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**F. No. 06/04/2024-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce,
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi – 110001**

Date: 21.03.2025

**FINAL FINDING
Case No. AD (OI)-04/2024**

Subject: Anti-dumping investigation concerning imports of “Acetonitrile” originating in or exported from China PR, Russia and Taiwan.

Having regard to the Customs Tariff Act 1975 as amended from time to time (hereinafter referred as “the Act”) and the Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter referred as the “Anti-Dumping Rules” or “the Rules”);

A. BACKGROUND OF THE CASE

1. Whereas Alkyl Amines Chemicals (hereinafter referred to as the “applicant” or “domestic industry”) filed an application, before the Designated Authority (hereinafter also referred to as the “Authority”) in accordance with the Customs Tariff Act, 1975 and the Anti-Dumping Rules for initiation of anti-dumping investigation concerning imports of Acetonitrile (hereinafter also referred to as the “product under consideration” or the “subject goods”) from China PR, Russia and Taiwan.
2. And whereas, in view of the duly substantiated application filed by the applicant, the Authority issued a public notice vide Notification F. No. 6/04/2024-DGTR, dated 26th March, 2024, published in the Gazette of India, initiating anti-dumping investigation into imports of the product under consideration from China PR, Russia and Taiwan (hereinafter referred to as the “subject countries”) in accordance with Rule 5 of the Anti-Dumping Rules to determine the existence, degree and effect of any alleged dumping of the subject goods and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the alleged injury to the domestic industry.

B. PROCEDURE

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

- i. The Authority notified the Embassy 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 the Anti-Dumping Rules.
- ii. The Authority issued a public notice dated 26th March 2024, published in the Gazette of India, Extraordinary, initiating anti-dumping investigation concerning imports of subject goods from the subject countries.
- iii. The Authority sent a copy of the initiation notification dated 26th March 2024, to the Governments of the subject countries, through their Embassies in India, known producers and exporters from the subject countries, known importers / users 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 limit.
- iv. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Governments of the subject countries, through their Embassies in India, in accordance with Rule 6(3) of the Anti-Dumping Rules. A copy of the non-confidential version of the application was made available to other interested parties, wherever requested.
- v. The embassy of the subject countries in India was also requested to advise the exporters/producers to submit their responses to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the known producers/exporters was also sent to them along with the names and addresses of the known producers/exporters from the subject countries.
- vi. The Authority sent exporter's questionnaire to the following known producers/exporters in subject countries in accordance with Rule 6(4) of the Rules:

SN	Country	Name of producers of the product under consideration
1	China	BTP Pharmaceutical Company Limited
2	China	Farmasino Pharmaceutical Jiangsu Company Limited
3	China	Formosa Plastics Corporation
4	China	Hangzhou Insure Chemical Company Limited
5	China	Identity Science Company Limited
6	China	Imperial Chemical Corporation
7	China	Jiangsu Gtig Huatai Company Limited
8	China	Levachem Co Limited
9	China	Microchem Specialites Trade Limited
10	China	Mitsubishi Gas Chemical Trading Inc.
11	China	Mitsuya Boeki Limited
12	China	Nagase Company Limited
13	China	Nanjing Beinuo Pharmaceutical Company Limited
14	China	Nantong Liyang Chemicals Company Limited
15	China	Qingdao Brightfuture Healthcare Company Limited
16	China	Qingdao Shida Chemical Company Limited
17	China	Rich Up (Hk) Trading Limited

18	China	Shandong Kunda Biotechnology Company
19	China	Shanghai Covan Chemical Company Limited
20	China	Shanghai Freeman Chemicals HK Company Limited
21	China	Shanghai Yancui Import And Export Corporation
22	China	Sinochem Pharmaceutical Company Limited
23	China	Weifang Zhonghui Chemical Co
24	China	Xian Yuanfar International Trade Company
25	China	Zhejiang Chemicals Import & Export Corporation
26	China	Zhejiang Hengdian Apelo Import and Export Company Limited
27	China	Zhejiang Huakang Pharmaceutical Co.
28	China	Zhejiang Medicines Health Products Imp Exp Company Limited
29	Russia	Akdeniz Chemson Additives AG
30	Russia	Atlas Chem AG
31	Russia	Avestra Chemical DMCC
32	Russia	Avestra Chemical (Suisse) SA
33	Russia	Interchim Limited
34	Russia	Ksan SIA
35	Russia	Petrokim Trading Middle East and Asia DMCC
36	Russia	Wel International Trading DMCC
37	Russia	Yancui Keemia Grupp OU
38	Taiwan	Ascus International (s) Pte Ltd.
39	Taiwan	Formosa Plastic Corporation
40	Taiwan	Imperial Chemical Corporation

- vii. In response to the initiation notification, the following producers/exporters from the subject countries registered themselves as interested parties in the investigation:

SN	Country	Name of producers of the product under consideration
1	China	Nantong Liyang Chemical Co., Ltd
2	China	Weifang Zhonghui Chemical Co., Ltd.
3	China	Shandong Kunda Biotechnology Co., Ltd
4	Russia	Saratovorginze LLC
5	Taiwan	Formosa Plastics Corporation

- viii. The Embassies of the subject countries in India were requested to advise the exporters/producers from their country to respond to the questionnaire within the prescribed time limit.
- ix. The Authority sent Importer's / User's Questionnaire to the following known importers of the subject goods in India calling for necessary information in accordance with Rule 6(4) of the Rules.

SN	Name of known users and importers of the product under consideration
1	Advent Chembio Private Limited
2	Aurobindo Pharma Limited
3	Avantor Performance Materials India Limited
4	Biocon Biologics India Limited
5	Chemical Corp Private Limited
6	Deccan Fine Chemicals (India) Private Limited
7	Divi'S Laboratories Limited
8	Dr. Reddys Laboratories Limited
9	Finar Limited
10	Glenmark Life Sciences Limited
11	Hetero Drugs Limited
12	K. Uttamlal & Company Private Limited
13	Kairav Chemofarbe Industries Limited
14	Laurus Labs Limited
15	Merck Life Science Private Limited
16	Mylan Laboratories Limited
17	Nacl Industries Limited
18	Neuland Laboratories Limited
19	Paarichem Resources LLP
20	PL Industries Limited
21	R. Nandlal & Sons
22	RR Innovative Private Limited
23	Sai Life Sciences Limited
24	Sanjay Chemicals (India) Private Limited
25	Shah C J World LLP
26	Shakti Chemicals
27	SRF Limited
28	Ujin Pharmachem
29	Urmi Chemicals

- x. In response to the initiation of notification, following importers/users registered themselves as interested parties:

SN	Name of known users and importers of the product under consideration
1	Sandeep Organics
2	Satyan Pharmaceuticals Pvt Ltd.
3	Kairav Chemofarbe Industries Ltd

- xi. A copy of the initiation notification and non-confidential version of the application was sent to the known associations.
- xii. Exporters, foreign producers and other interested parties who have not responded to or not supplied relevant information to this investigation, have been treated as non-cooperating interested parties.
- xiii. The Authority issued an Economic Interest Questionnaire to all the known producers and exporters, importers, and the applicant. The economic interest questionnaire was also shared with the administrative line ministry. Only the applicant and Kairav Chemofarbe Industries Ltd have filed the economic interest questionnaire. No other interested party has filed an economic interest questionnaire.
- xiv. The period of investigation (POI) for the purpose of the present investigation is 1st October 2022 to 30th September 2023 (12 months). The injury period will cover the period of investigation and the three preceding financial years 2020-21, 2021-22, 2022-23.
- xv. A request was made to the DGCI&S to provide the transaction-wise details of imports of subject goods for the injury period and also the period of investigation. The Authority has relied upon the DGCI&S data for computation of the volume of imports and required analysis after due examination of the transactions.
- xvi. A list of all the interested parties was uploaded on the DGTR website along with the request to all of the interested parties to email the non-confidential version of their submissions to all the other interested parties.
- xvii. 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 finding.
- xviii. The Authority sought further information to the extent deemed necessary. The verification of the data provided by the domestic industry was conducted to the extent considered necessary for the purpose of the present investigation. The Authority has considered the verified data of the domestic industry in its analysis in the present case.
- xix. The Authority sought further information from the other interested parties to the extent deemed necessary. The verification of the data provided by the other interested parties was conducted to the extent considered necessary for the purpose of the present investigation.
- xx. The non-injurious price (NIP) has been determined based on the actual data/information furnished by the domestic industry. Optimization is done on the basis of the maximum capacity utilization projected to be achieved by the domestic industry. NIP based on the optimum cost of production and cost to make & sell the subject goods in India based on the information furnished by the domestic industry and in accordance with the Generally Accepted Accounting Principles (GAAP) and Annexure III to the Rules has been worked out so as to ascertain whether anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.

