Non-Confidential

Case No. AD(OI)-22/2025

F. No. 6/25/2025-DGTR
Government of India
Department of Commerce
Ministry of Commerce & Industry
Directorate General of Trade Remedies

FINAL FINDINGS

Anti-dumping investigation concerning imports of "Ethambutol Hydrochloride" originating in or exported from the People's Republic of China and the Kingdom of Thailand

CONTENTS OF TABLE

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Government of India
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4th Floor, Jeevan Tara Building, Parliament Street, New Delhi – 110001

Dated: 17.09.2026

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Subject: Anti-dumping investigation concerning imports of "Ethambutol Hydrochloride" originating in or exported from the People's Republic of China and the Kingdom of Thailand

1. 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, framed thereunder, as amended from time to time (hereinafter referred as the "AD Rules, 1995"):

BACKGROUND OF THE CASE

2. Lupin Limited (hereinafter referred to as the "**domestic industry**") 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 "**PUC**" or "**subject goods**") originating in or exported from the People's Republic of China ("**China PR**") and the Kingdom of Thailand ("**Thailand**"), hereinafter collectively referred to as the subject countries.

3. 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 23rd 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.

A. PROCEDURE

4. The procedure described below has been followed with regard to the investigation:

A.1 Initiation

i. 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.

ii. A request was made to DGCI&S and DG Systems to provide the transaction-wise details of imports of the subject goods for the injury period as well as the period of investigation. The Authority has relied on the DG Systems data for determination of the volume of imports and required analysis after due examination of the transactions.

iii. In accordance with Rule 6 of AD Rules, 1995, upon examination of the application and finding prima facie evidence of dumping, injury, likelihood and causal link, the Authority issued a public notice dated 23rd 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.

iv. In accordance with Rule 6(2) of AD Rules, 1995, 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, 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.

A.2 Period of Investigation

v. The period of investigation (POI) for the purpose of the present investigation is 1st April 2024 to 31st March 2025 (12 months). The injury investigation period [IIP] covers a period of FY 2021-22, FY 2022-23, FY 2023-24, and the POI.

A.3 Circulation of non-confidential version of the application

vi. Pursuant to Rule 6(3) of AD Rules, 1995, the Authority furnished 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.

vii. Pursuant to Rule 6(4), questionnaires were issued to known producers, exporters, importers, and users of the PUC in India to obtain necessary information, including details of normal value and net export price. A copy of the non-confidential version of the application was provided to other interested parties, wherever requested.

A.4 Participation by the interested parties

viii. The following producers/exporters from the subject countries have responded by filing questionnaire responses:

China PR	i. Wuhan Wuyao Pharmaceutical Ltd ii. M/s Sinobright Pharmaceutical Industries Ltd iii. M/s Brilliant Pharmaceutical Limited
Thailand	No producer has participated

x. None of the importers/users have responded by filing questionnaire responses.

xi. In response to the initiation notification, no importer/ user association has participated or filed questionnaire submissions in the present investigation.

xii. A list of all interested parties that registered themselves within the prescribed timeline was uploaded on the website. All registered interested parties were directed to circulate the non-confidential version of all their submissions in the present proceedings with all other interested parties.

xiii. An economic interest questionnaire was issued to all the known producers and exporters, importers, and the domestic industry. The economic interest questionnaire was also shared with the administrative line ministry.

xiv. Foreign producers, exporters and other interested parties who have not responded, or have not supplied information relevant to this investigation, have been treated as non-cooperative.

A.5 Further procedure

xv. The non-confidential versions of the submissions filed by the various interested parties was circulated by the interested parties amongst themselves. A list of all the interested parties was uploaded on the DGTR website along with a request therein to all of them to email the non-confidential version of their submissions to all the other interested parties.

xvi. 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 1st October 2025. No comments were received from any of the interested parties, therefore The Authority, vide notification dated 29th October 2025, notified the final scope of PUC and PCN as defined in the initiation notification.

xvii. Pursuant to initiation of the investigation, and after providing due opportunity to the all interested parties to provide relevant information and defend their interests, and on the basis of information and evidence on record, having regard to Act and the AD Rules, the Authority issued a preliminary finding dated January 30, 2026, provisionally concluding that product under consideration has been exported from the subject countries at a price below the determined normal value, thus, resulting in dumping of the subject goods, the domestic industry has suffered material injury due to such dumping, and the injury to the domestic industry has been caused by import of dumped imports from subject countries. The Authority recommended imposition of provisional anti-dumping duty on imports of the subject goods from the subject countries.

xviii. The Authority notified the interested parties about the following procedure that was to be followed subsequent to issuance of 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 Authority would conduct further verification of the submissions interested parties as deemed necessary.

d. Essential facts would be disclosed prior to issuance of the final findings.

xix. A copy of the preliminary findings was sent to Ministry of Finance for their consideration for imposition of interim anti-dumping duty.

xx. In accordance with Rule 6(6) of AD Rules, 1995, the Authority provided an opportunity to the interested parties to present their views orally in a hearing held on 15th May 2026. The parties presenting their views in the oral hearing were directed to make written submissions of the views expressed orally, followed by rejoinder submissions.

xxi. The submissions made by the interested parties during the course of this investigation, to the extent supported with evidence and considered relevant to the present investigation, have been appropriately considered by the Authority, in this Final Findings.

xxii. In accordance with Rule 7 of AD Rules, 1995, the information provided by the interested parties on a confidential basis was examined with regard to the sufficiency of such confidentiality claims. On being satisfied, the confidentiality claims have been accepted wherever warranted and such information has been considered as confidential and not disclosed to the 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.

xxiii. In accordance with Rule 8 of AD Rules, 1995, the accuracy of information and data provided by the domestic industry and interested parties were verified by the Authority during the course of the investigation to the extent considered relevant, practicable, and necessary. The verification of submitted data and documents forms the basis of the final findings and the Authority has relied on the verified data of the domestic industry for its analysis in the present proceedings.

xxiv. In accordance with Rule 6(8) of AD Rules, 1995, wherever an interested party has refused access to or has otherwise not provided information in a timely manner during the course of the present proceedings, or has significantly impeded the investigation, such parties have been considered as non-cooperative and recorded the findings on the basis of the facts available.

xxv. The non-injurious price has been calculated based on the optimum cost of production and cost to produce and sell the domestic like article in India, based on the information furnished by the applicants and having regard to the Generally Accepted Accounting Principles (GAAP) and as per the principles laid down in Annexure III of the AD Rules, 1995.

xxvi. All the arguments raised and information provided by all the interested parties to the extent that the same is supported with evidence, and considered relevant to the present investigation have been considered.

xxvii. A disclosure statement dated 08.09.2026 was issued by the Authority, in accordance with Rule 16 of AD Rules, 1995, disclosing the essential facts under consideration in the

matter relating to the present anti-dumping investigation. The comments to the disclosure statement received from all interested parties to the extent found to be relevant and non-repetitive, have been considered in these final findings.

xxviii. '***' 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.

xxix. The exchange rate adopted by the Authority for the subject investigation is 1 US$ = ₹ 85.43, being the average of the exchange rates notified by the Central Board of Indirect Taxes and Customs under Section 14 of the Customs Act, 1962 for conversion of the value of imported goods, in force during the period of investigation. The same rate has been applied throughout this disclosure statement.

B. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

5. At the stage of initiation of the present investigation, the following was considered as the scope of the product under consideration:

> *"The Product under Consideration in the present investigation is "Ethambutol Hydrochloride" which is a bacteriostatic drug with molecular formula C10H24N2O2.2HCl. 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."*

B.1 Views of other interested parties

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

i. The absence of earlier product scope comments does not preclude the Authority from ensuring, at the final stage, that the duty description is precise, commercially meaningful, and not too wide.

ii. Ethambutol Hydrochloride is the commercially traded API, whereas Ethambutol free base is merely an intermediate and is not directly used in pharmaceutical formulations.

iii. The fact that Ethambutol free base and Ethambutol Hydrochloride have the same end use after conversion does not render them interchangeable in the market. Therefore, inclusion of Ethambutol free base within the scope of the PUC requires specific finding explaining the basis for treating Ethambutol base and Ethambutol HCl as comparable.

iv. The PUC should not be expanded to include intermediates that are not comparable with the domestic like article or any product not commercially imported as the subject API.

B.2 Views of the domestic industry

7. The following submissions have been made on behalf of the domestic industry:

i. Ethambutol Hydrochloride is a bacteriostatic drug with molecular formula $C_{10}H_{24}N_2O_2.2HCl$.
ii. 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).
iii. 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.
iv. 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.
v. The Authority should confirm the scope of the PUC as defined in the Initiation Notification and in paras 8-10 of the Preliminary Findings.
vi. The scope of the PUC requires no change as none of the interested parties have made any comments with respect to the same at the earlier stage.
vii. Ethambutol base, though not commercially traded due to its instability, should remain within the scope of the PUC to prevent circumvention of anti-dumping duties, particularly since both ethambutol base and ethambutol hydrochloride fall under the same customs tariff heading and exports may be mis declared.

B.3 Examination by the Authority

8. The product under consideration in the present investigation is "Ethambutol Hydrochloride". It is a bacteriostatic drug with molecular formula $C_{10}H_{24}N_2O_2.2HCl$. 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 covers the product under consideration when it is imported into India in both the forms.

9. 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.

10. It is noted that no PCN methodology was proposed by the domestic industry in its application. V*ide* 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.

11. Other interested parties have submitted that Ethambutol base cannot be covered within the scope of the PUC as it is only an intermediate and cannot be used directly for pharmaceutical purposes. The Initiation Notification covered both Ethambutol base and its salt form, Ethambutol Hydrochloride. It is noted that the domestic industry manufactures both forms of Ethambutol. It is noted that ethambutol base has no independent use and has to be converted into Ethambutol Hydrochloride for pharmaceutical usage. The participating interested parties have not provided any evidence or basis for seeking exclusion of ethambutol base from the product scope. Accordingly, the Authority confirms the scope of the PUC as mentioned in the Initiation Notification and the provisional findings.

12. 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.

13. Therefore, the Authority holds 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 holds that the product under consideration is the same as was defined in the preliminary findings and is as under:

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

C. SCOPE OF THE DOMESTIC INDUSTRY & STANDING

C.1 Views of other interested parties

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

i. Cadila Pharmaceuticals Limited should not be automatically excluded from the scope of the domestic industry solely because it imports the subject goods. The Authority should have examined the nature, volume and purpose of imports and whether the producer is primarily a domestic producer or has behaved in a manner warranting exclusion before excluding it under Rule 2(b), which uses the expression "may" when dealing with producers that are themselves importers or related to exporters/importers.

ii. The non-participation of Cadila Pharmaceuticals and Themis Medicare Limited does not, by itself, justify treating Lupin Limited as the sole eligible domestic producer.

iii. If Lupin Limited is treated as the sole eligible domestic producer, the Authority should independently verify the production and operational status of Cadila Pharmaceuticals Limited and Themis Medicare Limited. Without such verification, the standing determination and consequent injury and public interest analyses may not accurately reflect the domestic industry as a whole.

C.2 Views of the domestic industry

15. The following submissions have been made on behalf of the domestic industry:

i. Apart from Lupin Limited, there is one other domestic manufacturer, namely Cadila Pharmaceuticals Limited, which manufactures the subject goods.

ii. Cadila Pharmaceuticals Limited is an importer of the subject goods.

iii. Themis Medicare Limited used to manufacture the subject goods, however, it has stopped production of the subject goods.

iv. The domestic industry has requested the Authority to confirm its finding given in para 16 of the Preliminary Findings with regard to the scope of domestic industry and standing in the Final Findings.

v. Cadila Pharmaceuticals has imported a significant quantity of the subject goods from China PR through Sinobright Pharmaceuticals and, accordingly, cannot be regarded as an eligible domestic producer.

C.3 Examination by the Authority

16. The 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 subject goods. Applicant has further claimed that Cadila Pharmaceutical Ltd is also an importer of the subject goods.

17. The claim of the applicant was verified from DG Systems data and it is noted that Cadila Pharmaceutical Ltd has imported the subject goods from China PR in the POI. Further, Authority 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.

18. It is further noted that the domestic industry has provided evidence of Cadilla Pharmaceutical's installed capacity for the PUC which constitutes around 0.5% of Lupin Limited's installed capacity. Further, imports made by Cadila Pharmaceuticals are significant in relation to its installed capacity. Accordingly, the Authority does not consider Cadila Pharmaceuticals as an eligible domestic producer of the subject goods for the present investigation.

19. The Authority further notes from the information available on record that Lupin Limited constitutes 100% share in the total eligible Indian production of the PUC and has not imported subject goods from either of the subject countries. The Authority notes that the applicant constitutes major proportion of the 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.

