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**F. No. 6/25/2025-DGTR  
Government of India  
Department of Commerce  
Ministry of Commerce & Industry  
Directorate General of Trade Remedies  
4th Floor, Jeevan Tara Building,  
Parliament Street, New Delhi – 110001**

**Dated: 30th January, 2026**

**PRELIMINARY FINDINGS**  
**Case No. AD (OI) – 22/2025**

**Subject: Anti-dumping duty investigation concerning imports of “Ethambutol Hydrochloride” originating in or exported from the People’s Republic of China and the Kingdom of Thailand.**

**F. No. 6/25/2025-DGTR.** — Having regard to the Customs Tariff Act 1975 as amended from time to time (hereinafter referred to as the ‘Act’) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter referred as the ‘Rules’ or ‘AD Rules, 1995’):

**A. BACKGROUND OF THE CASE**

1. Whereas, M/s Lupin Limited (hereinafter referred to as the ‘applicant’) filed an application, before the Designated Authority (hereinafter also referred to as the ‘Authority’) in accordance with Act and the AD Rules, 1995 for initiation of an anti-dumping investigation concerning imports of “Ethambutol Hydrochloride” (hereinafter also referred to as the ‘product under consideration’ or the ‘PUC’ or the ‘subject goods’) originating in or exported from the People’s Republic of China (“China”) and the Kingdom of Thailand (“Thailand”) (hereinafter also referred to as the ‘subject countries’).
2. And whereas, in view of the duly substantiated application filed by the applicant, the Authority issued a public notice vide Notification No. 6/25/2025-DGTR dated 23<sup>rd</sup> September 2025, published in the Gazette of India, Extraordinary, initiating an anti-dumping investigation into imports of PUC from the subject countries in accordance with Section 9A of Act read with Rule 5 of AD Rules, 1995 to determine the existence, degree and effect of any alleged dumping of the subject goods and to recommend the

amount of anti-dumping duty, which if levied, would be adequate to remove the alleged injury to the domestic industry.

## **B. PROCEDURE**

3. The procedure described below has been followed with regard to the investigation:
  - a. The Authority notified the embassies of the subject countries in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation in accordance with Rule 5(5) of AD Rules, 1995.
  - b. The Authority issued a public notice dated 23<sup>rd</sup> September 2025, published in the Gazette of India, Extraordinary, initiating the anti-dumping investigation concerning the imports of the subject goods from the subject countries.
  - c. The Authority sent a copy of the initiation notification to the governments of the subject countries, through their embassies in India, known producers and exporters from the subject countries, known importers/users, the domestic industry, the other Indian producers as well as other interested parties, as per the addresses made available by the applicant and requested them to make their views known in writing within the prescribed time limits.
  - d. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the governments of the subject countries, through their embassies in India, in accordance with Rule 6(3) of the AD Rules, 1995. A copy of the non-confidential version of the application was provided to other interested parties, wherever requested.
  - e. The Authority sent an Exporter's Questionnaire to the following known producers/exporters to elicit relevant information in accordance with Rule 6(4) of the AD Rules, 1995:
    - i. Conscientia Industrial Co., Ltd, China PR
    - ii. Wuhan Wuyao Pharmaceutical Ltd, China PR
    - iii. Anhui Baker Pharmaceuticals Co. Ltd., China PR
    - iv. Shenyang Hongqi Pharmaceutical Co., Ltd., China PR
    - v. Guangzhou Pharmaceuticals Ltd, China PR
    - vi. Linaria Chemicals (Thailand) Ltd., Thailand
  - f. The embassies of the subject countries in India were requested to advise the exporters/producers from their country to respond to the questionnaire within the prescribed time limit.
  - g. A copy of the initiation notification and non-confidential version of the application was sent to the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers.
  - h. In response, the following producers/exporters from the subject countries have responded by filing questionnaire responses:

- i. Wuhan Wuyao Pharmaceutical Ltd, China PR
  - ii. M/s Sinobright Pharmaceutical Industries Ltd, China PR
  - iii. M/s Brilliant Pharmaceutical Limited, China PR
- i. The Authority sent Importer's Questionnaire to the following known importers/users of the subject goods in India calling for necessary information in accordance with Rule 6(4) of the AD Rules, 1995.
  - i. Anuh Pharma Ltd
  - ii. Aquatic Remedies Limited
  - iii. Cadila Pharmaceuticals Limited
  - iv. Imex Overseas
  - v. Macleods Pharmaceuticals Limited
  - vi. Alpha Chemika
  - vii. Strides Pharma Science Limited
  - viii. Healthy Life Pharma Pvt. Ltd.
  - ix. Chemical Bull Pvt. Ltd.
  - x. Joshi Agrochem Pharma Pvt. Ltd.
  - xi. Godavari Drugs Limited
  - xii. Centurion Healthcare Pvt. Ltd
  - xiii. Niksan Pharmaceuticals.
  - xiv. Chemcopia Ingredients Pvt. Ltd.
- j. In response, none of the importers/users have responded by filing questionnaire responses.
- k. The Authority made available the non-confidential version of the submissions made by the various interested parties to other interested parties. A list of all the interested parties was uploaded on the DGTR website along with the request to all of them to email the non-confidential version of their submissions to all the other interested parties.
- l. Request was made to the DGCIS and DG Systems to provide the transaction-wise details of imports of the subject goods for the injury period and also the period of investigation. The Authority has relied upon the DG Systems data for computation of the volume of imports and required analysis after due examination of the transactions.
- m. The period of investigation (POI) for the purpose of the present investigation is 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025 (12 months). The examination of trends in the context of injury analysis covers a period of FY 2021-22, FY 2022-23, FY 2023-24 and the period of investigation.
- n. Information provided by the interested parties on a confidential basis was examined with regard to the sufficiency of the confidentiality claim. On being

satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on a confidential basis were directed to provide sufficient non-confidential version of the information filed on a confidential basis.

- o. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the views/observations on the basis of the facts available.
- p. The Authority sought comments on the scope of the PUC and PCN methodology within 15 days of intimation letter sent to the known exporters/importers, etc. dated 1<sup>st</sup> October 2025. No comments were received from any of the interested parties, therefore The Authority, vide notification dated 29<sup>th</sup> October 2025, notified the final scope of PUC and PCN as defined in the initiation notification.
- q. The non-injurious price (NIP) based on the optimum cost of production and cost to make & sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure-III to the AD Rules, 1995 has been worked out so as to ascertain whether anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- r. The Authority has considered all the arguments raised and information provided by all the interested parties at this stage, to the extent the same is supported with evidence and considered relevant to the present investigation. The Authority will further examine the evidentiary documents submitted by the interested parties subsequent to preliminary findings, which will form the basis for conclusions at the time of final findings.
- s. ‘\*\*\*’ in this document, represents information furnished by an interested party on a confidential basis and so considered by the Authority under the AD Rules, 1995.
- t. The exchange rate adopted by the Authority for the subject investigation is 1 US\$ = ₹ 85.45

## **C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE**

### **C.1 Views of other interested parties**

- 4. No submissions have been made by the other interested parties concerning the scope of the PUC.