- xxi. In accordance with Rule 6(6) of the Rules, the Authority provided opportunity to the interested parties to present their views orally in a public hearing held on 16th October 2024. The parties presented their views in the oral hearing and were requested to file written submissions of the views expressed orally, followed by rejoinder submissions.
- xxii. Information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xxiii. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the views/observations on the basis of the facts available.
- xxiv. The Authority has considered all the arguments raised and information provided by all the interested parties at this stage, to the extent the same are supported with evidence and considered relevant to the present investigation.
- xxv. The Authority circulated the disclosure statement containing all essential facts under consideration for making the final recommendations to the Central Government to all interested parties on 12th February 2025. The Authority has examined all the post-disclosure comments made by the interested parties in these final findings to the extent deemed relevant. Any submission which was merely a reproduction of the previous submission, and which had been adequately examined by the Authority has not been repeated for the sake of brevity.
- xxvi. ‘***’ in this final finding represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xxvii. The exchange rate adopted by the Authority for the subject investigation is 1 US\$ = Rs. 83.21.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

4. At the stage of initiation, the product under consideration was defined as under:

*“3. The product under consideration in the present investigation is **Acetonitrile**. Acetonitrile is also known as MeCN (Methyl Cyanide), Cyano methane, Ethane Nitrile, Ethyl Nitrile and Methane Carbonitrile. The product under consideration covers Acetonitrile known by any name. The product under consideration is produced and sold in the form of a clear and colourless liquid.*

4. *The product under consideration does not have a dedicated tariff code. The product under consideration is however imported under Chapter 29 of the Customs Tariff Act, 1975 under subheading 292690 of the Tariff Classification.*

5. *The product is imported with different purities. Purity of the product under consideration is nothing but the content of Acetonitrile in the imported solution. First, low purity Acetonitrile is produced, and it is then processed to make high purity Acetonitrile. The low purity Acetonitrile of various ranges are imported to India by importers who then undertake a small distillation process to convert into high purity Acetonitrile (99.9%). For the purpose of the investigation, Acetonitrile imported in different purities has been converted to arrive at Acetonitrile of 99.9% purity.”*

C.1 Submissions by other interested parties

5. The other parties have made the following submissions with regards to the product under consideration:
- i. 98% or lower purity acetonitrile is not a like article to 99.9% purity acetonitrile produced by the domestic industry and should be excluded.
 - ii. The methodology undertaken by the domestic industry to convert low purity acetonitrile to high purity acetonitrile is improper.
 - iii. The applicant produces and sells only 99.9% purity Acetonitrile through synthetic route. 98% or lower purity Acetonitrile is not manufactured on a separate line like in the case of domestic industry. 98% or lower purity Acetonitrile is obtained as a by-product in the manufacturing of Acrylonitrile.
 - iv. The applicant does not have the facility to extract 98% purity Acetonitrile, and they directly get 99.9% purity Acetonitrile as the final output.
 - v. The 98% or lower purity Acetonitrile is not commercially substitutable with 99.9% purity Acetonitrile. 98% or lower purity Acetonitrile is a raw material used to manufacture 99.9% or higher purity Acetonitrile and does not have any use by itself.
 - vi. Raw materials and catalysts used in manufacturing 99.9% purity Acetonitrile obtained through synthetic route, and 98% or lower purity Acetonitrile obtained as byproduct in manufacturing of Acrylonitrile are different
 - vii. 98% or lower purity Acetonitrile is not easily convertible to 99.9% purity Acetonitrile. Producers have patented technology and methodology of distilling 98% or lower purity Acetonitrile to 99% purity Acetonitrile.
 - viii. A volume loss of 19% and a conversion cost of 20% is incurred when converting 98% purity Acetonitrile to 99.9% purity Acetonitrile
 - ix. KCIL should be provided with a bona fide user based exemption to import 98% purity Acetonitrile to manufacture 99.9% or higher purity Acetonitrile. The Authority has in the anti-dumping investigation of Dimethylacetamide' [N, N-Dimethylacetamide] (DMAC) from China PR and anti-circumvention investigations concerning imports of Cold Rolled Flat Products of Stainless-Steel

originating in or Exported from China PR, Korea, European Union, South Africa, Taiwan, Thailand and USA granted user-based exemption.

C.2 Submissions by the domestic industry

6. The domestic industry has made the following submissions with regards to the product under consideration.
 - i. The applicant has the ability to produce 98% or lower purity acetonitrile.
 - ii. The applicant can supply the product in any purities between first stage, i.e., 42-44% to 99.9%.
 - iii. The applicant has set up plant to supply 99.9% purity material since the ultimate product used is acetonitrile of 99.9%.
 - iv. 98% purity of acetonitrile is nothing but an unfiltered/unpurified stage of acetonitrile.
 - v. The conversion from 98% to 99.9% purity or a greater percentage of purity involves minimal value addition and a number of distillation processes are followed to remove impurities.
 - vi. The production process first results in production of the product in 42-44% purity. Company follows a number of distillation processes to remove impurities along with water generated in the reaction and increase the purity. The distillation at the last stage gives 99.9%. The product can be extracted from the penultimate stage to get 98% purity product.
 - vii. There is no market for the product with 98% purity. The importer in India is using its facility to distil the impure form of the product being imported from Russia and sells the same.
 - viii. Applicant has reported distillation cost below [***] %. These are on the basis of distillation cost involved from 98% to 99.9%. Barring distillation, there is no other cost incurred. Entire purification cost involved from the first stage crude product to the last stage 99.9% product is around 10%.
 - ix. The product can be extracted from the penultimate stage to get 98% purity product. Impure and pure stage products cannot be termed as different product.
 - x. The product supplied by the Indian industry, including the applicant is a like article to acetonitrile imported from Russia since the only purpose of Acetonitrile of 98% purity is to be converted into 99.9% or higher percentage purity.
 - xi. The importer imports acetonitrile with 98% purity and converts it to make 99.9% acetonitrile.
 - xii. The customers are using the product supplied by the Indian producers and producers in other countries interchangeably.
 - xiii. The importer has not disputed that its product competes with the product supplied by domestic producers.
 - xiv. Since no producer in India supplies 98% pure material, acetonitrile with 99.99% has characteristics most closely resembling to the imported product.
 - xv. As regards to the reliance placed by interested parties on anti-dumping investigation concerning imports of Dimethylacetamide' [N, N-Dimethylacetamide] for seeking

end-user based exemption on the import of 98% purity Acetonitrile, the request for exclusion was for a product not produced by the domestic industry and at the same time had applications in an industry different from the industry for the product under consideration. However, in the present case, low-purity acetonitrile is only to be converted to high-purity and used in the same pharma industry.

- xvi. As regards to the reliance placed by interested parties on the anti-circumvention investigation on Cold Rolled Flat Products of Stainless Steel for end-user based exemption, the Authority in this case had found that exporters were circumventing the existing anti-dumping duty by exporting products of larger widths (not covered by the anti-dumping measure in place) and thereafter slitting it to narrower widths which were within the scope of the product under consideration. The Authority had however provided exemption to certain interested parties that were not resorting to any circumvention and were not slitting for the purpose of using it at widths of lower sizes for the product under consideration. In the present case, however, low purity acetonitrile is being imported to eventually get converted to high-purity acetonitrile, which the applicant has the ability to produce.
- xvii. Production of low purity acetonitrile is not restricted to Russian producer alone. Every global producer first produces low purity acetonitrile.

C.3 Examination by the Authority

- 7. The product under consideration in the present investigation is Acetonitrile. Acetonitrile is also known as MeCN (Methyl Cyanide), Cyano methane, Ethane Nitrile, Ethyl Nitrile and Methane Carbonitrile. The product under consideration covers Acetonitrile known by any name. The product under consideration is produced and sold in the form of a clear and colourless liquid.
- 8. An opportunity was provided to all interested parties to comment on the scope of the product under consideration and PCN methodology. Comments with regard to product under consideration and PCN were filed, and a meeting was held on 29th April 2024 to allow interested parties to explain their submissions. The interested parties elaborated their submissions with regard to the PCN methodology. The interested parties were afforded further opportunity to provide relevant supporting evidence. All the parties who presented their views at the time of deliberation were asked to file their submissions in writing.
- 9. The scope of the product under consideration was clarified the same as considered in the initiation notification. Following PCN methodology was adopted for fair comparison.

SN	PCN Criteria	Description	PCN Code
1	Purity of Acetonitrile	99.9% purity	A
		98% purity	B
		Any other purity	C

10. The interested parties were given time till 31st May 2024 to submit the information.
11. Kairav Chemofarbe Industries Limited, an importer of the subject goods, has imported the subject goods from Russia in 98% purity and converted the imported goods to high purity Acetonitrile content of 99.9% or more. Kairav Chemofarbe Industries Limited has sought exclusion of the product on the ground that it is not produced by the domestic industry. The product is imported with different purities. Purity of the product under consideration is nothing but the content of Acetonitrile in the solution. First, low purity Acetonitrile is produced, and it is then processed to make a high purity Acetonitrile. The low purity Acetonitrile of various ranges are imported to India by importers who then undertake a small distillation process to convert into high purity Acetonitrile (99.9%). For the purpose of the investigation, Acetonitrile imported in different purities has been converted to arrive at Acetonitrile of 99.9% purity. It is not disputed that the low purity acetonitrile has no independent usage and is converted into high purity Acetonitrile for further use.
12. The domestic industry submitted that 98% purity of acetonitrile is an unfiltered / unpurified stage of acetonitrile, and, if required, it can supply acetonitrile with 98% purity. Impure and pure stage products cannot be termed as different product. It has further been noted that there is no market for the impure form of the product. Even the product imported from Russia is first purified and then sold for the intended use. It is therefore seen that a 98% purity of acetonitrile is nothing but an unfiltered/ unpurified stage of acetonitrile.
13. The domestic industry has demonstrated that the customers in India are using the product supplied by the Indian industry and producers from the subject countries interchangeably.
14. The domestic industry has submitted that production of low purity acetonitrile is not restricted to Russian producers alone, and every producer of the subject goods has to first produce low purity acetonitrile. The next step of purification is undertaken either by the producer itself or by any other party. The product under consideration imported from Russia is purified in India by the importer and then sold in the domestic market to compete with the locally available like article.
15. As regards end user-based exclusion is concerned, the Authority notes that having been satisfied that the acetonitrile of 98% purity is nothing but impure form of 99.9% acetonitrile, and has no independent use, no exclusion is warranted.
16. In view of the foregoing, the Authority confirms the scope of the product under consideration as below.