D. CONFIDENTIALITY

D.1 Comments of the other interested parties

20. The other interested parties made the following submissions in this regard:

i. 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.

ii. As regards the excessive confidentiality, the exporter questionnaire response has been filed based on the Trade notice No.06/2021 dated 29th July,2021. Wherever confidentiality has been claimed reasons for such claim has been duly recorded in the response.

iii. 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.

iv. The petition filed by the domestic industry is not as per the Trade notice No.05/2021 dated 29th July,2021.

v. The 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.

vi. The information relating to production process or related parties constitutes highly commercially sensitive business information and has therefore been treated as confidential as disclosure of the same would be prejudice to our competitive position. However, complete information regarding the production process and related entities has already been furnished to the Authority in the confidential version of the questionnaire response.

vii. The disclosure of detailed production processes or related party information is neither necessary for the exercise of defence rights nor relevant to the determination of dumping, injury or causal link.

viii. The domestic industry cannot seek a higher standard of disclosure from exporters than that consistently followed by the Authority in trade remedy proceedings. Accordingly, the request for rejection of the questionnaire response or application of adverse facts is without merit.

ix. Confidentiality claims must balance the protection of genuinely confidential business information with the requirement to provide meaningful non-confidential summaries. Mere non-disclosure of proprietary process cannot justify rejection of a questionnaire response unless it materially impedes verification or the investigation.

x. The objections regarding Sinobright's alleged office in India should not be used as a basis for mechanically rejecting its questionnaire response or applying adverse facts in the absence of any material impediment to the investigation.

D.2 Comments of the domestic industry

21. The following submissions have been made by the domestic industry in this regard:

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. 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.

g. The requirement of providing information relating to the volume and value of production of producers other than the domestic industry is not applicable as Lupin Limited is the sole eligible domestic producer of the PUC.

h. 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.

i. 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 NCV Application.

j. Wuhan Wuyao has claimed excessive confidentiality by withholding its production process and the identities of its related parties without establishing that such information is protected under an intellectual property rights regime, which is in direct contravention to Rule 7 of AD Rules, 1995 and DGTR's Trade Notice 10/2018 dated 07.09.2018.

k. Wuhan Wuyao has failed to provide meaningful non-confidential summaries as required under the Trade Notice.

D.3 Examination by Authority

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

> *'Confidential information:*
>
> *(1) Notwithstanding anything contained in sub-rules (2), (3) and (7)of rule 6, sub-rule(2) of rule12,sub-rule(4) of rule 15 and sub-rule (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 authorise its disclosure in a generalized or summary form, it may disregard such information.'*

23. 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.

E. NORMAL VALUE, EXPORT PRICE, AND DUMPING MARGIN

E.1 Comments of the other interested parties

24. The following submissions have been made by the other interested parties concerning the determination of normal value, export price and dumping margin:

i. 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.

ii. 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.

iii. The investigating authority is required to calculate the dumping margin in accordance with the WTO rules.

iv. China should not be treated as a non-market economy since Article 15(a)(ii) of the Accession Protocol has expired on 11th December 2016.

v. The practice of determining ‘surrogate country’ for normal value determination should not be used.

vi. India is bound by the principle of “pacta sunt servanda” as a member of WTO and must recognize China’s full market economy status from 11th December 2016. It cannot invoke domestic law as a justification for failure to perform.

vii. Pursuant to the conclusion of China’s accession, both US and EU acknowledged that China’s NME treatment would expire in 15 years. The EU Council Decision memorandum also shows that the surrogate country methodology was temporary and would end in 2016.

viii. The GACC export statistics relied upon by the domestic industry cannot establish dumping, since export prices vary across markets depending on various factors. Such statistics cannot substitute the methodology prescribed under the AD Rules.

ix. The application of Rule 6(8) of AD Rules, 1995 to Thailand should not result in an inflated or punitive determination of normal value.

x. The domestic industry's proposal to determine reasonable profit based on its own historical profits from a non-dumped period is inappropriate, as such profits may not represent ordinary market conditions and could inflate the dumping margin and the constructed normal value.

E.2 Views of the domestic industry

25. The following submissions have been made by the domestic industry concerning the determination of normal value, export price and dumping margin:

i. The domestic industry was unable to obtain from credible sources the prevailing prices of the subject goods in Thailand as well as the details of export price of subject goods from the Thailand to third country markets.
ii. The domestic industry requests for considering China as a non-market economy country and accordingly the Authority should determine normal value for China in terms of Para 7 of Annexure I of the AD Rules, 1995.
iii. The normal value for Thailand must be determined in terms of Rule 6(8) of AD Rules.
iv. The Authority should determine reasonable profit on the basis of the domestic industry's actual profits from a period when imports were not dumped into India and use the same for construction of normal value.
v. Official trade statistics published by the GACC show that exports of the subject goods from China to India are priced significantly lower than exports to other countries, substantiating the existence of dumping.
vi. Wuhan Wuyao has not filed the market economy questionnaire and accordingly, the Authority should disregard their submissions and confirm the non-market economy status of China PR in Final Findings.

E.3 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), l4(c) and l4(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 countries, 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 producers from China PR 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 Paras 7 and 8 of Annexure I to the AD Rules, 1995.

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, 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."*

30. 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.

31. Therefore, the Authority has determined normal value for China PR for all producers and exporters as "price payable in India" as stipulated in Paragraph 7. It has been computed based on the cost of production of the domestic industry duly adjusted, with reasonable addition for selling, general and administrative expenses, and profits. The normal value so 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")

32. 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. The sales channels are as below:

Sales Channel	Producer	Unrelated Exporter 1	Unrelated Exporter 2	
Export	Wuyao	Sinobright Pharmaceutical Industries Ltd.		Unrelated customers
	Wuyao	Sinobright Pharmaceutical Industries Ltd	Brilliant Pharmaceutical Limited	Unrelated customers

33. The evidence and supporting documents submitted by the domestic industry do not conclusively establish the existence or operational presence of Sinobright's office in India. While certain documents have been relied upon to indicate a possible connection or presence of Sinobright in India, the material on record does not provide sufficient and credible evidence to establish that Sinobright maintained an office or an established business presence in India during the relevant period. Accordingly, the evidence placed on record, when considered in its entirety, does not conclusively demonstrate the existence of Sinobright's office in India.

34. 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, Sinobright, and Brilliant after desk verification. The net export price so determined is mentioned in the table below.

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

35. The export price for non-cooperative producers/exporters from China PR has been determined based on facts available in terms of Rule 6(8) of the AD Rules, 1995. The net export price so determined is mentioned in the dumping margin table below.

Normal Value for producers/exporters from Thailand

36. The Authority notes that none of the producers/exporter from Thailand have cooperated in the present investigation. Accordingly, the normal value for all producers/exporters from the Thailand has been determined based on facts available in terms of Rule 6(8) of the AD Rules,

1995. The normal value for all producers and exporters so determined is mentioned in the dumping margin table below.

Export price for producers/exporters from Thailand

37. 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.