### **C.2 Views of the domestic industry**

5. The following submissions have been made by the domestic industry concerning the scope of the PUC:
  - a. Ethambutol Hydrochloride is a bacteriostatic drug with molecular formula  $C_{10}H_{24}N_2O_2 \cdot 2HCl$ .
  - b. It is a white crystalline powder manufactured from Ethambutol, which is a pure compound (free base). Ethambutol exists as an oily liquid with poor water solubility and limited stability. To make it suitable for use in tablets and other dosage forms, it is converted into its salt form called Ethambutol Hydrochloride (HCl).
  - c. Ethambutol (free base) does not have any standalone therapeutic use and is not used directly in formulations. It is only utilized after conversion to its hydrochloride salt form — Ethambutol HCl. Accordingly, Ethambutol (base) and Ethambutol HCl, share the same end use, i.e., as a drug substance. Accordingly, the applicant requests the Authority to consider both forms of Ethambutol as part of the PUC.
  - d. Ethambutol is imported under the HS Codes 2905 14 10 and 2905 14 90. The applicant requested the Authority to call for DGCI&S data for both tariff headings for examining import data. Further, keeping in line with the Authority's consistent practice, the applicant requested the Authority to treat the aforementioned customs classification as indicative only and not binding on the scope of the present investigation.

### **C.3 Examination by the Authority**

6. The product under consideration in the present investigation is ““Ethambutol Hydrochloride” which is a bacteriostatic drug with molecular formula  $C_{10}H_{24}N_2O_2 \cdot 2HCl$ . It is a white crystalline powder manufactured from Ethambutol, which is a pure compound (free base). Ethambutol exists as an oily liquid with poor water solubility and limited stability. To make it suitable for use in tablets and other dosage forms, it is converted into its salt form called Ethambutol Hydrochloride (HCL). The present investigation seeks to cover the Product under Consideration when they are imported into India in both the forms”
7. The PUC is classified in Chapter 29 titled “Organic Chemicals” under HS Code 2905 14 10. The domestic industry has claimed that the subject goods are also imported under 2905 14 90. The customs classification is indicative and is not binding on the scope of the product under consideration.
8. It is noted that no PCN methodology was proposed by the domestic industry in its application. *Vide* Initiation Notification dated 23.09.2025, the Authority called comments on the scope of the PUC and PCN methodology from all interested parties. It is noted that none of the interested parties have filed any comments concerning the scope of the PUC or suggested adoption of any PCN methodology. Accordingly, the Authority *vide* Notification dated 29.10.2025 communicated that no comments were received concerning the scope of the PUC or PCN methodology and that the Authority

proceeded with the same scope of the PUC as notified in Initiation Notification No. 6/25/2025-DGTR dated 23.09.2025.

9. The Authority notes that there are no known differences in the product produced by the domestic industry and the goods imported from the subject countries. The product produced by the domestic industry and imported from the subject countries are comparable in terms of physical & chemical properties, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The Authority notes that the two are technically and commercially substitutable.
10. Therefore, the Authority provisionally concludes that the subject goods produced by the domestic industry in India are “like article” to the subject goods being imported from the subject countries, as defined under Rule 2(d) of the Rules. In view of the above the Authority provisionally holds that the product under consideration is the same as was defined in the initiation notification dated 23.09.2025 and is as under:

*“The Product under Consideration in the present investigation is “Ethambutol Hydrochloride” which is a bacteriostatic drug with molecular formula  $C_{10}H_{24}N_2O_2 \cdot 2HCl$ .*

*It is a white crystalline powder manufactured from Ethambutol, which is a pure compound (free base). Ethambutol exists as an oily liquid with poor water solubility and limited stability. To make it suitable for use in tablets and other dosage forms, it is converted into its salt form called Ethambutol Hydrochloride (HCl). The present investigation seeks to cover the Product under Consideration when they are imported into India in both the forms.”*

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

##### **D.1 Views of other interested parties**

11. The other interested parties have not made any submissions concerning the scope of the domestic industry.

##### **D.2 Views of the domestic industry**

12. The following submissions have been made by the other domestic industry:
  - a. Apart from Lupin Limited, there is one other domestic manufacturer, namely Cadila Pharmaceuticals Limited, which manufactures the subject goods.
  - b. Cadila Pharmaceuticals Limited is an importer of the subject goods.
  - c. Themis Medicare Limited used to manufacture the subject goods, however, it has stopped production of the subject goods.

**D.3 Examination by the Authority**

13. Rule 2(b) of the AD Rules defines domestic industry as under:

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

14. Applicant has claimed that apart from Lupin Limited, there is one more producer of the subject goods, i.e., Cadila Pharmaceutical Limited. Themis Medicare Ltd. used to manufacture subject goods, however, they have stopped production of the subject goods. Applicant has further claimed that Cadila Pharmaceutical Ltd is also an importer of the subject goods.

15. The claim of the applicant was verified from DG Systems data and it is noted that Cadila Pharmaceutical Ltd has imported \*\*\* MT of the subject goods in the POI. Further, Authority vide email dated 22<sup>nd</sup> August 2025 asked M/s Cadila Pharmaceuticals Limited and Themis Medicare Ltd. to clarify and provide information related to manufacturing of subject goods, like manufacturing capacity, production quantity, domestic sales, import quantity of PUC, if any. No reply has been received till date from both the companies.

16. The Authority notes from the information available on record that Lupin Limited has not imported the subject goods from the subject countries. Moreover, it is not related to any exporter of the subject goods in the subject countries or importer of the subject goods in India. The Authority notes that the applicant holds major share in total domestic production in the country. Thus, the applicant constitutes domestic industry as defined under Rule 2(b) of the AD Rules, 1995, and the application satisfies the requirement of standing in terms of Rule 5(3) of the AD Rules, 1995.

**E. CONFIDENTIALITY****E.1 Views of other interested parties**

17. The following submissions have been made by the other interested parties concerning confidentiality claims:

- a. Sinobright Pharmaceutical Industries Limited does not have any offices in India, the website information for office in New Delhi and Mumbai is only a marketing strategy. In fact, no address has been mentioned under the window New Delhi and Mumbai on the website.