The product under consideration in the present investigation is Acetonitrile. Acetonitrile is also known as MeCN (Methyl Cyanide), Cyano methane, Ethane

Nitrile, Ethyl Nitrile and Methane Carbonitrile. The product under consideration covers Acetonitrile known by any name.

17. It is seen that 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 imported goods and the goods produced by the domestic industry are used interchangeably. In view of the same, the product manufactured by the domestic industry is like article to the product imported into India.

D. SCOPE OF THE DOMESTIC INDUSTRY & STANDING

D.1 Submissions by other interested parties

18. The other parties have made the following submissions with regards to the domestic industry and standing:
- i. Balaji Amines Limited and Jindal Speciality Chemicals Limited cannot be termed as supporters in the present investigation. Mere filing a letter for supporting the application is not sufficient.
 - ii. The supporters expressing support to the application are mandatorily required to furnish information in the format notified vide Trade Notice No 13/2018 dated 27th September 2018 and Trade Notice No. 14/2018 dated 1st October 2018.

D.2 Submissions by the domestic industry

19. The domestic industry has made the following submissions with regards to the domestic industry and standing:
- i. Besides the applicant, there are three other producers of the goods in India namely Balaji Amines Limited, Jindal Speciality Chemicals and Deepak Novochem Technologies Limited.
 - ii. Balaji Amines Limited and Jindal Speciality Chemicals have supported the application.
 - iii. The applicant has not imported the product under consideration from the subject countries nor is related to any exporter or importer of the alleged dumped article.
 - iv. Trade Notice 4/2021 dated 16th June 2021 has allowed supporters to express support after giving information concerning capacity, production and sales.
 - v. Even if the production of the supporters is to be excluded, the production of the applicant is sufficient to satisfy the requirement of standing under the rules.

D.3 Examination by the Authority

20. Rule 2(b) of the Anti-Dumping Rules defines domestic industry as under:

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

21. The present application was filed by Alkyl Amines Chemicals Limited. Apart from the applicant, there are three other Indian producers of the subject goods in the country. Balaji Amines Limited and Jindal Speciality Chemical are the two other producers who have supported the application. Deepak Novochem Technologies Limited is another producer in India. However, the producer has not expressed its opinion on the present application.
22. The other interested parties have contended that the letter filed by the supporters should be disregarded, as these do not comply with requirements laid down vide Trade Notices 13/2018 and 14/2018. The Authority considers that while Trade Notices 13/2018 and 14/2018 requires a domestic producer to provide certain information. The Authority, vide, Trade Notice 4/2021 dated 16th June 2021 has allowed supporters to express support after giving information concerning capacity, production, and sales. The supporters in the present case have provided such information. Therefore, the support extended cannot be disregarded.
23. The Authority has determined that production of the applicant accounts for a major proportion [***%] in the Indian production. Further, the applicant and supporters cumulatively account for [***%] share in the total Indian production.
24. The applicant has stated that it has not imported the product under consideration from the subject countries. Further, it is not related to any exporter in the subject countries nor to any importers in India. There is no allegation by any interested party on this account. Further, the investigation has not shown that the applicant is an importer or related to an importer or exporter of the product under consideration.
25. Based on the above, the Authority holds that applicant constitutes domestic industry as defined under Rule 2(b) of the Rules and the application satisfies the requirements of Rule 5(3) of the Rules.

E. CONFIDENTIALITY AND MISCELLANEOUS SUBMISSIONS.

E.1 Submissions by other interested parties

26. The other interested parties have made the following submissions: -
 - i. The applicant has used unreliable import data.
 - ii. The applicant has not submitted PCN wise data.

E.2 Submissions by the domestic industry

27. The domestic industry has made the following submissions: -
- i. The interested parties have not provided any evidence to show how the import data is unreliable. The Authority will anyways call upon import data from DGCI&S or DG Systems and rely on the same for the examination of volume and value of imports.
 - ii. As regards PCN wise data by the domestic industry, the applicant has already clarified that it has supplied the product with less than 99.9% purity and hence no PCN wise information was required to be provided.

E.3 Examination by the Authority

28. The Authority made available the non-confidential version of the information provided by the various parties to all the other interested parties as per Rule 6(7). No party has made any submissions on confidentiality. Therefore, the confidentiality as claimed by all the parties has been accepted.
29. The interested parties have contended that the domestic industry has relied on unreliable import data. The Authority relied on the DGCI&S transaction wise data for the purpose of initiation of the investigation and did not find material difference in the volume and price of imports reported in the application and quantified by the Authority at the stage of initiation. The volume and value of imports reported by the domestic industry and as per DGCI&S transaction wise data reconciled, thus showing sufficiency of evidence in the application on this account.

F. DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

F.1 Submission by other interested parties

30. The other interested parties have made the following submissions with regard to the normal value, export price and dumping margin:
- i. China PR should be granted market economy status and conduct normal value calculation as per Article 2 of the Anti-Dumping Agreement.

F.2 Submissions by the domestic industry

31. The domestic industry has made the following submissions with regard to the normal value, export price and dumping margin:
- i. As per the Accession Protocol and practice of Authority, China should be treated as a non-market economy. Market economy treatment can be allowed only when the same is claimed and appropriateness thereof is demonstrated.

- ii. 4 Chinese producers have participated, but none of the responding Chinese producers filed MET in the present investigation. The normal value should be determined as per Para 7 of Annexure I of the ADD Rules.
- iii. Producers from Russia and Taiwan registered as interested party in the present investigation but did not file a response. As far as Russia and Taiwan are concerned, the claims of dumping margin are undisputed.
- iv. The imports from the subject countries have increased and dumping has intensified over the period of investigation.
- v. Average analysis will also be inappropriate as one of the participating producers has exported only in one month of the period of investigation.
- vi. A comparison of normal value/non-injurious price for the whole period of investigation with the net export price and landed price for a particular period of investigation will be highly misleading.

G.3 Examination by the Authority

32. Under section 9A(1)(c), the normal value in relation to an article means:

i) The comparable price, in the ordinary course of trade, for the like article, when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6), or

ii) when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:

(a) comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or

the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling, and general costs, and for profits, as determined in accordance with the rules made under sub-section (6);

(b) Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transhipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

33. The response to Exporters' Questionnaire has been filed by the following producers/exporters:

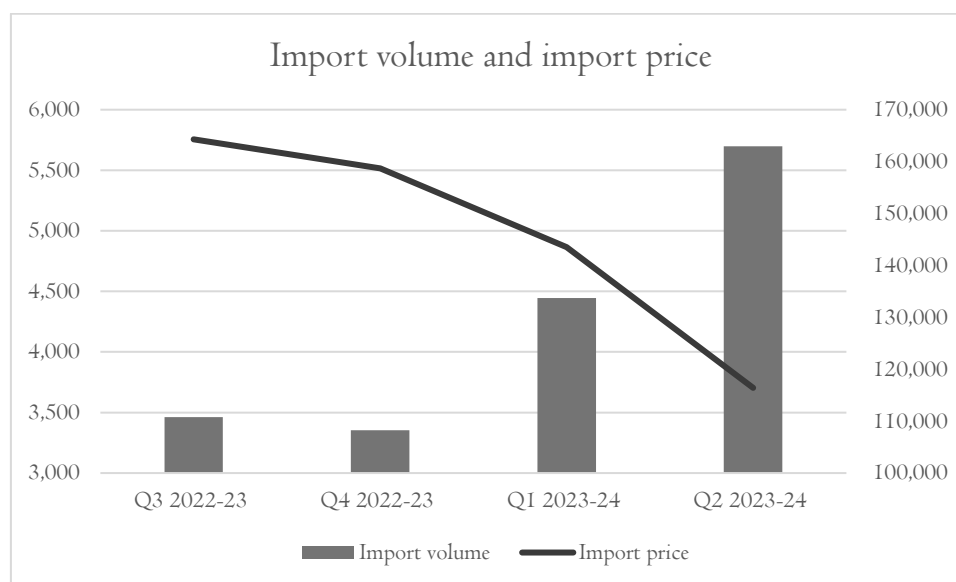
- i. Shandong Kunda Biotechnology Company Limited, China PR
- ii. Nantong Liyang Chemical Co., Ltd., China PR
- iii. Weifang Zhonghui Chemical Co., Ltd., China PR

34. The domestic industry has requested for quarterly determination of dumping margin on following grounds: -

- i. Import price has steeply declined over the period of investigation.
- ii. One of the producers exported only in one month of the period of investigation and comparison with average normal value with average export price will not be appropriate.

35. The table below shows the quarterly import volume and import price over the period of investigation: -

SN	Particulars	UOM	Q3 2022-23	Q4 2022-23	Q1 2023-24	Q2 2023-24
A	Import volume					
1	China PR	MT	2,579	2,080	2,314	3,770
2	Russia	MT	522	320	792	414
3	Taiwan	MT	38	466	498	740
B	Import price					
4	China PR	Rs/MT	170,241	159,658	139,656	118,832
5	Russia	Rs/MT	130,389	134,390	137,947	112,300
6	Taiwan	Rs/MT	178,797	178,098	135,856	118,968



36. It is seen that as the import price declined, import volume increased sharply. It is seen that there was significant change in the import price, with time period, over the period of investigation. The Authority has additionally examined the imports reported by the participating producers from the subject countries. It is seen that one of the producers has reported exports only in two months. Therefore, the Authority concludes that an analysis on average basis will not be appropriate.