E.3.1. Dumping Margin

38. The normal value, export price and dumping margin 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	***	***	***	***	30-40
Other Producers	***	***	***	***	40-50
THAILAND					
All producers and exporters	***	***	***	***	15-25

Non-Confidential

F. ASSESSMENT OF INJURY

F.1 Views of other interested parties

39. The following submissions have been made by the other interested parties with respect to injury and causal link:

i. The demand for the subject goods should broadly correspond with tuberculosis notification and treatment trends in India, as Ethambutol Hydrochloride is primarily used for TB treatment.

ii. The significant fluctuations in demand relied upon by the domestic industry are inconsistent with publicly available data published by the Ministry of Health & Family Welfare, the National Tuberculosis Elimination Program (NTEP), and the WHO, which indicate a gradual recovery and increase in TB notifications.

iii. The increase in imports coincided with the growth in domestic demand, while the domestic industry's sales also increased, indicating that imports supplemented demand rather than displaced domestic production.

iv. The demand, excluding captive consumption, increased during the injury period, and the domestic industry's domestic sales also recovered during the POI, demonstrating that the domestic industry participated in the growth in demand.

v. Price undercutting during the POI falls within a narrow range of 0–10% and is not significant. Further, the Preliminary Findings do not establish price suppression or price depression attributable to imports.

vi. While the cost of sales increased significantly over the injury period, the net sales realisation also increased and remained stable during the POI. Further, the landed value of imports remained broadly stable during the POI and did not exhibit any sharp decline, indicating that the increase in costs is attributable to internal cost escalation rather than import pricing.

vii. The substantial increase in captive consumption demonstrates that a large portion of the domestic industry's production was internally absorbed and reflects internal utilisation and business strategy rather than any inability to sell due to imports. The analysis of non-captive market share alone does not present a complete picture of injury.

viii. Although the domestic industry continues to report losses, the mere existence of losses does not establish that such losses are caused by imports of subject goods from China PR. Rather, the trend reflected in the Preliminary Findings indicate that the losses are driven by internal cost escalation and not by any adverse price effect from imports.

ix. The increase in employment levels and wage payments, coupled with improvements in productivity indicators during the POI, is inconsistent with the finding of material injury.

x. The significant increase in imports recorded in the Preliminary Findings is driven by comparison with an exceptionally low import base in earlier years. Accordingly, while the increase appears substantial in percentage terms, the actual volume of imports remains modest in absolute terms for the domestic market. The Authority is required to examine whether such imports caused actual adverse effects on the domestic industry.

xi. The landed value does not show a consistent declining trend over the whole injury period.

xii. The finding of material injury cannot be based solely on financial indicators when several operational indicators have improved.

xiii. The petition states that the subject goods are sold under long-term contracts and tenders, under which prices cannot be immediately revised to reflect increased costs. However, the Preliminary Findings do not segregate the impact of such contractual pricing constraints from the effects of subject imports.

xiv. The domestic industry's explanations regarding fluctuations in domestic sales and captive consumption, including alleged government procurement and diversion of export commitments to the domestic market, are unsupported by evidence on record. Accordingly, the Authority should base its injury analysis only on verified evidence.

xv. The domestic industry has not produced positive exporter-specific evidence of freely disposable capacity, imminent capacity expansion, export orientation or likely diversion of exports to India. Further, the Preliminary Findings do not separately examine threat of material injury in terms of the legal requirements.

xvi. The claim regarding significant unutilised capacity is misplaced, as capacity utilisation improved during the POI. The existence of some unutilised capacity does not by itself establish injury caused by imports.

xvii. The Authority, before arriving at any conclusion on causal link, should segregate the effects of all known other factors from the effects of the subject imports in its final findings.

xviii. The Authority's adoption of 22% ROCE for determining the NIP lacks legal justification, as Annexure III of the Anti-Dumping Rules requires the allowance of only a "reasonable return" based on actual financial parameters.

xix. A return of 22% should not be allowed on capital employed because such return is being allowed even on the debt portion of capital employed. Further, such return is very high considering the current market conditions. A return of 22% was appropriate in the past when the interest rate was 18% and the corporate tax rate was over 40%.

xx. In the case of Bridgestone Tyre Manufacturing, the CESTAT observed that adoption of a return of 22% on capital employed is not appropriate as it inflates the injury analysis and price underselling. Similar view was taken by the CESTAT in the case of Hyosung Corporation vs. Designated Authority.

xxi. The European Union determines target profit based on periods when there was no impact from dumped imports, as recognised in EFMA v. Council (Case T-210/95), wherein the Court held that target profit should reflect the profit reasonably expected under normal competitive conditions.

F.2 Views of the domestic industry

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

i. In relation to the base year, the volume of subject imports from the subject countries has increased by almost 600 % in the POI, even though there was merely a 25 % increase in the Indian demand.

ii. Compared to 2023-24, imports of subject goods from the subject countries have increased by more than 3025%.

iii. 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.

iv. All information in the domestic industry's Proforma IVA pertains to its non-captive sales.

v. Despite an increase in non-captive demand, the domestic industry's non-captive sales have declined in the POI compared to the base year, with almost *** % of its installed capacity remaining idle.

vi. 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.

vii. Price undercutting from the subject countries is positive and significant during the POI.

viii. Dumped imports from the subject countries have suppressed and depressed the prices of the domestic industry.

ix. The domestic industry had a market share of almost *** % in the base year which has declined to *** % in the POI. During the same period, market share of the imports of subject goods from the subject countries 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.

x. While production and capacity utilization of the domestic industry has improved in the 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.

xi. 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.

xii. Productivity per day has improved during the POI due to increase in production due to increase in demand.

xiii. 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.

xiv. 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.

xv. 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.

xvi. 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.

xvii. 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.

xviii. During the course of oral hearing, other interested parties admitted that raw material prices had increased. However, they afforded no explanation as to why prices of exports from China PR did not increase consequent to increase in raw material prices.

xix. 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.

xx. 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.

xxi. 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.

xxii. Even though there is no demand and supply gap in the 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.