- b. As regards Excessive confidentiality, the exporter questionnaire response has been filed based on the Trade notice No.06/2021 dated 29<sup>th</sup> July,2021. Wherever confidentiality has been claimed reasons for such claim has been duly recorded in the response.
- c. Brilliant Pharmaceutical Limited was incorporated in 2022 and the data for the base year as reported in Appendix-1 refers to Calendar year 2022, as the financial year of the exporter is January to December. In 2022 and 2023 the company did not export any PUC neither to India nor to any other country.
- d. The petition filed by the domestic industry is not as per the Trade notice No.05/2021 dated 29<sup>th</sup> July,2021.
- e. It has been claimed by the other interested party that domestic industry has not disclosed information on major raw materials used in production of PUC, volume and Value of Production by all other producers except Domestic industry, country wise estimates of Normal Value in Petition, R&D Expenses, funds Raised, cost of Sales per Unit- Exports, average industry norm for PBIT as % of Avg. Capital Employed, if any.

## **E.2 Views of the domestic industry**

18. The following submissions have been made by the domestic industry concerning confidentiality claims of the other interested parties:

- a. Participating producer/ exporters have claimed excessive confidentiality in their questionnaire responses without providing sufficient justification for the same.
- b. Brilliant Pharmaceutical Limited's questionnaire response is incoherent as it has reported turnover for products in 2021-22, however, it claims commencement of operations only since 2022.
- c. Wuhan Wuyao has not provided broad-stage wise production process. A general description of the production processes involved is necessary to make meaningful comments on the computation of the dumping margin.
- d. Wuhan Wuyao has claimed the name of its related parties completely confidential and in the absence of the same, Lupin Limited is not able not comment whether any other related company is involved in the production or sale of the PUC.
- e. The contention of Sinobright Pharmaceuticals, that references to an India office on its official website are merely a marketing gimmick is untenable and such statements are directly contradicted by its own publicly available disclosures and conduct.
- f. Sinobright's official website expressly records "2006 – Set up India office" as a corporate milestone and lists India Office (Mumbai) and India Office (New



Delhi) as distinct offices. Further, publicly available information, shows that multiple employees of the foreign producer identify themselves as part of its India operations, holding senior and operational roles in Mumbai, Thane, Hyderabad and Delhi, including India operations, sales and marketing (on-site), business development, and warehousing functions.

- g. The nature, number, and geographical spread of these roles demonstrate a structured and ongoing business presence in India, which is inconsistent with Sinobright's claim that it has no office or establishment in the country. Domestic industry submits that the denial of India operations by Sinobright is not credible, and its submissions on this aspect cannot be relied upon. Further, in view of this recurring denial and the non-disclosure of Indian offices, the Authority should reject Sinobright's response in entirety.
- h. It is submitted that the Authority in the present costing formats as per Trade Notice 05/2021 do not require the domestic industry to provide information concerning value of production by other domestic industry.
- i. To the best of the domestic industry's knowledge there is no other eligible domestic producer in India other than Lupin Limited, as clearly stated in the non-confidential version of the petition filed by the domestic industry. Accordingly, the requirement for providing information relating to the volume and value of production of producers other than the domestic industry is not applicable.
- j. Similarly, Trade Notice 05/2021 does not require the domestic industry to provide information relating to funds raised, cost of sales per unit for exports, R&D expenses and the average industry norm for PBIT as a percentage of average capital employed. Accordingly, disclosure of same is not warranted. It is also submitted that the range of country-wise estimates of normal value has been duly provided on page 72 of the NCV Application under Exhibit III. The names of raw materials have also been disclosed on page 53 of the Application.

### **E.3 Examination by Authority**

19. With regard to confidentiality of information, Rule 7 of AD Rules, 1995 provides as follows:

*(1) Notwithstanding anything contained in sub-rules (2), (3) and (7) of rule 6, sub-rule(2) of rule 12, sub-rule(4) of rule 15 and subrule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.*

*(2) The designated authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.*

*(3) Notwithstanding anything contained in sub-rule (2), if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in a generalized or summary form, it may disregard such information.'*

20. The interested parties, in their submissions, have raised the issues of confidentiality claims by other interested parties. The information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claims. The Authority made available the non-confidential versions of the evidence submitted by the various interested parties by requesting interested parties to exchange the non-confidential version of their submissions. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. With regards to the presence of a related company of Sinobright Pharmaceutical Industries Limited in India, the matter needs further examination. The Authority will further examine this issue during the course of investigation and will decide the issue in the final findings.

## **F. Miscellaneous Submissions**

### **F.1 Views of other interested parties**

21. No submissions have been made by the other interested parties.

### **F.2 Views of the domestic industry**

22. No submissions have been made by the domestic industry.

## **G. NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN**

### **G.1 Views of other interested parties**

23. The following submissions have been made by other interested parties concerning normal value, export price and dumping margin:
- a. The expiration of Section 15(a)(ii) of the Protocol on the Accession of the People's Republic of China to the World Trade Organization on December 11, 2016 means that India, as one of the WTO members, shall be obligated to cease the use of non-market economy methodology in respect of all anti-dumping investigations against China.
  - b. After December 11, 2016, India no longer has legal basis under the WTO Agreements to calculate normal value by using the non-market economy methodology. Any such action by India would be inconsistent with the requirements of the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the "Anti-Dumping Agreement") and other covered agreements.
  - c. We believe that it is the Ministry of Commerce and Industry's obligation as the investigating authority to solicit the information that it requires to calculate the dumping margin in accordance with the WTO rules.

### **G.2 Views of the domestic industry**

24. The following submissions have been made by the domestic industry concerning normal value, export price and dumping margin:
- a. Section 9A of the Act provides three methods for determination of normal value:
    - (i) Firstly, on the comparable price, in the ordinary course of trade, for the like article when destined for consumption in the exporting country or territory i.e., the selling price of subject goods in the subject country.
    - (ii) Secondly, comparable representative export price of the subject goods from the subject country to an appropriate third country; or
    - (iii) Lastly, the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling, and general cost and profits.
  - b. The domestic industry attempted to obtain the prevailing prices of the subject goods in Thailand as well as the details of price of exports of subject goods from the subject country to third country markets. However, the domestic industry was not able to find any credible source of information to establish such prices.
  - c. The domestic industry proposes to consider China as a non-market economy country and accordingly requests the Authority to determine the normal value in terms of Para 7 of Annexure I of the AD Rules, 1995.