SN	Quarters	UOM	Nantong Liyang	Shandong Kunda	Weifang Zhonghui
1	Q3 2022-23	MT	***	***	***
2	Q4 2022-23	MT	***	***	***
3	Q1 2023-24	MT	***	***	***
4	Q2 2023-24	MT	***	***	***

SN	Quarters	UOM	Nantong Liyang	Shandong Kunda	Weifang Zhonghui
1	Q3 2022-23	\$/MT	***	***	***
2	Q4 2022-23	\$/MT	***	***	***
3	Q1 2023-24	\$/MT	***	***	***
4	Q2 2023-24	\$/MT	***	***	***

37. There is sufficient justification for undertaking quarterly determination of dumping margin. Accordingly, the Authority has determined dumping margin and injury margin on quarterly basis.

I. Determination of normal value and export price for China PR.

a. Normal value for China PR

38. The Authority notes the following relevant provisions with regard to the determination of normal value for China PR. Provisions under Para 7 and Para 8 of Annexure I to the Anti-Dumping Rules are as under:

“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.

“8. (1) The term “non-market economy country” means any country which the designated authority determines as not operating on market principles of cost or

pricing structures, so that sales of merchandise in such country do not reflect the fair value of the merchandise, in accordance with the criteria specified in subparagraph (3).

(2) There shall be a presumption that any country that has been determined to be, or has been treated as, a non-market economy country for purposes of an antidumping investigation by the designated authority or by the competent authority of any WTO member country during the three-year period preceding the investigation is a non-market economy country. Provided, however, that the non-market economy country or the concerned firms from such country may rebut such a presumption by providing information and evidence to the designated authority that establishes that such country is not a non-market economy country on the basis of the criteria specified in sub-paragraph (3)

(3) The designated authority shall consider in each case the following criteria as to whether: (a) the decisions of the concerned firms in such country regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment, are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values; (b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts; (c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms, and (d) the exchange rate conversions are carried out at the market rate. Provided, however, that where it is shown by sufficient evidence in writing on the basis of the criteria specified in this paragraph that market conditions prevail for one or more such firms subject to anti-dumping investigations, the designated authority may apply the principles set out in paragraphs 1 to 6 instead of the principles set out in paragraph 7 and in this paragraph.

(4) Notwithstanding, anything contained in sub-paragraph (2), the designated authority may treat such country as market economy country which, on the basis of the latest detailed evaluation of relevant criteria, which includes the criteria specified in sub paragraph (3), has been, by publication of such evaluation in a public document, treated or determined to be treated as a market economy country for the purposes of anti-dumping investigations, by a country which is a Member of the World Trade Organization.”

39. At the stage of initiation, the Authority proceeded with the presumption of treating China PR as a non-market economy country. Upon initiation, the Authority advised the producers / exporters in China PR to respond to the notice of initiation and provide information on whether their data/information could be adopted for normal value

determination. The Authority sent copies of the market economy treatment / supplementary questionnaire to all the known producers/ exporters in China PR to provide relevant information in this regard.

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

“(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:

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;

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

(b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.

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

(d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO

Member, that market economy conditions prevail in a particular industry or sector, the non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector.”

41. The Authority notes that while the provisions of Article 15 (a)(ii) of China PR's Accession Protocol have expired with effect from 11th December 2016, the provision under Article 2.2.1.1 of the Anti-Dumping Agreement read with obligation under 15(a)(i) of the Accession Protocol require criterion stipulated in Para 8 of the Annexure 1 of Anti-Dumping Rules to be satisfied through the information/data to be provided in the supplementary questionnaire for claiming MET status.
42. The Authority notes that none of the producers/exporters from China PR has filed the supplementary questionnaire response to rebut the presumptions as mentioned in para 8 of Annexure – I of the Rules. Under these circumstances, the Authority has to proceed in accordance with para 7 of Annexure – I of the Rules.
43. It is noted that paragraph 7 of Annexure-I to the AD Rules stipulates three methods of calculating the normal value for non-market economies: (a) on the basis of price or constructed value in a market economy third country; (b) export price from a third country to other countries, including India; and (c) on any other reasonable basis. The Authority notes that under the provisions of paragraph 7 of Annexure-I to the AD Rules, the normal value must first be determined on the basis of the price or constructed value in a surrogate country, or the price of the exports from such country to other countries, including India.
44. At the stage of filing the application, the domestic industry submitted that the normal value for China PR should be constructed based on the price actually paid or payable in India for the like product, duly adjusted, if necessary, to include a reasonable profit margin.
45. No information/evidence has been provided by the parties for the consideration of the normal value on the basis of the first and second methods. Therefore, the Authority has decided to construct normal value based on the third method, i.e., on any other reasonable basis. Under this, the normal value can be determined based on price actually paid or payable in India. For this purpose, the Authority has considered the optimized cost of production of the domestic industry, with a reasonable addition of selling, general and administrative expenses and profits. The normal value has been determined for each quarter of the period of investigation.

b. Export price for China PR

i. Weifang Zhonghui Chemical Co., Ltd

46. The producer has reported [***] MT of value [***] USD as exports of the product under consideration to India during the period of investigation. The producer has claimed that it has directly exported the product to India and no other related/ unrelated party is

involved in the export of the product under consideration. The producer/exporter has claimed various adjustments to the export price. The Authority conducted a desk verification of the information provided by the producer. Additional/supplementary information was sought to the extent deemed necessary. Only such verified information with necessary rectification, wherever applicable, has been relied upon for the purpose of these final findings. The net export price so determined is shown in the table below.

ii. Shandong Kunda Biotechnology Company Limited

47. The producer has reported [***] MT of value [***] USD as exports of the product under consideration to India during the period of investigation. The producer has claimed that it has directly exported the product to India and no other related/ unrelated party is involved in the export of the product under consideration. The producer/exporter has claimed various adjustments to the export price. The Authority conducted a desk verification of the information provided by the producer. Additional/supplementary information was sought to the extent deemed necessary. Only such verified information with necessary rectification, wherever applicable, has been relied upon for the purpose of these final findings. The net export price so determined is shown in the table below.

iii. Nantong Liyang Chemical Co., Ltd.

48. The producer has reported [***] MT of value [***] USD as exports of the product under consideration to India during the period of investigation. The producer has claimed that it has directly exported the product to India and no other related/ unrelated party is involved in the export of the product under consideration. The producer/exporter has claimed various adjustments to the export price. The Authority conducted a desk verification of the information provided by the producer. Additional/supplementary information was sought to the extent deemed necessary. Only such verified information with necessary rectification, wherever applicable, has been relied upon for the purpose of these final findings. The net export price so determined is shown in the table below.

iv. Export prices for all non-cooperative producers/exporters from China PR.

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

II. Determination of normal value and export price for Russia.

50. Saratovorginzez LLC, a producer from Russia had registered but did not file any response. In the absence of response from Russia, the normal value and export price for Russia has been determined based on facts available in terms of Rule 6(8) of the Rules.

51. The interested parties have contended that imports from Russia are of low purity Acetonitrile which the domestic industry has not supplied. Kairav Chemofarbe Industries Limited has claimed processing cost of Rs [***] per KG in converting Acetonitrile from low purity to high purity (i.e., from 98% to 99.9% purity) while the applicant has provided distillation cost of Rs [***] per KG incurred for a similar conversion. Further, Kairav

Chemofarbe Industries Limited has claimed a volume loss of [***]% in the conversion of acetonitrile from low purity to high purity. The applicant has disputed this contention and claimed the volume loss in the entire distillation (purification) operation to be [***]%, and less than [***]% from 98% to 99.9% purity. Kairav Chemofarbe Industries Limited has placed reliance on the minutes of the norms committee of the Government of India which provide ad hoc norms for the conversion of acetonitrile from low purity to high purity. The Authority has based its analysis on the norms used by the norms committee of the GOI.

52. The domestic industry produces only 99.9% purity Acetonitrile. Therefore, the data of 98% purity Acetonitrile is not available with the domestic industry and normal value for 98% purity Acetonitrile cannot be calculated. For the purposes of fair comparison, the Authority has adjusted volume loss and conversion cost incurred from 98% to 99.9% purity acetonitrile in the import price of Russia which is 98% purity Acetonitrile.
53. The net export price has been calculated from the DGCI&S transaction wise data. Since the data reported is at CIF level, adjustments have been made for ocean freight, marine insurance commission, inland freight, port expenses and bank charges. Further, adjustments as explained above have been made in the export price calculation. The net export price so determined is mentioned in the dumping margin table below.

III. Determination of normal value and export price for Taiwan.

54. Formosa Plastics Corporation, a producer from Taiwan had registered but did not file any response. In the absence of response from Taiwan, the normal value and export price for Taiwan has been determined based on facts available in terms of Rule 6(8) of the Rules. The normal value so determined are mentioned in the dumping margin table below.