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

xxiv. Imports from the subject countries increased significantly during the POI, resulting in decline in DI’s market share and a corresponding increase in the market share of the subject imports. Further, the volume of subject imports increased significantly in relation to domestic production and demand.

xxv. The landed value of the subject imports declined during the POI. Further, the increase in cost of sales exceeded the increase in the net sales realization, resulting in price suppression.

xxvi. The DI's inventory levels continued to remain significant in relation to its total production and sales.

xxvii. The DI incurred cash losses during the POI, and its ROCE turned negative during the POI.

xxviii. The demand analysis in the application is based on domestic industry’s verified sales data and import data sourced from Trade Stat, which broadly aligns with the import data obtained by the Authority from DGCI&S and the export statistics published by China Customs.

xxix. The DI was forced to sell below its costs due to price pressure from China’s exports and to retain its market share, leading to losses and injury.

xxx. Although the selling prices increased during the POI, the increase was insufficient to offset the rise in its cost of sales, resulting in price suppression.

xxxi. The increase in cost of sales was attributable to higher raw material costs. However, despite the increase in input costs, exporters from the subject countries continued to export the PUC to India at dumped prices.

xxxii. The contention that the DI's injury is attributable to NPPA pricing restrictions is misplaced, as NPPA regulates prices of Ethambutol Hydrochloride formulations and not Ethambutol Hydrochloride API.

xxxiii. While the DI's captive consumption increased due to the PUC's internal use in manufacturing anti-tuberculosis tablets, its non-captive sales declined despite an increase in non-captive demand and significant idle capacity. This demonstrates that low-priced dumped imports captured the non-captive market, adversely affecting the DI.

F.3 Examination by the Authority

41. 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, the Authority examines 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.

F.3.1 Cumulative assessment of injury

42. 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 subject goods 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.

43. 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 other 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 imports 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.

44. In view of the above, the Authority considers that it is appropriate to assess the cumulative effect of dumped imports of the subject goods from subject countries.

F.3.2 Volume effect of the dumped imports

a) <u>Assessment of demand / apparent consumption</u>

45. 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 imports from all sources. The demand so assessed is given in the table below:

Assessment of Demand					
Particulars	**Units**	**2021-22**	**2022-23**	**2023-24**	**POI**
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*

46. It is seen that demand including captive consumption of the domestic industry initially declined in 2022-23 but has thereafter increased in 2023-24 and the POI. Further, demand excluding captive consumption declined in 2022-23 and 2023-24, but has thereafter increased in the POI.

47. 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.

48. It is further noted that total demand excluding captive for the subject goods has increased by 26% over the injury period.

b) <u>Import volumes from the subject countries</u>

49. 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.*

50. From the above, the Authority notes that:

a. Imports of subject goods have shown sudden surge in the POI.

b. 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.

c. 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 imports from the subject countries has significantly increased.

d. It is noted that while non-captive demand for the PUC in the base year and the POI has remained the same, the share of domestic industry in such demand has declined by 26% over the same period.

e. The volume of imports relative to domestic production and demand excluding captive has significantly increased during the POI.

F.3.3 Price effect of the dumped imports

51. In terms of para (ii) of Annexure II to 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

52. In order to determine whether the imports are undercutting the prices of the domestic industry, the Authority has compared the landed price of the subject imports with the net sales realisation of the domestic industry during the POI. The price undercutting so determined is provided below.

Price Undercutting				
Particulars	**Unit**	**China PR**	**Thailand**	**Subject Countries**
Landed Value	₹ /MT	33,16,834	3291936	33,12,434
Net Sales Realisation	₹ /MT	***	***	***
Price Undercutting	₹ /MT	***	***	***
Price Undercutting	%	***	***	***
Price Undercutting	Range	0-10	0-10	0-10

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

53. It is noted that during the POI, there is significant positive price undercutting by the subject imports from the subject countries. It is noted that such price undercutting exists despite domestic industry selling below their cost of sales.

b) Price suppression/depression

54. For the purpose of analysing price suppression and depression, the Authority has examined the existence of price suppression and depression after comparing the cost of sales and the net sales realisation of the domestic industry with the landed value of the subject imports from the subject countries. 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	32,65,004	-	33,84,723	33,12,434
Trend	Index	100	0	104	101
Net Sales Realisation	₹/MT	33,36,983	34,40,048	34,62,748	34,76,508
Trend	Index	100	103	104	104

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

55. As can be noted from the above, while the cost of sales of the domestic industry has increased by 22 indexed points in the POI as compared to the base year, the net sales realization of the domestic industry has increased only by 4 indexed points. It is noted that during the same period, the landed value has remained almost at the same level. It is further noted that while cost of sales of the domestic industry has consistently increased throughout the injury period, being highest in the POI, the landed value of subject imports from the subject countries have marginally increased in 2023-24 and thereafter, declined in the POI. The landed value of imports has remained below the domestic industry's cost of sales and net sales realization in 2023-24 as well as the POI. While the domestic industry was able to increase its net sales realization till 2023-24, it was unable to increase its selling price despite a significant increase in cost. The Authority therefore notes that the landed value of the subject goods from the subject countries are suppressing the domestic industry's prices.

F.3.4 Economic parameters of the domestic industry

56. 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

57. 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 IVA of domestic industry.*

58. From the above, the Authority notes that:

i. Production of the domestic industry has followed the trend of demand for the subject goods in India. With the increase in demand, the production of PUC has increased in the POI as compared to the pervious years and the base year.
ii. Despite an increase in demand and production, the domestic industry's sales excluding captive have declined during the injury period.
iii. Though the capacity utilization has increased during the injury period, it is noted that despite there being sufficient demand in the POI, more than *** % of the capacity remained unutilized.

b) Market share

59. Market share of the domestic industry and of imports are shown in the table below:

Market Share (excluding captive)					
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	%	***	***	***	***

60. 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. It is noted that the share of domestic industry in non-captive demand has declined by *** %. 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

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

Inventory	**Units**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Opening Inventory	MT	***	***	***	***
Closing Inventory	MT	***	***	***	***
Average Inventory	MT	***	***	***	***

62. 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

63. 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 Proforma IVA of domestic industry.*

64. From the above, the Authority notes that:

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

e) Employment, productivity and wages

65. 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 proforma IVA of domestic industry.*

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

67. 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	%	(***)	(***)	(***)

68. 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

69. 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

70. There is significant dumping of the subject goods from the subject countries, which has impacted the conditions of fair competition in the market.

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

F.3.5 Overall assessment of injury

72. The examination of imports of the subject product and the performance of the domestic industry shows the following:

i. Imports of subject goods from the subject countries have significantly increased in the POI as compared to the base year as well as the previous years.
ii. The share of domestic industry in the non-captive demand has declined by more than 30% in the POI. The share of domestic industry in the non-captive demand has been displaced by subject imports from the subject countries.
iii. The financial performance of the domestic industry has deteriorated significantly. The domestic industry has incurred cash losses and has accumulated negative return on capital employed, in the POI.
iv. The landed value of subject imports from the subject countries in the POI is below the cost of sales and net sales realisation of the domestic industry. There is significant price undercutting and price suppression.
v. Production and domestic sales of the domestic industry have increased in POI compared to the remainder of the injury period. However, the increase in sales was achieved by making sales below cost.