**G.3 Examination by the Authority**

25. The Authority notes that the following producer exporters of the subject goods have filed exporter's questionnaire responses from China PR: -

- i. Wuhan Wuyao Pharmaceuticals Co., Limited
- ii. M/s-Sinobright Pharmaceutical Industries Ltd.
- iii. M/s-Brilliant Pharmaceutical Limited

**G.3.1 Determination of Normal Value and Export Price****a) Normal Value for producers/exporters from China**

26. Article 15 of China's Accession Protocol in WTO provides as follows:

*“Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (“Anti-Dumping Agreement”) and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following.*

*(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:*

*(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;*

*(ii) The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.*

*(b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not*

*always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.*

*(c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.*

*(d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry or sector, the non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector."*

27. The Authority sent questionnaires to the known producers/exporters from the subject country, as well as to the appropriate diplomatic representative advising them to provide information in the form and manner prescribed by the Authority within the prescribed time limit.
28. The domestic industry has relied upon Article 15(a)(i) of China's the Accession Protocol as well as para 7 of Annexure I to AD Rules, 1995. The domestic industry has claimed that producers in China PR must be asked to demonstrate that market economy conditions prevail in their industry producing the like product with regard to the manufacture, production and sale of the product under consideration. It has been stated by the domestic industry that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market-driven, the normal value should be calculated in terms of provisions of Para 7 and 8 of Annexure- I to the AD Rules.
29. It is noted that while the provision contained in Section 15 (a)(ii) has expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO Anti-dumping Agreement read with the obligation under Section 15(a)(i) of the Accession Protocol require criterion stipulated in paragraph 8 of Annexure I of the AD Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming market economy treatment. It is noted that since the responding producers/exporters from China PR have not submitted response to the supplementary questionnaire the normal value computation is required to be done as per the provisions of paragraph 7 of Annexure I of the AD Rules, 1995.

30. The Authority notes that none of the participating producers/exporters have claimed market economy treatment in the present case. Accordingly, the normal value has been determined in accordance with Paragraph 7 of Annexure I to the Rules, which states as follows.

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

31. As noted above, Paragraph 7 lays down a hierarchy for determination of normal value with respect to non-market economy and provides that normal value shall be determined on the basis of the price or constructed value in a market economy third country or the price from such a third country to other countries, including India or where it is not possible, 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. In the present case, there is no evidence of price or constructed value prevailing in a market economy third country brought forward by any interested party. Apart from the subject countries in the present investigation, there is no imports of subject goods into India from other countries. Thus, imports into India from the market economy third country also could not be considered for determination of normal value.
32. Therefore, the Authority has provisionally determined normal value for China PR as “price payable in India” as stipulated in Paragraph 7. It has been computed based on the cost of production of the domestic industry, with reasonable addition for selling, general and administrative expenses, and profits. The normal value provisionally determined is given below in the dumping margin table.

**b) Export price for producers / exporters from China**

**Export price in case of Wuhan Wuyao Pharmaceuticals Co., Limited (“Wuyao”)**

33. Wuyao is a producer of the product under consideration and has filed a questionnaire response. The producer has reported [\*\*\*] MT of exports of the product under consideration to India during the period of investigation. Wuyao has not exported the subject goods to India directly but has exported through unrelated traders namely M/s-Sinobright Pharmaceutical Industries Ltd. and M/s-Brilliant Pharmaceutical Limited.
34. Wuyao has exported [\*\*\*] MT of the subject goods to India, through the following channels:

Wuyao → M/s-Sinobright Pharmaceutical Industries Ltd. → Unrelated customers in India, Qty [\*\*\*] MT.

Wuyao → M/s-Sinobright Pharmaceutical Industries Ltd. → M/s-Brilliant Pharmaceutical Limited → Unrelated customers in India, Qty [\*\*\*] MT.

35. The producer/exporter has claimed adjustments to the export price on account of Inland transportation and Credit cost. The unrelated traders have claimed adjustments on account of ocean freight, ocean insurance, port and related expenses, bank charges, commission and credit cost. The Authority has accepted the adjustments claimed by Wuyao and its unrelated trader on preliminary basis at this stage. The net export price so determined is shown in the table below.

**Export price for non-co-operative exporters/producers.**

36. The export price for other non-cooperative producers/exporters from China has been determined based on facts available in terms of Rule 6(8) of the AD Rules, 1995.

**c). Normal Value for producers / exporters from Thailand**

37. The Authority notes that none of the producers/exporter from Thailand have cooperated in the present investigation. Accordingly, the normal value for non-cooperative producers/exporters from the Thailand has been determined based on facts available in terms of Rule 6(8) of the AD Rules, 1995. The provisional normal value so determined is mentioned in the dumping margin table below.

**d). Export price for producers / exporters from Thailand**

38. The export price for non-cooperative producers/exporters from Thailand has been determined based on facts available in terms of Rule 6(8) of the AD Rules, 1995.

**G3.3. Dumping Margin**

39. The normal value, export price and dumping margin provisionally determined in the present investigation are as follows:

**Dumping Margin Table**

Producer	Normal value (\$/MT)	Export Price (\$/MT)	Dumping Margin (\$/MT)	Dumping Margin (%)	Dumping Margin
					(Range)
CHINA					
Wuhan Wuyao Pharmaceuticals Co. Limited	***	***	***	***	20-30
Others	***	***	***	***	25-35
THAILAND					
Others	***	***	***	***	15-25

## **H. ASSESSMENT OF INJURY AND CAUSAL LINK**

### **H.1 Views of other interested parties**

40. The other interested parties have not made any submissions with regard to injury and causal link.

### **H.2 Views of the domestic industry**

41. The following submissions have been made by the domestic industry with regard to the injury and causal link:

- Compared to the base year, the volume of imports has increased by almost 600 % in the POI, even though there was merely a 25 % increase in the Indian demand.
- Compared to 2023-24, imports of subject goods from the subject countries have increased by more than 3025%.
- There has been a significant increase in imports, even though the Indian capacities are sufficient to cater to the entirety of the Indian demand. As such, imports are entirely in excess of demand-supply gap.
- While the domestic industry was able to increase its sales in the POI with the rise in demand, the growth in volume of imports outpaced domestic industry's domestic sales, despite having sufficient capacity to cater to the entire domestic demand.
- Price undercutting from the subject countries was positive and significant during the POI.