IV. Determination of dumping margin.

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

SN	Producer	Normal value	Export price	Dumping margin		
		USD/MT	USD/MT	USD/MT	%	(Range)
A	China					
1	Shandong Kunda Biotechnology Company Limited	***	***	***	***	10-20%
2	Nantong Liyang Chemical Co., Ltd.	***	***	***	***	10-20%

3	Weifang Zhonghui Chemical Co., Ltd.	***	***	***	***	20-30%
4	Any other producer	***	***	***	***	20-30%
B	Russia					
1	Any producer	***	***	***	***	20-30%
C	Taiwan					
1	Any producer	***	***	***	***	20-30%

G. ASSESSMENT OF INJURY AND CAUSAL LINK

G.1 Submissions by other interested parties

56. The following submissions have been made by other interested parties with regard to injury and causal link.
- i. 2021-22 was an abnormal period and should not be considered for determining injury because of disruptions caused in supply chain.
 - ii. Landed prices of imports declined because of reduction in the price of acetic acid from 2022 to 2024.
 - iii. Performance of the applicant is impacted because of capacity expansion.
 - iv. The Authority should investigate why the applicant has undertaken capacity expansions in 2022-23, which significantly escalated fixed production costs.
 - v. The Authority should adopt ROCE earned by the industry when there was no allegation of dumping as reasonable profit margin and not 22% ROCE.
 - vi. Exports from Russia should not be cumulated for injury analysis as the last requirement under the anti-dumping rules regarding conditions of competition is not met. There is no direct competition between Russian produced 98% purity Acetonitrile and 99% purity Acetonitrile sold by the domestic industry and imported from China and Taiwan.
 - vii. Consumers are not using the product imported from Russia and the product supplied by the applicant interchangeably. 99% purity Acetonitrile is being sold to the pharmaceutical industry whereas 98% purity acetonitrile is being used as a raw material by manufacturers who further distil it to produce 99% or higher purity of Acetonitrile.
 - viii. The Russian import price is continuously below the prices from other countries. WTO Panel in European Communities – Anti Dumping Duties on Malleable Cast Iron Tube or Pipe Fittings from Brazil, held that a parallel increase or decrease in prices is not a necessary indicator for determining conditions of competition. Therefore, Russian import price cannot be cumulated.
 - ix. Sales of the domestic industry have only increased throughout the injury period and have not been affected or influenced by the subject imports.
 - x. Domestic industry has been able to expand its capacity during the injury period independent of the imports from the subject countries.

- xi. Production and capacity utilization have again increased in the period of investigation compared to the previous year, even when the imports from subject countries have increased, which shows there is no relation between imports and production.
- xii. The decline in profits in 2021-22 is only because of the increase in the cost of sales on account of increase in depreciation, interest and other fixed costs due to the expansion of the capacity.
- xiii. The domestic industry in the oral hearing admitted that the old plant at Kurkumnh is inefficient due to older technology and the old plant has been shut down and the newer plant has been used for production.
- xiv. The Authority should duly adjust the depreciation, interests and other fixed expenses of the new plant by the capacity utilization projected in the project report to calculate the profitability of the domestic industry.
- xv. Decline in landed prices can be attributed to the global decrease in raw material costs, particularly in acetic acid prices.
- xvi. The applicant has expanded its production capacity year on year without a corresponding increase in demand, leading to inefficiencies.
- xvii. Overcapacity has resulted in higher fixed costs and lower utilization rates, which has negatively impacted profitability.

G.2 Submissions by the domestic industry

- 57. The following submissions have been made by the domestic industry with regard to injury and causal link.
 - i. The imports increased in 2021-22 but declined in 2022-23. This decline was due to (a) decline in demand and (b) capacity expansion. The imports have increased again in the period of investigation.
 - ii. Imports in relation to consumption have declined because of capacity addition undertaken by the applicant and other producers.
 - iii. The import price is below the selling price of the applicant, resulting in positive price undercutting.
 - iv. Even though the variable cost of the domestic industry has increased over the injury period, the landed price has declined. As the import price has declined, the import volume has increased.
 - v. Both import price and cost of sales have declined but the decline in the import price is much higher. The import price is below the cost of sales of the domestic industry.
 - vi. The low-priced imports have forced the domestic industry to consistently sell at prices below the price list. In 8 months over the period of investigation, the applicant has been forced to sell even below the price decided on the price list.
 - vii. Consumers had entered into contracts with the domestic industry for fixed supply but ultimately purchased from exporters which offered at lower prices.
 - viii. The applicant is increasingly losing its opportunity to sell in the domestic market.

- ix. The production and capacity utilization of the applicant are significantly below the installed capacity. The capacity utilization has been less than [***%] in atleast [***] months of the period of investigation.
- x. The Kurkumbh plant has faced [***] days shutdown solely due to market constraints.
- xi. While the interested parties have claimed that the injury is due to new plant, the applicant has performed better in the new plant as compared to the old plant.
- xii. While the applicant's market share declined in the period of investigation, the market share of the subject countries increased.
- xiii. The applicant is unable to increase its market share commensurate with respect to its installed capacity.
- xiv. The applicant is left with significant idle inventory despite suspension of production.
- xv. The applicant has seen a decline in cash profit and loss before interest followed by a significant decline in return on capital employed.
- xvi. Even though most of the volume parameters of the applicant have improved, they are below the expected level and the price parameters have suffered a huge decline.
- xvii. The market share of the Indian industry has declined because of the capacity expansions undertaken in the Indian market.
- xviii. The domestic sales of the other producer increased in 2021-22, declining thereafter in the period of investigation.
- xix. The Chinese producers are significantly export oriented and export at whatever prices are offered.
- xx. The difference between the import price into India from China and the international raw material prices has declined by a staggering level of 90% over the injury period. Even when the difference is calculated considering the Chinese prices, it can be seen that the difference between the import price and raw material prices has declined sharply. This shows the degree of dumping resorted to be the Chinese producers.
- xxi. It can be seen from the applicant's internal feasibility report that it anticipated domestic sales of around [***] MT by 2023-24 but it has also been able to sell [***] MT in the domestic market in the period of investigation.
- xxii. The applicant had expected profits of [Rs ***cr.] but the current profit is only [Rs ***lakhs].
- xxiii. The performance of the domestic industry has consistently declined over the period of investigation and there is a need for quarterly examination of injury.
- xxiv. The interested party has not provided any reason as to why 2021-22 was an abnormal period.
- xxv. The capacity expansion was undertaken by the applicant considering the demand and supply gap prevalent in the country
- xxvi. As regards the submission that return of 22% should not be considered, the domestic industry agrees that the Authority should consider the return on capital employed earned by the applicant when there was no dumping. The Authority can consider

the average return on capital employed earned by the applicant during 2021-22 and 2020-21.

xxvii. As regards the submission that cumulative assessment should not be undertaken, the Russian imports compete with the product supplied by the domestic industry and imports from other subject countries and the cumulative assessment conditions are satisfied.

H.3 Examination by the Authority

58. Rule 11 of Antidumping Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, “... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on the domestic producers of such articles...”. In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. 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 Anti-Dumping Rules.
59. The Authority has examined the arguments and counterarguments of the interested parties with regard to injury to the domestic industry. The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties.
60. It has been contended by the interested parties that the claimed injury is due to new capacity which is not operating at optimum level. The table below shows the per unit profitability of the domestic industry for the two plants. While the Authority is required to examine injury to the domestic industry’s operations for domestic like product as a whole, it is seen that the domestic industry has suffered significant decline in profitability in both the plants. It is also seen that domestic industry has performed better in the new plant as compared to the old plant. Therefore, the argument is not accepted.

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Kurkumbh plant	₹/MT	***	***	***	(***)
2	Dahej plant	₹/MT	***	***	***	***

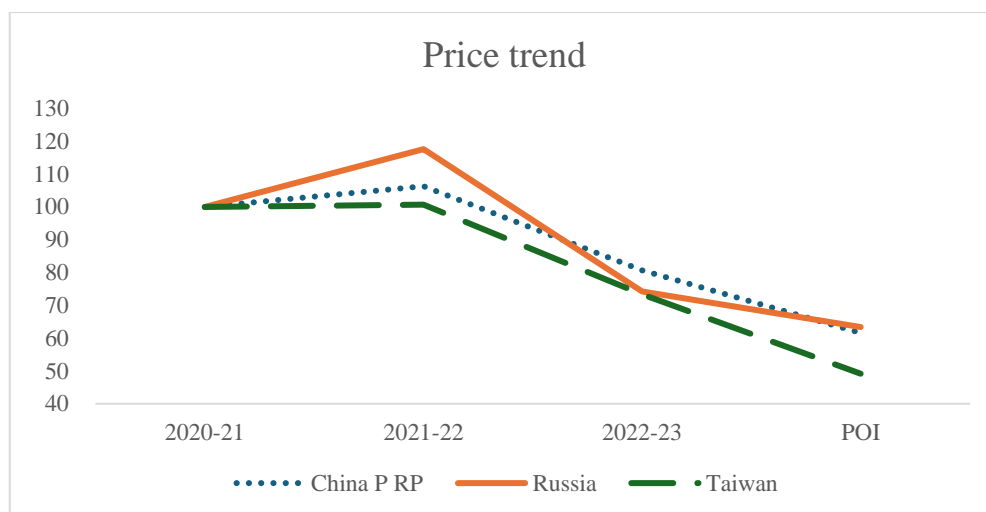
61. It has also been contended by the interested parties that the claimed injury is due to capacity expansion which has resulted in high depreciation and interest cost. The table below shows the interest cost, profit before interest, depreciation, cash profit and profit

before depreciation and interest. It is seen that the interest and depreciation cost declined in 2021-22, increased in 2022-23 when the applicant expanded capacity but has declined again in the period of investigation. It is also seen that the profit before interest and cash profit have also declined in the period of investigation. Therefore, the argument that capacity expansion is the cause of injury to the domestic industry is not supported by the data.