G. Non-attribution analysis and causal link

73. 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

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

b) Contraction in demand

75. While demand had initially declined subsequent to base year, it has increased significantly in the POI and is above the base level. 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.

c) Pattern of consumption

76. There is no evidence on record of any material change in the pattern of consumption for the product under consideration. It is also noted that none of the parties have claimed any changes in the pattern of consumption. Hence, this factor cannot be a cause of injury.

d) Conditions of competition and trade restrictive practices

77. 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

78. The Authority notes that there has been no known material change in the technology for the production of subject goods during the injury period. It is further also noted that developments or changes in technology have not been contended by any parties. Accordingly, developments in technology cannot be a cause of injury.

f) Export performance of the domestic industry

79. 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

80. The Authority has considered the data relating only to the performance of the subject goods. Therefore, the performance of other products produced and sold is not a possible cause of injury to the domestic industry.

G.1 Factors establishing causal link

81. 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 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 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 increase in demand.
vi. The domestic industry has suffered losses, including cash losses during the POI and has earned negative return during the POI.

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

H. MAGNITUDE OF INJURY MARGIN

83. 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.

84. Based on the landed price and the NIP determined as above, the injury margin as 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
Other Producers	***	***	***	***	10-20
THAILAND					
All producers and	***	***	***	***	15-25

I. DUTY IMPACT ASSESSMENT

Public interest and Domestic Industry Interest

I.1 Views of other interested parties

85. The following submissions have been made by the other interested parties in this regard:

i. If anti-dumping duties are imposed downstream users and final consumers of the PUC will be costlier and ultimate users in India will suffer.
ii. Ministry concerned will oppose the levy of duty since it will have huge impact on large number of exporter/trader/importer & users.
iii. The imposition of anti-dumping duties would be contrary to public interest, as Ethambutol Hydrochloride is an essential API used in tuberculosis treatment, where affordability and uninterrupted availability are critical.
iv. The determination of NIP is unreliable as it is based solely on the DI's confidential data, without benchmarking against international cost structures or efficiency norms, resulting in an inflated injury margin and disproportionate duties, which is contrary to public interest.
v. Given the regulatory constraints and public procurement mechanisms, anti-dumping duties would increase input costs without addressing the alleged injury, thereby increasing costs for public health agencies and end consumers.
vi. Even assuming the existence of dumping and injury, overriding public interest considerations outweigh the need for anti-dumping measures, as the imposition of duties would adversely affect government health programs, national tuberculosis control objectives, and access to essential medicines.
vii. Where the PUC is used in fixed-dose combination drugs, the impact should also be assessed on procurement, formulation viability and product availability.
viii. Non-participation of Indian users cannot be treated as determinative of user interest, as the Authority has an independent responsibility to examine public interest in respect of an essential anti-tuberculosis API.
ix. The price ceilings imposed by the National Pharmaceutical Pricing Authority (NPPA) on anti-tuberculosis formulations prevent downstream manufacturers from passing on increased raw material costs, thereby creating a ceiling on the price for the API.
x. The mere existence of sufficient domestic production capacity does not ensure supply security, which also depends on factors such as actual availability, pricing discipline, procurement resilience, quality, lead time, contingency planning and continued competition.
xi. The Authority should balance the DI's alleged injury against the constitutional right to health under Article 21 and terminate the investigation in view of overriding the public interest test.

I.2 Views of the domestic industry

86. The following submissions have been made by the domestic industry in this regard:

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

ii. It may be noted that de-controlled products have a market share of almost 90%.

iii. The domestic industry has sufficient capacity to cater to the Indian demand for the subject goods.

iv. There is no demand-supply gap for the subject goods in India, and the DI possesses sufficient capacity to cater to the domestic demand.

v. The prices of ethambutol formulations are only subject to price regulation and thus, imposition of ADD would not increase the prices of ethambutol hydrochloride formulations.

vi. Major importers such as Centurion Laboratories Private Limited (Operating Income 154.03 crores), Aquatic Remedies (Revenue 1000 -1250 crore), Ruskin Chemipharm (Revenue 50 million USD) have ample resources to participate in the investigation possessed ample resources to participate in the investigation.

vii. Non-participation by users is deliberate and intended to prevent the Authority from concluding that ADD would have no material impact on the user industry.

viii. Imposition of ADD only seeks to eliminate the injurious effects of dumped imports through price correction, and subject goods can freely be imported at fair prices.

ix. In the absence of anti-dumping measures, continued dumped imports may render domestic production commercially unviable, leading to erosion of domestic manufacturing capacity and increased import dependence for an essential medicine.

x. The Authority must take into account the Report of Centre for WTO Studies on the impact of non-imposition of trade remedial measures. Notably, the report discusses the case study of Penicillin-G, a critical pharmaceutical drug, which serves as a cautionary precedent for the present Ethambutol Hydrochloride investigation.

xi. After the Penicillin-G capacity in India was decimated, India shifted from a position of self-sufficiency in a foundational antibiotic to dependence on imports, and producers from China subsequently increased prices substantially.

xii. The Penicillin G case therefore demonstrates that dumped imports may appear beneficial in the short term, but they can create a long-term strategic vulnerability by destroying domestic capacity.

xiii. If dumped imports from China and Thailand are permitted to continue without corrective anti-dumping measures, the domestic producer may be forced to operate at uneconomic prices, suffer declining capacity utilisation, and eventually scale down or shut down

production. This would not merely injure one producer; it would weaken India's domestic capability in an essential medicine and expose the country to avoidable import dependence.

I.3 Examination by the Authority

87. 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.

88. The Authority notes that none of the Indian users have not 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.

89. 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.

90. The Authority notes that the claim of other interested parties that imposition of ADD would be contrary to public interest on the ground that the subject goods are an essential API used in TB treatment is misplaced. API manufacturing is of critical importance to India, as the country is a major global producer and supplier of generic medicines, yet remains substantially dependent on imported API from China. Further, India's dependence on imported API has increased markedly, exposing the pharmaceutical sector to supply-chain disruptions, price volatility, and risks to the affordability and availability of essential medicines. Strengthening domestic API manufacturing is therefore imperative for maintaining competitiveness and safeguarding medicine supply.