- f. Dumped imports from the subject countries have suppressed and depressed the prices of the applicant.
- g. The domestic industry enjoyed a market share of almost \*\*\* % in the base year which has decline to \*\*\* % in the POI. During the same period, market share of the imports has increased to \*\*\* % in the POI compared to \*\*\* % in the base year. Due to the aggressive export pricing policy of the exporters from the subject countries, almost \*\*\* % of domestic industry's production capacity is lying idle.
- h. While production and capacity utilization of the domestic industry has improved in the proposed POI due to increase in demand, the growth in free market sales of the domestic industry has been much lower compared to the growth in imports from the subject countries.
- i. The free market sales of the domestic industry remain significantly below the base year level despite there being almost \*\*\* % increase in demand between the base year and the POI.
- j. Productivity per day has improved during the POI due to increase in production due to increase in demand.
- k. Due to dumping from the subject countries, profitability of the domestic industry has completely eroded and it is now earning losses, making continued operations unsustainable.
- l. The domestic industry's financial parameters started to deteriorate since FY 2023-24 as it was forced to maintain and reduce its selling prices despite an increase in cost.
- m. Considering the aggressive sales strategies being adopted by the subject countries, and the fact that the product under consideration is sold under long term contracts/tenders, the domestic industry could not immediately revise its prices in line with the increased cost.
- n. While cost of sales increased by 22 index points during the POI, the Applicant could not commensurately increase its selling prices under pressure from the dumped imports. It may be noted that landed value over the injury period increased merely by 1 index point, despite an increase in raw material prices.
- o. The applicant has been forced to match the prices of dumped imports, leading to a significant deterioration of all profitability parameters of the domestic industry and losses during the POI. Further, the ROCE of the Applicant has become negative in the POI.
- p. The domestic industry has not been able to earn adequate returns or profits and therefore, its ability to raise capital investment has been impaired significantly.
- q. The increase in volumes of subject goods from the subject countries both in absolute and relative terms further demonstrates the ability of such imports to quickly enter and capture the Indian market.
- r. The producers in the subject countries, who are highly export-oriented, maintain significant excess capacities in relation to their domestic market consumption, which threatens the Indian domestic industry with material injury.
- s. Even though there is no demand and supply gap in the proposed POI, the imports have increased at a very high level. Thus, evidently, the rate and quantum of increase in imports is such that it is not only causing injury to the domestic

industry, but also threatening the domestic industry of even more aggravated injury.

- t. The demand has increased in the POI, therefore, decline in demand cannot be a reason for injury to the domestic industry.

### **H.3 Examination by the Authority**

42. Rule 11 of the AD Rules, 1995 read with Annexure II to the AD Rules, 1995 provides that injury determination shall involve examination of factors that may indicate injury to the domestic industry, taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on the domestic producers of such articles. In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the AD Rules, 1995.

43. The Authority notes that none of the other interested parties have made any submission concerning injury within the time period stipulated by the Authority.

#### **H.3.1 Cumulative assessment of injury**

44. Article 3.3 of the WTO agreement and para (iii) of Annexure II of the AD Rules, 1995 provides that in case where imports of a product from more than one country are being simultaneously subjected to anti-dumping investigations, the Authority will cumulatively assess the effect of such imports, in case it determines that:

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

45. The Authority notes that:

- a. The subject goods are being dumped into India from the subject countries. The margin of dumping from each of the subject countries is more than the *de minimis* limits prescribed under AD Rules, 1995.
- b. The volume of imports from each of the subject countries is individually more than 3% of the total volume of imports.
- c. Cumulative assessment of the effects of import is appropriate as the imports from the subject countries not only directly compete with the like articles offered by each of them but also the like articles offered by the domestic industry in the Indian market.

46. In view of the above, the Authority considers that it is appropriate to cumulatively assess the effect of dumped imports of the subject goods from subject countries on the domestic industry.

### **H.3.2 Volume effect of the dumped imports**

#### **a) Assessment of demand / apparent consumption**

47. The Authority has defined, for the purpose of the present investigation, demand or apparent consumption of the product concerned in India as the sum of the domestic sales of the domestic industry and other Indian producers and imports from all sources. The demand so assessed is given in the table below.

<b>Assessment of Demand</b>					
<b>Particulars</b>	<b>Units</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>POI</b>
Imports from Subject Countries	MT	16	0	4	122
China	MT	4	0	1	100
Thailand	MT	12	0	3	22
Imports from Other Countries	MT	Nil	Nil	Nil	Nil
Total Imports	MT	16	0	4	122
Domestic Sales excluding captive	MT	***	***	***	***
Trend	Indexed	100	51	32	91
Sales of Other producer	MT	Nil	Nil	Nil	Nil
Trend	Indexed	Nil	Nil	Nil	Nil
Captive Consumption of PUC	MT	***	***	***	***
Trend	Indexed	100	68	97	151
Total Demand/Consumption excluding captive	MT	***	***	***	***
Trend	Indexed	100	48	31	126
Total Demand/Consumption including Captive	MT	***	***	***	***
Trend	Indexed	100	57	61	137

\* Source: Import data as per DG Systems and other data based on 4A of domestic industry

48. It is seen that demand including captive for the PUC initially declined in 2022-23 but has thereafter increased in 2023-24 and the POI. Further, demand excluding captive declined in 2022-23 and 2023-24, but has thereafter increased in the POI.
49. It is noted that apart from the base year and POI, the demand for the subject goods was almost entirely being catered to by the domestic industry.
50. It is further noted that total demand excluding captive for the subject goods has increased by 26% over the injury period.

**b) Imports in Absolute and Relative Terms**

51. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. For the purpose of injury analysis, the Authority has relied upon DG Systems data. The import volumes of the subject goods from the subject countries and share of the dumped imports during the injury investigation period are as follows:

Particulars	Unit	2021-22	2022-23	2023-24	POI
Subject imports	MT	16	0	4	122
China	MT	4	0	1	100
Thailand	MT	12	0	3	22
Other imports	MT	Nil	Nil	Nil	Nil
Total imports	MT	16	0	4	122
Subject Imports in relation to					
Domestic production	%	***	***	***	***
Domestic production	Range	0-10	0-10	0-10	10-20
Demand (excluding captive)	%	***	***	***	***
Demand (excluding captive)	Range	0-10	0-10	0-10	30-40
Demand (including captive)	%	***	***	***	***
Demand (including captive)	Range	0-10	0-10	0-10	10-20
Total Imports	%	100	100	100	100

\* Source: Import data as per DG Systems.

52. From the above, the Authority notes that:
- Imports of subject goods have shown sudden surge in the POI.
  - While imports from subject countries accounted for only \*\*\* % and \*\*\* % of demand excluding captive in the FY 2021-22 and FY 2023-24, such imports account for nearly \*\*\* % of demand in the POI.
  - It is further noted that while demand excluding captive has increased in the POI, the domestic industry's share in such demand has declined whereas share of subject country imports have significantly increased.
  - The volume of imports relative to domestic production and demand excluding captive has significantly increased during the POI.