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Interest Cost	₹/MT	***	***	***	***
2	Trend	Index	100	49	57	50
3	Profit before interest	₹/MT	***	***	***	***
4	Trend	Index	100	16	8	0
5	Depreciation	₹/MT	***	***	***	***
6	Trend	Index	100	116	235	183
7	Cash profit	₹/MT	***	***	***	***
8	Trend	Index	100	19	14	5
9	Profit before depreciation and interest	₹/MT	***	***	***	***
10	Trend	Index	100	19	15	5

62. The interested parties have contended that 22% return on capital employed should not be considered for determination of non-injurious price. The domestic industry requested the Authority to consider the return earned by the domestic industry during the period when there was no dumping. The Authority notes that relevant guidelines in this regard are well laid down under Annexure III of the Anti-Dumping Rules. The Authority has consistently allowed 22% return on capital employed and as it does not see any justifiable reasons to deviate from its established practice, the same has been adopted in the present investigation as well.
63. Article 3.3 of the WTO agreement and para (iii) of Annexure II of the Rules provides that in case where imports of a product from more than one country are being simultaneously subjected to anti-dumping investigations, the Authority will cumulatively assess the effect of such imports, in case it determines that:
- The margin of dumping established in relation to the imports from each country is more than two per cent expressed as a percentage of export price and the volume of the imports from each country is three per cent (or more) of the import of like article or where the export of individual countries is less than three per cent, the imports collectively account for more than seven per cent of the import of like article, and
 - 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.

64. With regard to conditions of competition in Russia, the Authority has found that the product under consideration imported from Russia, after processing is sold in competition to the product produced by the domestic industry. It is a like article to the product produced by the domestic industry and the two are comparable technically and commercially. The information on record shows that the imported product is purified and then sold in competition with the product sold by the domestic industry, other producer in India and imports from other subject countries. Further, the Authority notes that the import price from all the subject countries has moved in tandem as shown in graph below.



65. The Authority notes that:
- a. The subject goods are being dumped into India from the subject countries. The margin of dumping from each of the subject countries is more than *de minimis* limits prescribed under the Rules.
 - b. The volume of imports from each of the subject countries is individually more than 3% of the total volume of imports.
 - c. Cumulative assessment of the effects of import is appropriate as the imports from the subject countries not only directly compete with the like articles offered by each of them but also the like articles offered by the domestic industry in the Indian market.
66. In view of the above, the Authority considers that it is appropriate to cumulatively assess the effect of dumped imports of the subject goods from China PR, Russia and Taiwan on the domestic industry.

H.3.1 Volume effect of the dumped imports

a) Assessment of demand / apparent consumption

67. The Authority has defined demand or apparent consumption of the product concerned in India as the sum of the domestic sales of the domestic industry, domestic sales of

supporters, estimated sales of other Indian producer and imports from all sources. The import volume for Russia has been considered after considering the volume loss as reported by Kairav Chemofarbe Industries Limited. Even for imports of low purity from other countries, since no information has been provided, the same volume loss has been considered.

68. The demand so assessed is given in the table below.

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Sale of domestic industry	MT	***	***	***	***
	Trend	Index	100	111	135	163
2	Sales of supporters	MT	***	***	***	***
	Trend	Index	100	55	38	31
3	Other producers	MT	***	***	***	***
	Trend	Index	100	678	374	329
4	Imports from subject countries	MT	13,192	13,499	9,960	14,700
5	Imports from other countries	MT	3,954	4,342	2,259	3,551
6	Total Demand	MT	***	***	***	***

69. It is seen that the demand increased in 2021-22, declined in 2022-23, and increased again in the period of investigation. The domestic industry stated that while some consumption increased in 2021-22 due to post-Covid recovery, there was also some over purchases by the parties in 2021-22, and the actual consumption did not increase to the extent reflected in the data. The domestic industry contended that some material remained in stocks with the consumers towards the end of 2021-22, which was consumed in 2022-23, leading to lower figures of consumption in 2022-23. The interested parties have not disputed the submission made by the domestic industry. The Authority notes the demand has increased over the injury period.

b) Import volumes from the subject countries

70. 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 on the transaction wise import data procured from DGCI&S transaction wise data. The import volumes of the subject goods from subject countries and share of the dumped import during the injury investigation period are as follows:

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Subject Countries	MT	13,192	13,499	9,960	14,700
a	China PR	MT	9,851	9,853	7,278	10,743
b	Russia	MT	1,276	1,798	1,732	2,215
c	Taiwan	MT	2,065	1,847	951	1,742

2	Other countries	MT	3,954	4,342	2,259	3,551
3	Imports in relation to					
a	Indian production	%	***	***	***	***
b	Indian demand	%	***	***	***	***
c	Total Imports	%	***	***	***	***

71. It is seen that imports from the subject countries increased in 2021-22. The increase in imports was in line with the increase in demand. The imports declined in 2022-23 but have increased again in the period of investigation. This increase in imports is more than the increase in the demand for the product under consideration. While the demand increased by ***, the imports increased by **%.
72. It has been stated that the import volume was high in 2020-21 and 2021-22 because of the presence of demand and supply gap in the country. From the information on record, it is seen that the capacity in 2020-21 was around [***MT]. The domestic industry has expanded its capacity by setting up a new plant of [***MT] with an investment of Rs [***cr.]. The supporter, Jindal Speciality Chemicals Private Limited too has invested more than Rs [***cr] and set up a new capacity for [***MT]. Thus, the imports from the subject countries have increased in the period of investigation, despite new and sufficient capacities being set up in the country.
73. It is also seen that imports in relation to production and consumption declined in 2021-22 and further declined in 2022-23 and increased again in the period of investigation. While imports in relation to consumption have declined as compared to base year, it is because of capacity addition done by the domestic industry and other producers. As compared to immediately preceding year, imports from subject countries have increased in relation to production by **%, in comparison to consumption by **%.

H.3.2 Price effect of the dumped imports

74. In terms of Annexure II (ii) of the Rules, 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 increases, which otherwise would have occurred, to a significant degree.

a) Evolution of price

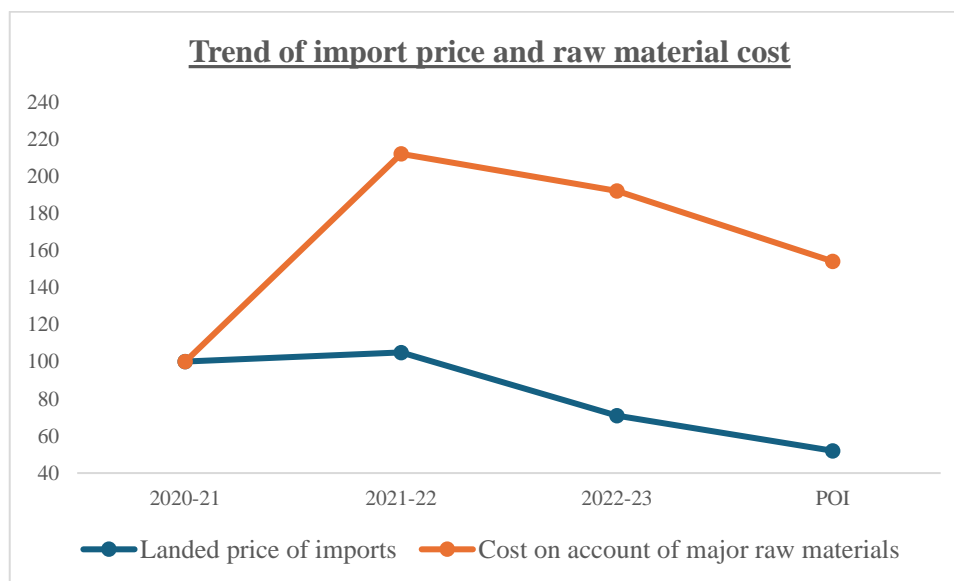
75. The table below shows the information on import price into India and global prices of the two major raw materials.