91. The imposition of ADD would boost domestic manufacturing and sale of the subject goods, as the DI has sufficient capacity to cater to the entire domestic demand. The same is also highlighted in the report of Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers titled "Final Report: Survey for Novel/Innovative and Cost-effective Technologies for Route of Synthesis to Decrease the Cost of Production of APIs which are currently being Imported to Reduce Import Dependency". Accordingly, the imposition of ADD is not contrary to public interest.

92. 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.

93. The Authority has examined the calculations provided by the domestic industry. The Authority has assessed impact on different products as below. The same has been illustrated below:

Impact Assessment – ADD on ETB: Downstream/Consumer Impact

S. No.	Particulars	Value
1	ADD rate considered	USD 5,000/MT (USD 5/kg) ≈ ₹427.40 per kg of ETB
2	Number of ETB formulations analysed	12
3	Average price of formulation	₹155.33 per 10-tablet strip
4	Average ETB content per strip	6.456 g per 10-tablet strip
5	Incremental cost on account of ADD	₹2.76 per strip
6	Basis of analysis	Sales-share weighted, across 12 formulations
7	Weighted average impact on de-controlled formulations	1.77% of formulation value
8	Impact on controlled (scheduled) formulations	Nil – no consumer-price impact

Source: *Domestic Industry submission.*

94. At an ADD of USD 5/kg, the duty translates into an additional cost of about ₹2.76 per 10-tablet strip. Controlled formulations suffer no consumer-price impact, and average impact on de-controlled formulations is below 2% (about 1.77%) of formulation value.

95. As can be seen from the above, the impact of duties would be less than 2% on the end consumer product.

96. Accordingly, the Authority concludes to conclude that the alleged adverse impact on users and consumers is unsubstantiated and overstated. The imposition of anti-dumping duty would not restrict imports, create scarcity or impose a disproportionate burden on users. It would only ensure that imports enter India at fair prices and do not cause injury to the domestic industry.

J. POST-DISCLOSURE COMMENTS

J.1 Views of the other interested parties

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

a. The Authority may clarify that any product not commercially imported as the subject API, or any intermediate not comparable with the domestic like article, should not be covered merely by nomenclature.

b. The Authority is requested to ensure that the scope is not overbroad or ambiguous at final stage, particularly because the duty table covers both "Ethambutol" and "Ethambutol Hydrochloride" under two tariff headings.

c. The continued application of the non-market economy methodology for China PR and the use of surrogate country data for determining normal value lacks a valid legal basis after 11th December 2016, following the expiry of the relevant provisions of Article 15(a)(ii) of China's Accession Protocol to the WTO.

d. Wuhan Wuyao has fully cooperated in the present investigation and should not be equated with the residual category, which has not participated in the investigation or furnished information for individual assessment.

e. The sharp fluctuations in demand, particularly the decline to an index of 31 in 2023-24 followed by a sharp increase to 126 in the POI, warrant examination of the reliability of the underlying demand data.

f. The increase in imports should not, by itself, be treated as evidence of material injury. The imports increased from a low base of 16 MT to 122 MT during the POI, while overall demand excluding captive consumption increased by 26% during the injury period. Accordingly, the increase in imports must be assessed in the context of the overall market and demand conditions.

g. If a substantial part of the applicant's output is used captively, the non-captive market share analysis cannot be treated as a complete picture of injury. Captive decisions, internal transfer needs must be separated from effect of subject country imports on Domestic Industry.

h. The price undercutting disclosed by the Authority, being in the range of 0–10%, cannot by itself be considered significant or sufficient to establish material price effect.

i. The landed value does not show a consistent declining trend over the whole injury period. Therefore, the claim that imports maintained prices at levels preventing cost increase from being passed on requires a causal analysis.

j. The adoption of a uniform 22% pre-tax return on capital employed for determining the NIP is not justified and results in an inflated NIP and injury margin.

k. The non-participation by users cannot substitute for a public-interest analysis. Many users may not participate due to lack of resources, procurement timelines, commercial sensitivities or the belief that the Department of Pharmaceuticals/NPPA framework will address affordability.

l. Public health supply security is not secured by dependence on one domestic producer. It is secured by multiple reliable sources, including domestic and fair-priced imports.

J.2 Views of the domestic industry

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

a. The domestic industry requests the Authority to confirm that the subject goods produced by the domestic industry are 'like article' to the subject goods imported from the subject countries in terms of Rule 2(d) of the AD Rules, 1995.
b. The domestic industry requests the Authority to confirm that both ethambutol in both forms is covered within the scope of the PUC as both forms of the subject goods fall under the same customs tariff heading, and excluding ethambutol base would lead to circumvention, with exporters from the subject countries diverting exports to the base form, or mis-declaring Ethambutol Hydrochloride as ethambutol.
c. The domestic industry requests the Authority to confirm, in the Final Findings, that Lupin Limited constitutes the domestic industry and that the application satisfies the requirement of standing.
d. The Disclosure Statement does not specifically clarify the quantum of "reasonable" profit considered while constructing normal value under Para 7 of Annexure I. The adoption of a 5% profit margin in every investigation does not meet this "reasonable" standard under Annexure I.
e. Imports of the subject goods from the subject countries increased by almost 600% in the POI as compared to the base year, and by more than 3025% as compared to FY 2023-24, despite the domestic industry possessing sufficient capacity to meet the entirety of Indian demand.
f. The domestic industry's market share in non-captive demand declined significantly in the POI, even as demand increased, with the corresponding market share of subject imports increasing from single digits to 30-40% – clearly establishing that the domestic industry's market share has been captured by dumped imports.
g. There exists significant positive price undercutting by the subject imports, and the landed value of the subject imports has suppressed and depressed the domestic industry's prices.
h. The domestic industry's profitability, cash profits, and return on capital employed have deteriorated sharply, turning negative in the POI, thus, causing material injury and affecting its ability to make further investments.
i. While production, capacity utilization and domestic sales of the domestic industry improved in the POI in line with the rise in demand, this improvement was achieved only by selling below cost to retain market share, notwithstanding which more than 20-30% of installed capacity remained idle.
j. There exists a clear causal link between the dumping of the subject goods from the subject countries and the injury suffered by the domestic industry, and that no other known factor has caused or contributed to such injury.
k. The domestic industry requests the Authority to confirm, in the Final Findings, that the alleged adverse impact of anti-dumping duty on users and consumers is unsubstantiated, and that the imposition of duty would not restrict imports, create scarcity, or impose a disproportionate burden on the public health system, but would only ensure that imports enter India at fair, non-dumped prices.

l. The domestic industry reiterates its submission and draws the Authority's kind attention to the Report on Impact of Anti-Dumping Duties in India released by the Centre for WTO Studies, and in particular the case study of Penicillin-G, where continued dumped imports from China progressively eroded India's domestic manufacturing capacity for a foundational antibiotic, ultimately rendering India import-dependent and exposing it to subsequent price increases once foreign suppliers had captured the market.

m. The domestic industry does not seek to restrict imports but only seeks a level playing field through correction of injurious dumped pricing, imports being free to continue at fair, non-dumped prices.