### **H.3.3 Price effect of the dumped imports**

53. In terms of Annexure II (ii) of the AD Rules, 1995, with regard to the effect of the dumped imports on prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the 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.

#### **a) Price undercutting**

54. In order to determine whether the imports are undercutting the prices of the domestic industry in the market, price undercutting has been determined by comparing the landed price of the subject imports with the Net Sales Realisation of the domestic industry during the POI. Price undercutting so determined is provided below.

<b>Price Undercutting</b>				
<b>Particulars</b>	<b>Unit</b>	<b>China PR</b>	<b>Thailand</b>	<b>Subject Countries</b>
Landed Value	Rs/MT	***	***	***
Net Sales Realisation	Rs/MT	***	***	***
Price Undercutting	Rs/MT	***	***	***
Price Undercutting	%	***	***	***
Price Undercutting	Range	0-10	0-10	0-10

\* Source: Landed value as per DG Systems and NSR based on 4A of domestic industry

55. It is noted that during the POI, the subject imports were undercutting the prices of the domestic industry. The domestic industry has submitted that they are compelled to sell at reduced prices in an effort to retain its market share. Despite this, the price undercutting remains positive.

#### **b) Price suppression/depression**

56. For the purpose of analysing price suppression and depression in the domestic market, the Authority has examined the existence of price suppression and depression after comparing the cost of sales and the domestic Net Sales Realisation of the domestic industry with the landed value of the subject imports. The same has been provided in the table below:

Price Suppression/ Price Depression					
Particulars	UoM	2021-22	2022-23	2023-24	POI
Cost of Sales	₹/MT	***	***	***	***
Trend	Index	100	108	113	122
Landed Value	₹/MT	***	***	***	***
Trend	Index	100	0	104	101
Net Sales Realisation	₹/MT	***	***	***	***
Trend	Index	100	103	104	104

\* Source: Landed value as per DG Systems and other data based on 4A of domestic industry.

57. From the above, the Authority notes that both the cost of sales and net sales realization of the domestic industry has increased during the injury period. However, the cost of sales has increased much more than the rise in the net sales realization causing price suppression. Further, it is seen that the landed value declined in the POI as compared to 2023-24.

### **H.3.4 Economic parameters of the domestic industry**

58. Annexure II to the AD Rules, 1995 provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth and the ability to raise capital investments. Accordingly, various injury parameters relating to the domestic industry are discussed herein below.

#### **a) Production, capacity, capacity utilization and sales volumes**

59. The Authority has considered the capacity, production, capacity utilization and sales volume of the domestic industry over the injury period.

Production, Capacity, Capacity Utilisation and Sales					
Particulars	UoM	2021-22	2022-23	2023-24	POI
Production	MT	***	***	***	***
Trend	Indexed	100	62	64	113
Capacity	MT	***	***	***	***
Trend	Indexed	100	100	100	100
Capacity Utilisation	%	***	***	***	***
Range	%	60-70	40-50	40-50	70-80
Domestic Sales excluding captive	MT	***	***	***	***
Trend	Indexed	100	51	32	91

Captive consumption	MT	***	***	***	***
Trend	Indexed	100	68	97	151

\* Source: Data as per 4A of domestic industry.

60. From the above, the Authority notes that:

- Production of the domestic industry has varied largely in accordance with the variation in demand for the subject goods. However, over the injury period, the production has increased.
- Despite an increase in demand and production, the domestic industry's sales excluding captive have declined during the injury period.
- Though the capacity utilization has increased during the injury period, it is noted that despite there being sufficient demand in the POI, \*\*\* % of Indian capacities remain unutilized.

## b) Market share

61. Market share of the domestic industry and of imports was as shown in the table below:

Market Share					
Particulars	UoM	2021-22	2022-23	2023-24	POI
Domestic industry	%	***	***	***	***
Domestic industry	Range	90-100	90-100	90-100	60-70
Subject imports	%	***	***	***	***
Subject imports	Range	0-10	0-10	0-10	30-40
Other Country Imports	%	***	***	***	***
Other Country Imports	Range	0-10	0-10	0-10	0-10

62. It is noted that the market share of the domestic industry after an improvement in FY 22-23 and FY 23-24 has declined significantly in the POI. This sudden decline in the market share of the domestic industry notably coincides with the increase in market share of dumped imports from the subject countries.

## c) Inventories

63. Inventory position of the domestic industry over the injury period is given in the table below:

Inventory					
Particulars	UoM	2021-22	2022-23	2023-24	POI
Average Inventory	MT	***	***	***	***
Trend	Indexed	100	101	98	87

\* Source: Inventory as per 4A of domestic industry

64. It is noted that inventory of the domestic industry has declined over the injury period, however, inventories continue to remain significant in relation to total production and sales of the domestic industry.

**d) Profitability, cash profits and return on capital employed**

65. Profitability, return on investment and cash profits of the domestic industry over the injury period are given in the table below:

Profitability Parameters					
Particulars	UoM	2021-22	2022-23	2023-24	POI
Cost of Sales	₹/MT	***	***	***	***
Trend	Index	100	108	113	122
Net Sales Realisation	₹/MT	***	***	***	***
Trend	Index	100	103	104	104
PBT	₹/MT	***	***	***	(***)
Trend	Index	100	53	5	(94)
PBIT	₹/MT	***	***	***	(***)
Trend	Index	100	56	7	(88)
PBDIT	₹/MT	***	***	***	(***)
Trend	Index	100	60	16	(72)
Cash Profit	₹/MT	***	***	***	(***)
Trend	Index	100	57	14	(77)
ROCE	%	***	***	***	(***)
Range	%	60-70	10-20	0-10	(40) - (30)

\* Source: Data based on 4A of domestic industry.

66. From the above, it is noted that:

- Cost of sales of the domestic industry has increased by 22 index points over the injury period in the POI compared to the base year, whereas during the same period, NSR has increased only by 4 index points.
- It is further noted that despite increase in cost of sales, the domestic industry has not been able increase its Net Sales Realisation commensurately. Consequently, the domestic industry's profits have declined, resulting into losses during the POI.
- Importantly, the domestic industry has earned significant cash losses during the POI and its ROCE has also become negative during this period.