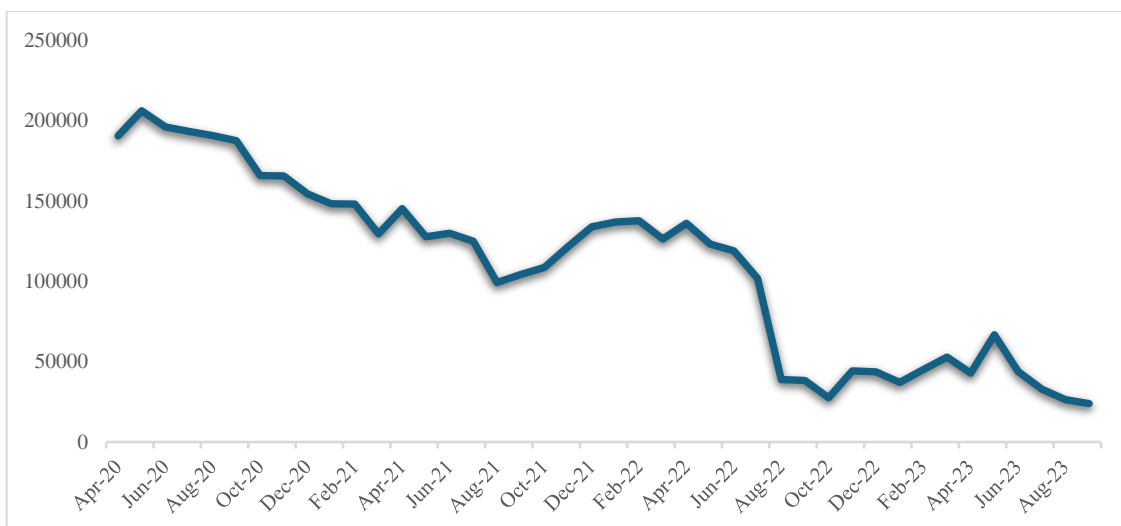
SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
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1	Landed price of imports	USD/MT	3,378	3,586	2,480	1,822
2	Trend	Index	100	106	73	54
3	Global acetic acid prices	USD/MT	446	911	718	610
4	Trend	Index	100	204	161	137
5	Global anhydrous ammonia prices	USD/MT	268	699	1,033	709
6	Trend	Index	100	261	385	265
7	Cost on account of major raw materials	USD/MT	833	1,768	1,600	1,286
8	Trend	Index	100	212	192	154

Source – global import price as per Trademap data.

76. It is seen that in the year 2021-22, the raw material prices increased sharply, but the landed price of imports did not increase at the same rate. The raw material prices declined in 2022-23. However, the landed price has also declined. The declining trend has continued in the period of investigation. It is seen that over the injury period, the price of both raw materials has increased over the injury period, but the import price has declined sharply. It is therefore seen that the import price has not exactly followed the global price trend of the raw materials.





b) Price undercutting

77. Price undercutting has been determined by comparing the net sales realization of the domestic industry with the landed price of the imports for the period of investigation. The table below shows the price undercutting for each of the subject countries. Further, the price undercutting has been determined for each quarter of the period of investigation.

China

SN	Particulars	UOM	Q3 2022-23	Q4 2022-23	Q1 2023-24	Q2 2023-24	POI
1	Import volume	MT	2,579	2,080	2,314	3,770	10,743
2	Selling price	₹/MT	***	***	***	***	
3	Landed price	₹/MT	184,286	172,830	151,178	128,635	155,406
4	Price undercutting	₹/MT	***	***	***	***	***
5	Price undercutting	%	***	***	***	***	***
6	Price undercutting	Range	0-10%	0-10%	0-10%	0-10%	0-10%

Taiwan

SN	Particulars	UOM	Q3 2022-23	Q4 2022-23	Q1 2023-24	Q2 2023-24	POI
1	Import volume	MT	38	466	498	740	1,742
2	Selling price	₹/MT	***	***	***	***	
3	Landed price	₹/MT	193,548	192,791	147,064	128,783	152,557
4	Price undercutting	₹/MT	***	(***)	***	***	***
5	Price undercutting	%	***	(***)	***	***	***
6	Price undercutting	Range	(0-10) %	(0-10) %	0-10%	0-10%	0-10%

Russia

SN	Particulars	UOM	Q3 2022-23	Q4 2022-23	Q1 2023-24	Q2 2023-24	POI
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1	Import volume	MT	564	372	921	482	2,339
2	Selling price	₹/MT	***	***	***	***	
3	Landed price	₹/MT	165,010	148,392	152,332	123,920	148,905
4	Price undercutting	₹/MT	***	***	***	***	***
5	Price undercutting	%	***	***	***	***	***
6	Price undercutting	Range	10-20%	10-20%	0-10%	0-10%	0-10%

Subject countries as a whole

SN	Particulars	UOM	Q3 2022-23	Q4 2022-23	Q1 2023-24	Q2 2023-24	POI
1	Import volume	MT	3,181	2,918	3,733	4,992	14,824
2	Selling price	₹/MT	***	***	***	***	
3	Landed price	₹/MT	180,983	172,900	150,914	128,202	154,046
4	Price undercutting	₹/MT	***	***	***	***	***
5	Price undercutting	%	***	***	***	***	***
6	Price undercutting	Range	0-10%	0-10%	0-10%	0-10%	0-10%

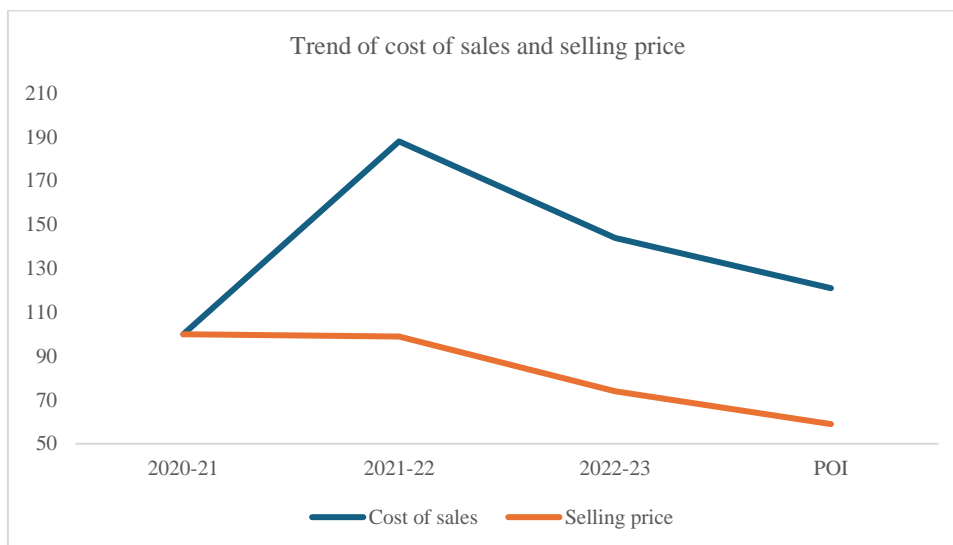
78. It is seen that the price undercutting has fluctuated over the period of investigation. On overall basis, it is seen that the price undercutting is positive.

c) Price suppression/depression

79. In order to determine whether the dumped imports are depressing the domestic prices and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred in normal course, the changes in the costs and prices over the injury period, are compared as below.

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Cost of sales	₹/MT	***	***	***	***
2	Trend	Indexed	100	188	144	121
3	Change	₹/MT		***	(***)	(***)
4	Selling price	₹/MT	***	***	***	***
5	Trend	Indexed	100	99	74	59
6	Change	₹/MT		(***)	(***)	(***)

80. It is seen that in the year 2021-22, the cost of sales of the domestic industry increased by Rs [***] per MT, the selling price has declined by Rs [***] per MT. In the year 2022-23, the cost of sales declined by Rs [***] per MT and the selling price has further declined by Rs [***] per MT. The cost of sales has further declined in the period of investigation by Rs [***] per MT and the selling price has also declined by Rs [***] per MT. Over the injury period, the cost of sales has increased but the selling price has declined. Therefore, the imports have suppressed & depressed the prices of the domestic industry in the market over the injury period.



H.3.4 Economic parameters of the domestic industry

81. Annexure II to the Anti-Dumping Rules requires that the determination of injury shall involve an objective examination of the consequent impact of dumped imports on domestic producers of such products. With regard to consequent impact of dumped imports on domestic producers of such products, the Rules further 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, ability to raise capital investments. The various injury parameters relating to the domestic industry are discussed herein below.

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

82. Capacity, production, sales and capacity utilization of the domestic industry over the injury period were as below:

SN	Particular	Unit	2020-21	2021-22	2022-23	POI
1	Installed Capacity	MT	***	***	***	***
2	Trend	Index	100	147	245	238
3	Production	MT	***	***	***	***
4	Trend	Index	100	121	134	163
5	Capacity Utilization	%	***	***	***	***
6	Trend	Index	100	82	55	68
7	Domestic Sales	MT	***	***	***	***

8	Trend	Index	100	111	135	163
9	Export Sales	MT	***	***	***	***
10	Trend	Index	100	101	172	157

83. It is seen that:

- a. The domestic industry has set up a new plant of 16,500 MT with an investment of Rs 150 cr. It has been stated that the capacity was set up to cater to demand and supply gap in the country.
- b. The capacity utilization of the domestic industry declined till 2022-23 but increased in the period of investigation. The domestic industry has been operating with significant idle capacity in the period of investigation.
- c. The production of the domestic industry has increased consistently over the injury period. However, the increase in production is much lower than the levels that could have been achieved by the domestic industry, had it operated at the same level of capacity utilization as in base year.
- d. The domestic sales of the domestic industry have also shown an increase over the injury period. As compared to 2022-23, immediately preceding year, the domestic sales in the period of investigation have increased by [***] MT but the demand has increased by [***] MT. Further, the increase in domestic sales volumes in period of investigation as compared to preceding year is far lower than the increase in the subject imports.
- e. The domestic industry has stated that due to adverse market conditions, Kurkumbh plant has faced [***] days of shutdown and many customers shifted to exporters who are selling at dumped prices.

84. The table below shows the quarterly evolution of the capacity, production and domestic sales of the domestic industry over the period of investigation.