J.3 Examination by the Authority

99. The Authority has examined the post-disclosure submissions filed by the domestic industry and the other interested parties. The Authority notes that several submissions made at the post disclosure stage are reiterations of submissions already made during the investigation and already examined in the Disclosure Statement. The Authority has nevertheless considered all relevant comments to the extent they are supported by evidence on record and are material to the final determination.

100. With regards to the contention that the product description, Ethambutol, Ethambutol Hydrochloride mentioned in the duty table of the provisional findings are covered under two tariff headings, it is noted that "ethambutol, ethambutol hydrochloride" pertain to description of HS Code 2905 1410. Thus, the two forms of the PUC are not covered under two different tariff headings. It is further noted that ethambutol base has no independent use and has to be converted into Ethambutol Hydrochloride for pharmaceutical usage. Accordingly, the Authority confirms the scope of the PUC as mentioned in the Initiation Notification and the provisional findings.

101. With regards to the fluctuation in demand data the Authority notes that the same has been computed independently based on the actual sales of the domestic industry verified from their SAP records and import data based on DG Systems. Further the import data is in consonance with Appendix 1 of the Wuhan Wuyao. Accordingly, the Authority considers that it has computed the demand correctly.

102. With regards to the contention that non-captive market analysis does not represent the complete picture of injury, the Authority notes that it has assessed demand and sales of the domestic industry for both captive and non-captive markets. The domestic industry's captive and non-captive sales have increased in the POI along with the increase in its production and demand during the POI. It is further noted that despite this increase in its production and captive sales, the domestic industry had significant unutilized capacity left during the POI.

103. With regard to the contention that adoption of a uniform 22% pre-tax return on capital employed results in an inflated non-injurious price and injury margin, the Authority notes that in accordance with its consistent practice in anti-dumping investigations, the Authority has considered a return of 22% on capital employed as a reasonable return for this purpose. The said

practice has also been upheld in subsequent decisions of the Hon'ble CESTAT, including *Merino Panel Products v. Designated Authority, M/s Perstorp Chemicals GmbH & Anr. v. Designated Authority & Ors.* and *Tangshan Sanyou Group Hong Kong International Trade Co. Ltd. v. Union of India*. It is further noted that none of the interested parties have provided any evidence or argument for the Authority to depart from its consistent practice.

104. With regards to impact of anti-dumping duties on the user industry, the Authority notes that apart from the domestic industry, no other interested party has provided any substantive evidence for computing the impact of duties. Further, none of the interested parties have disputed the methodology of impact assessment.

105. Sinobright has argued that public health security cannot be secured by dependence on one domestic producer and there need to be multiple reliable sources of supply including domestic and fair-priced imports. The Authority agrees that security and continuity of supply are best served by the availability of diversified and reliable sources. However, the imposition of anti-dumping duties does not undermine this objective. The purpose of an anti-dumping measure is neither to prohibit imports nor to confer exclusivity upon the domestic industry, but only to neutralise the injurious effect of dumping and restore conditions of fair competition in the Indian market.

106. The Authority further notes that imports from the subject countries would continue to enter India after imposition of the duty. Moreover, there is no demand supply gap for the subject goods in India. The recommended measure would, therefore, preserve access to imported sources of supply while ensuring that such imports do not compete on the basis of unfairly dumped prices. Indeed, the continued availability of fairly priced imports alongside a viable domestic source would contribute to a more diversified, resilient, and sustainable supply chain and would be consistent with the objective of public health security.

K. CONCLUSION

107. Having examined the submissions filed by all interested parties and issues raised therein, and considering the facts available on record, the Authority concludes the following:

a. The product under consideration is *Ethambutol Hydrochloride*.
b. 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.
c. The Authority has relied upon DG Systems data for the purpose of examination of imports of the subject goods..
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 on the basis of 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 in terms of Rule 6(8) of AD Rules, 1995.
f. Considering the normal value and export price determined, the dumping margin for the subject goods from the subject countries is above *de minimis* level and significant.
g. The domestic industry has suffered material injury during the period of investigation, as is evident from the following:
    i. Imports of the subject goods from the subject countries have increased in absolute and relative terms in the POI compared to the injury period.
    ii. The subject imports from subject countries are undercutting the prices of the domestic industry.
    iii. The subject imports have suppressed the prices of the domestic industry and prevented price increases, which would have otherwise occurred.
    iv. The market share of imports from the 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.
    v. The domestic industry has suffered losses, cash losses and earned negative returns in the POI.
h. 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.
i. There is no demand supply gap for the subject goods in India.
j. 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.
k. 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.

L. RECOMMENDATION

108. The Authority notes that the investigation was initiated and notified to 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 the provisions laid down under the Anti-Dumping Rules, the Authority is of the view that imposition of anti-dumping duty is required to offset dumping and injury. Therefore, Authority considers it necessary and recommends imposition of anti-dumping duty on imports of subject goods from the subject countries.

109. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of anti-dumping duty equal to the lesser of margin of dumping and the margin of injury, so as to remove the injury to the domestic industry. Accordingly, the Authority recommends imposition of anti-dumping duty on the imports of the subject goods, originating in

or exported from the subject countries, from the date of notification to be issued in this regard by the Central Government, for a period of 5 years, equal to the amount indicated in Col. 7 of the duty table appended below:

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	5,347
2	do	do	China PR	Any	Any producer other than S. No. 1	7,234
3	do	do	Any Country other than China PR and Kingdom of Thailand	China PR	Any	7,234
4	do	do	Kingdom of Thailand	Any	Any	6,584
5	do	do	Any Country other than China PR and Kingdom of Thailand	Kingdom of Thailand	Any	6,584

Note - The application of the individual duty rates specified for the companies mentioned in the above shall be conditional upon presentation to customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows:

"*I, the undersigned, certify that the (volume) of (product concerned) sold for export to India covered by this invoice was manufactured by (producer name and address) in the (name of country). I declare that the information provided in this invoice is complete and correct." If no such invoice is presented, the duty applicable to all other producers shall apply. This requirement is without prejudice to the verification procedures independently undertaken by the Customs authorities under the applicable customs laws and regulations."*

M. FURTHER PROCEDURE

110. An appeal against the determination of the Designated Authority in these final findings shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act/Rules.

Amitabh Kumar
(Designated Authority)