b. The domestic industry has suffered material injury;
- c. The injury has been caused by the dumped imports from subject countries.

## **I. Indian Industry's Interest & Other Issues**

108. 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 country in any way, and, therefore, would not affect the availability of the products to the consumers.

## **J. Recommendations**

109. In view of the above, the Authority considers it necessary and recommends provisional anti-dumping duty on imports of subject goods from the subject country in the form and manner described hereunder.

110. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of provisional anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, provisional antidumping duty equal to the amount indicated in Col 9 of the table below is recommended to be imposed from the date of this notification, on all imports of subject goods originating in or exported from the subject country.

## Duty Table

S N	Tariff Item	Description of Goods	Specification	Country of origin	Country of Export	Producer	Exporter	Duty Amount	Unit of Measurement	Currency
1	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	6908 9090	Ceramic Glazed tiles other than vitrified tiles	Ceramic Glazed tiles where at least one of the sides (length or width) exceeds 17 inches/431.80 Millimeters (MM)/43.18 Centimeters (CM)/1.4167 feet.	China PR	China PR	Foshan New Zhong Yuan Ceramic Company Limited	Foshan Lungo Ceramics Co Limited Foshan Sandebo Ceramics Co Limited New Zhong Yuan ceramics Import & Export Company Limited of Guangdong Foshan Xinyue Building Ceramic Co Limited Foshan Xinyue Building Ceramics Co Limited	Nil	SQM	Rs.
2	-do-	-do-	-do-	China PR	China PR	Sichuan New ZhongYuan Ceramics Co., Ltd	Sichuan New ZhongYuan Ceramics Co., Ltd	Nil	SQM	Rs.
3	-do-	-do-	-do-	China PR	China PR	Guangdong Winto Ceramic Co. Ltd.	Guangdong Winto Ceramic Co. Ltd.	Nil	SQM	Rs.
4	-do-	-do-	-do-	China PR	China PR	Foshan Shunshui Newpearl Building	Foshan Summit Kangjian Ceramics Co. Limited Foshan Newpearl Trade Company Limited	Nil	SQM	Rs.
5	-do-	-do-	-do-	China PR	China PR	Foshan Shunshui Summit Ceramic Co Limited	Foshan Summit Kangjian Ceramics Co. Limited Foshan Newpearl Trade Company Limited	Nil	SQM	Rs.
6	-do-	-do-	-do-	China PR	China PR	Any other than combination at Sr. no. 1 to 5 above		137/-	SQM	Rs.
7	-do-	-do-	-do-	China PR	Any other than China PR	Any	Any	137/-	SQM	Rs.
8	-do-	-do-	-do-	Any other than China PR	China PR	Any	Any	137/-	SQM	Rs.

## **K. FURTHER PROCEDURE**

110. The following procedure would be followed subsequent to notifying the preliminary findings:-

- (a) The Authority invites comments on these findings from all interested parties and the same would be considered in the final findings;
- (b) Exporters, importers, domestic industry and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within forty days from the date of publication of preliminary findings. Any other interested party may also make known its views within forty days from the date of publication of these findings;
- (c) The Authority would conduct further verification to the extent deemed necessary;
- (d) The Authority would disclose essential facts before announcing the final findings.

**(R. Gopalan)**  
**Designated Authority**