**e) Employment, productivity and wages**

67. The position with regard to employment, wages and productivity of the domestic industry is as follows:



Labour and Productivity Parameters					
Particulars	UoM	2021-22	2022-23	2023-24	POI
No. of Employees	Nos.	***	***	***	***
Trend	Index	100	76	75	96
Wages	₹ Lakhs	***	***	***	***
Trend	Index	100	76	91	148
Productivity per day	MT/day	***	***	***	***
Trend	Index	100	62	65	113
Productivity per employee	MT/No.	***	***	***	***
Trend	Index	100	82	86	118

\* Source: Data as per 4A of domestic industry.

68. It is noted that the number of employees has declined during the injury period. The wages, however, increased during injury period.

69. Productivity per day and Productivity per employee have also consistently increased throughout the injury period as a result of increase in the production of the domestic industry.

#### f) Growth

Particulars	UOM	2022-23	2023-24	POI
Production	%	(***)	***	***
Domestic Sales	%	(***)	(***)	***
Profit	%	(***)	(***)	(***)
ROCE	%	(***)	(***)	(***)
Cash Profit	%	(***)	(***)	(***)

70. From the above, it is noted that while production and domestic sales of the domestic industry have increased, the profitability and ROCE have significantly declined. Notably, cash profits of the domestic industry have declined significantly.

#### g) Impact on the ability to raise capital investment

71. The domestic industry has submitted that it has not been able to earn adequate return on profits and therefore, its ability to raise capital investments has been impaired significantly. The domestic industry has also asserted that on account of dumped imports, no new investment is being made as the domestic producers have not been able to earn return on the investments already made.

#### h) The magnitude of dumping

72. There is significant dumping of the subject goods from the subject countries.

73. In view of the foregoing, the Authority provisionally concludes that the domestic industry has suffered material injury.

### **H.3.5 Non-attribution analysis and causal link**

74. The Authority examined whether other factors listed under the AD Rules, 1995, could have caused injury to the domestic industry. The Authority has examined known factors other than the dumped imports and ascertain whether such factors could have been a cause of injury to the domestic industry, so that the injury caused by other factors, if any, is not attributable to the dumped imports. Factors which are relevant in this respect include, inter alia, the volume of subject goods not sold at dumped prices, contraction in demand or changes in the pattern of consumption, trade restrictive practices, changes in technology, the export performance of the domestic industry and the productivity of the domestic industry.

#### **a) Volume and value of imports from third countries**

75. Imports from subject countries constitute 100% of total Indian imports. There are no imports from third countries.

#### **b) Contraction in demand**

76. While demand had initially declined subsequent to base year, the demand of subject goods increased significantly in the POI. Overall, the demand for the subject goods increased during the injury period. Therefore, the domestic industry has not suffered injury due to a contraction in demand.

#### **b) Pattern of consumption**

77. It is noted that there has been no material change in the pattern of consumption of the product under consideration, which could have caused injury to the domestic industry.

#### **d) Conditions of competition and trade restrictive practices**

78. The Authority notes that there is no evidence of conditions of competition or trade restrictive practices that could have been responsible for the claimed injury to the domestic industry.

#### **e) Developments in technology**

79. The Authority notes that there has been no change in technology for the production of the subject goods that could have caused injury to the domestic industry.

#### **f) Export performance of the domestic industry**

80. The injury information examined hereinabove relates only to the performance of the domestic industry in terms of its domestic market. Thus, the injury suffered cannot be attributed to the export performance of the domestic industry.

**g) Performance of other products**

81. The injury information examined hereinabove relates only to the performance of the domestic like product. Thus, the performance of the other products has not been taken into account while assessing injury to the domestic industry.

**H.3.6 Factors establishing causal link**

82. While other known factors listed under the AD Rules, 1995 have not caused injury to the domestic industry, the Authority notes that the following parameters provisionally show that injury to the domestic industry is caused by dumped imports.

- i. There is dumping of the subject goods from the subject countries.
- ii. Dumped imports from the subject countries have increased significantly in the POI in both absolute and relative terms.
- iii. The domestic industry's market share has declined in the POI, even though demand has increased indicating that subject imports from the subject countries have indeed captured the domestic industry's market share.
- iv. Dumped imports from subject countries have undercut the prices of the domestic industry, as well as suppressed and depressed the domestic industry's price.
- v. While production has increased in the POI with an increase in demand, domestic sales have not increased in tandem with such production.
- vi. The domestic industry has suffered losses, including cash losses during the POI and has earned negative return during the POI.

83. The Authority, in view of the aforementioned, provisionally concludes that there exists a causal link between the dumping of the subject goods and injury to the domestic industry.

**I. MAGNITUDE OF INJURY MARGIN**

84. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in the AD Rules, 1995 read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the information/data relating to the cost of production provided by the domestic industry. The NIP has been considered for comparing the landed price from the subject country

for calculating injury margin. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. Best utilisation of production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e., average net fixed assets plus average working capital) for the product under consideration was allowed as pretax profit to arrive at the NIP as prescribed in Annexure III to the Rules, 1995.

85. Based on the landed price and the NIP determined as above, the injury margin as provisionally determined by the Authority is provided in the table below.

**Injury Margin Table**

Producer	Non injurious Price (\$/MT)	Landed Value (\$/MT)	Injury Margin (\$/MT)	Injury Margin (%)	Injury Margin
					(Range)
CHINA					
Wuhan Wuyao Pharmaceuticals Co., Limited	***	***	***	***	10-20
Others	***	***	***	***	10-20
THAILAND					
Others	***	***	***	***	15-25

## **J. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES**

### **J.1 Views of other interested parties**

86. The following submissions have been made by the other interested parties:

- If anti-dumping duties are imposed downstream users and final consumers of the PUC will be costlier and ultimate users in India will suffer.
- Ministry concerned will oppose the levy of duty since it will have huge impact on large number of exporter/trader/importer & users.

### **J.2 Views of the domestic industry**

87. The following submissions have been made by the domestic industry:

- The PUC is used in different combinations and prices for certain combinations are regulated by NPPA.

- b. The impact on all end products would be 2%, whereas the impact on de-controlled products i.e., prices for combinations for which price is not regulated by NPPA, would be around 1%.
- c. It may be noted that de-controlled products have a market share of almost 90%.
- d. The domestic industry has sufficient capacity to cater to the Indian demand for the subject goods.

### **J.3 Examination by the Authority**

88. The Authority notes that the purpose of imposition of anti-dumping duty, 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 does not aim to restrict imports from the subject country in any way. Trade remedial investigations are intended to restore equal competitive opportunities in the domestic market by ensuring a level playing field for domestic producers by the imposition of appropriate duties against trade distorting imports. At the same time, the Authority is aware that the impact of such duties is not limited to only the domestic producers of the PUC but also affects the users and consumers of the PUC. Moreover, the imposition of duties may introduce competition concerns domestically but can concurrently stimulate the emergence of new producers within the country.
89. The Authority notes that none of the Indian users have participated in the present investigation. It is further noted that apart from the domestic industry only Chinese traders i.e., Sinobright and Brilliant have submitted Economic Interest Questionnaire. Whereas, the domestic industry has provided detailed impact calculation of different formulations sold in market manufactured from the subject goods, Sinobright and Brilliant have merely made generic statements in their questionnaire.
90. Based on the information available on record, the Authority notes that certain formulation of ethambutol hydrochloride is subject to regulation by the National Pharmaceutical Pricing Authority. Further, domestic industry has claimed that the impact of anti-dumping duties on the end product would be around 0-2%. It is noted that no other interested party have submitted any calculations showing impact of price effect of the formulations of Ethambutol.
91. It is further noted that there is no demand-supply gap for the PUC in India. Even at the current level of sub-optimal capacity utilization, the domestic industry possesses the capacity to cater to entire Indian demand. In fact, the domestic industry has been catering to the entire Indian demand for the previous years.
92. It is also noted that the subject goods are critical and essential constituents of anti-tuberculosis medication. Accordingly, domestic supply sources are critical for strengthening medical supply chain and national public health infrastructure.

**K. CONCLUSION AND RECOMMENDATION**

93. Based on the submissions made, information provided and facts available before the Authority as recorded above and on the basis of the above analysis of dumping and consequent injury to the domestic industry, the Authority concludes the following:

- a. The application seeking imposition of anti-dumping duties was filed by Lupin Limited. Lupin Limited accounts for major proportion of eligible domestic production in terms of Rule 2(b) of AD Rules, 1995 and the application satisfies the criteria of standing in terms of Rule 5(3) of AD Rules, 1995.
- b. The product under consideration is *Ethambutol Hydrochloride*.
- c. No comments have been filed by the participating producers from the subject countries concerning the scope of the PUC nor have such producers or any other interested suggested for adoption of PCN methodology.
- d. As regard China PR, none of the exporters have claimed market economy treatment, therefore, in accordance with China's Accession Protocol and Para 7 of Annexure I to the AD Rules, 1995, the normal value has been determined basis price paid or payable in India,
- e. As regards Thailand, no exporter has participated from Thailand, accordingly, normal value for such exporters has been determined based on cost of production, selling, general and administrative expenses and reasonable profits.
- f. The export price for cooperative producers and exporters has been provisionally determined based on the information provided by them. The same is subject to verification.
- g. Considering the normal value and export price determined, the dumping margin for the subject goods from the subject countries, is significant and above de minimis level.
- h. Imports of the subject goods from the subject countries have increased in absolute and relative terms in the POI compared to the injury period.
- i. The subject imports from subject countries are undercutting the prices of the domestic industry.
- j. The subject imports have depressed and suppressed the prices of the domestic industry and prevented price increases, which would have otherwise occurred.
- k. As regards the effect of such dumped imports on the economic parameters of the domestic industry, the following provisional conclusions are reached:
  - i. The market share of the imports from subject countries have increased while that of the domestic industry has declined. Despite sufficient capacity to cater to the entirety of Indian demand for the subject goods including the increase in demand, significant portion of domestic industry's capacity remained idle in the POI.
  - ii. The domestic industry has suffered losses, cash losses and earned negative returns in the POI.
- l. The domestic industry has suffered material injury due to dumping of subject goods from the subject countries.

- m. No other known factors have caused injury to the domestic industry and injury to the domestic industry is due to dumping of the subject imports into India.
  - n. The imposition of anti-dumping duty is in the interest of public at large as it would provide restore fair market conditions and establish a level playing field in India. Further, the domestic industry has suffered financial losses, cash losses and recorded a negative return on capital employed. In such a case, the market conditions are not conducive for further investments.
  - o. Importantly, the subject goods are used in manufacturing of anti-tuberculosis medication. Therefore, it is in public interest to have varied sources of supply, including domestic sources.
94. The Authority notes that the investigation was initiated and notified all interested parties and adequate opportunity was given to the domestic industry, exporters, importers, and other interested parties to provide positive information on the aspect of dumping, injury, and causal link. Having initiated and conducted the investigation into dumping, injury and causal link in terms of provisions laid down under the Anti-Dumping Rules, the Authority is of the view that imposition of provisional duties is required to offset dumping and injury, pending completion of the investigation. Therefore, the Authority considers it necessary to recommend imposition of provisional anti-dumping duty on imports of the subject goods from the subject countries.
95. Having regards to the lesser duty rule followed, the Authority recommends imposition of provisional anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury so as to remove the injury to the domestic industry. Accordingly, the Authority recommends imposition of provisional anti-dumping duty on the imports of subject goods originating in or exported from the subject countries, equal to the amount mentioned in Col. 7 of the duty table appended below, to be issued in this regard by the Central Government. The landed value of the imports for this purpose shall be the assessable value as determined by the Customs under Customs Act, 1962 and applicable level of customs duties except duties levied under Section 3, 3A, 8B, 9, 9A. of the Customs Tariff Act, 1975.

**Duty Table**

S.No	Heading	Description	Country of Origin	Country of Export	Producer	Amount (US\$/MT)
1	2	3	4	5	6	7
1	2905 1410, 2905 1490	“Ethambutol, ethambutol Hydrochloride”	China PR	Any	Wuhan Wuyao Pharmaceutical Co. Limited	5,124
2	do	do	China PR	Any	Any producer other than S. No. 1	6,096
3	do	do	Any Country other than China PR and Kingdom of Thailand	China PR	Any	6,096
4	do	do	Kingdom of Thailand	Any	Any	6,513
5	do	do	Any Country other than China PR and Kingdom of Thailand	Kingdom of Thailand	Any	6,513

**L. FURTHER PROCEDURE**

96. The procedure as mentioned below would be followed subsequent to notifying the preliminary findings:

- a. The Authority invites comments on these provisional findings from all interested parties within 15 days from the publication of these findings, and the



same, to the extent considered relevant by the Authority, would be considered in the final findings.

- b. The Authority would conduct an oral hearing in terms of Rule 6(6) of the AD Rules, 1995 to provide an opportunity to the interested parties to present their views relevant to the subject investigation.
- c. The date of the oral hearing will be published on the DGTR website. ([www.dgtr.gov. in](http://www.dgtr.gov.in))
- d. The Authority would conduct further verification of the submissions of interested parties as deemed necessary.
- e. The Authority would disclose the essential facts as per the Anti-Dumping Rules before issuing final findings in the subject investigation.



**Designated Authority**  
**(Amitabh Kumar)**