SN	Particular	Unit	Q3 2022-23	Q4 2022-23	Q1 2023-24	Q2 2023-24
1	Installed capacity	MT	***	***	***	***
2	Trend	Index	100	98	94	94
3	Production	MT	***	***	***	***
4	Trend	Index	100	111	103	101
5	Capacity Utilization	%	***	***	***	***
6	Trend	Index	100	113	109	108
7	Domestic Sales	MT	***	***	***	***
8	Trend	Index	100	117	106	103
9	Export Sales	MT	***	***	***	***
10	Trend	Index	100	64	120	97

85. It is seen that the production and domestic sales increased in quarter 4 of 2022-23 (which is the second quarter of the period of investigation). The production declined in the subsequent two quarters. The domestic sales have also followed a similar pattern.

b) Market share

86. Market share of the domestic industry, the supporters, other domestic producer, imports from subject countries and imports from other countries is given in the table below:

SN	Particular	Unit	2020-21	2021-22	2022-23	POI
1	Domestic Industry	%	***	***	***	***
2	Trend	Index	100	102	147	137
3	Supporters	%	***	***	***	***
4	Trend	Index	100	51	41	26
5	Other producers	%	***	***	***	***
6	Trend	Index	100	625	407	275
7	Subject countries	%	***	***	***	***
8	Other countries	%	13%	13%	8%	10%

87. It is seen that:

- a. The market share of the domestic industry increased in 2021-22 and 2022-23. The market share of the domestic industry has declined in the period of investigation in comparison to the preceding year.
- b. While market share of the domestic industry has shown an increase in the period of investigation over the injury period, the same is only because of the new plant set up by the domestic industry
- c. The market share of the supporters has consistently declined over the injury period.
- d. The market share of the Indian industry increased in 2021-22 and 2022-23 but has declined in the period of investigation, despite the capacity expansions undertaken in the Indian market. While the industry has the capacity to cater the entire demand in the country, the imports cater close to 50% of the demand.
- e. While the market share of the imports declined in 2021-22 and 2022-23, these have increased in the period of investigation.

88. The table below shows the quarterly market share over the period of investigation.

SN	Particular	Unit	Q3 2022-23	Q4 2022-23	Q1 2023-24	Q2 2023-24
1	Domestic Industry	%	***	***	***	***
2	Trend	Index	100	109	90	76
3	Supporters	%	***	***	***	***
4	Trend	Index	100	93	85	74
5	Other producers	%	***	***	***	***

6	Trend	Index	100	93	85	74
7	Subject countries	%	***	***	***	***
8	Other countries	%	6%	8%	12%	12%

89. It is seen that the market share of the applicant increased in quarter 4 2022-23, then declined in quarter 1 of 2023-24 and further declined in the Q2 of 2023-24 . The market share of the imports is increasing significantly in the last quarter of the period of investigation.

c) Inventories

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

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Opening Inventory	MT	***	***	***	***
2	Closing Inventory	MT	***	***	***	***
3	Average Inventory	MT	***	***	***	***
4	Trend	Index	100	284	374	232

91. It is seen that the inventory held by the domestic industry increased in 2021-22 when it started the production for the new plant. The inventory increased in 2022-23, declined in POI vis-à-vis 2022-23 and has increased in the period of investigation.

92. The domestic industry has submitted that the increase in inventory is low due to the fact that it was forced to suspend production of one of the plants for [***] days due to lack of demand for its product.

93. The table below shows the quarterly evolution of inventory over the injury period.

SN	Particulars	UOM	Q3 2022-23	Q4 2022-23	Q1 2023-24	Q2 2023-24
1	Opening Inventory	MT	***	***	***	***
2	Closing Inventory	MT	***	***	***	***
3	Average Inventory	MT	***	***	***	***
4	Trend	Index	100	145	173	181

94. The average inventory of the domestic industry has increased over the period of investigation.

d) Profitability, cash profits and return on capital employed

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

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Profit/(Loss)	₹ Lacs	***	***	***	(***)
2	Trend	Index	100	18	11	0
3	PBIT	₹ Lacs	***	***	***	***
4	Trend	Index	100	18	11	1
5	Cash Profit	₹ Lacs	***	***	***	***
6	Trend	Index	100	21	19	8
7	Return on investment	%	***	***	***	***
8	Trend	Index	100	9	5	0

96. It is seen that the profitability of the domestic industry declined during the injury period. The profitability of the domestic industry has declined significantly in the period of investigation resulting into losses.

97. It is also seen that the domestic industry has suffered a significant decline in the cash profits and the return on capital employed. While profit before interest and tax, cash profits and return on investment are positive, they are very low. The interested parties alleged that the losses suffered by domestic industry may be due to the capacity expansion undertaken by the domestic industry. As noted earlier, the profitability of industry even after removing the impact of depreciation and interest has significantly declined. Therefore, the losses suffered by the domestic industry cannot be attributed to the capacity expansion undertaken

98. The table below shows quarterly profitability over the injury period.

SN	Particulars	UOM	Q3 2022-23	Q4 2022-23	Q1 2023- 24	Q2 2023-24
1	Profit/(Loss)	₹ Lacs	***	***	(***)	(***)
2	Trend	Index	100	110	-44	-170
3	PBIT	₹ Lacs	***	***	(***)	(***)
4	Trend	Index	100	110	-38	-159
5	Cash Profit	₹ Lacs	***	***	***	(***)
6	Trend	Index	100	113	8	-76
7	Return on investment	%	***	***	(***)	(***)
8	Trend	Index	100	110	-38	-159

99. It is seen that the domestic industry was profitable in quarter 3 and quarter 4 of 2022-23 (the first two quarters of the period of investigation). The losses turned negative in the

quarter 1 of 2023-24 (third quarter of the period of investigation). The losses have increased towards the last quarter of the period of investigation.

100. It is also seen that the profit before interest and tax and cash profit were positive when seen over the period of investigation as a whole. They have turned negative towards the quarter 1 of 2023-24 (third quarter of the period of investigation) and the last quarter of the period of investigation. The return on capital employed is also significantly negative towards the end of the period of investigation.

e) Employment, productivity and wages

101. Employment, productivity and wages are given in the table below: -

SN	Particulars	UOM	2020-21	2021-22	2022-23	POI
1	Salaries & Wages	₹ Lacs	***	***	***	***
2	Trend	Index	100	87	80	74
3	No of employees	Nos.	***	***	***	***
4	Trend	Index	100	218	218	218
5	Productivity per day	MT/Days	***	***	***	***
6	Trend	Index	100	161	134	163
7	Productivity per employee	MT/Nos	***	***	***	***
8	Trend	Index	100	55	61	75

102. It is seen that with the increase in the production, the productivity per day and per employee has improved. Further, the capacity expansion by the applicant has led to creation of employment as the number of employees have increased. The domestic industry has not claimed injury on this account.

f) Growth

103. Information with regard to the growth is given in the table below:-

SN	Particulars	UOM	2021-22	2022-23	POI
1	Capacity	%	***	***	(***)
2	Plant production	%	***	***	***
3	Domestic sales	%	***	***	***
4	Average Inventory	%	***	***	(***)
5	Profit/(Loss) per unit	%	(***)	(***)	(***)
6	Profit/(Loss) Rs lakhs	%	(***)	(***)	(***)
7	Profit before tax Rs lakhs	%	(***)	(***)	(***)
8	Cash Profit Rs lakhs	%	(***)	(***)	(***)
9	Return on Capital Employed	%	(***)	(***)	(***)

104. It is seen that the price parameters including profitability, cash profit, PBIT and return on capital employed have recorded a negative growth.

g) Ability to raise capital investment.

105. It is seen that the domestic industry had set up a new plant for the subject goods at Dahej which commenced production in the third quarter of 2021-22. However, the performance of the applicant is adversely impacted due to imports. The return earned by the domestic industry is less than [***] % which shows that the ability of the domestic industry to raise capital has been impaired.

h) Factors affecting prices

106. It is seen that the subject imports are undercutting the prices and costs of the domestic industry. As a result, the imports have forced the domestic industry to sell at prices below their cost. The domestic industry is unable to fetch its target prices in India. The fact that the imports are entering Indian market below the selling price of the domestic industry and the domestic industry has suffered from significant decline in the profitability establishes the adverse impact of the dumped imports. Therefore, the imports from the subject countries have adversely affected the prices of the domestic industry.

i) The magnitude of dumping

107. The magnitude of dumping is an indicator of the extent to which the imports are being dumped into India. The investigation has shown that the dumping margin is positive and significant during the period of investigation.

H.3.5 Conclusion on injury

108. The examination of the imports of the subject product and performance of domestic industry shows that:

- a. The imports from subject countries have significantly increased in the period of investigation in comparison to the preceding year in both absolute and relative terms. The volume of imports shows a higher increase when seen over quarterly period of the period of investigation. Overall, imports from subject countries have marginally increased during injury period.
- b. The import price is below the selling price of the applicant resulting in positive price undercutting.
- c. While the cost of sales has declined in the period of investigation, the decline in the selling price is higher. The prices of the domestic industry are depressed.
- d. The production and capacity utilization of the applicant are significantly below the applicant's installed capacity.

- e. The applicant's market share has reduced in the period of investigation, and that of the subject countries has increased. The applicant is unable to increase its market share commensurate with its installed capacity.
- f. The applicant is left with significant idle inventory despite suspension of production.
- g. The applicant has suffered financial losses.
- h. The applicant has seen a decline in cash profit, and a significant decline in return on capital employed.
- i. The growth of applicant has been adversely affected as while most of the volume parameters have improved, they are below the expected level and the price parameters have suffered a significant decline.
- j. On quarterly basis, the applicant's profitability has consistently declined. The applicant was profitable in the first two quarters (which were low). They have turned into severe losses in the last two quarters of the period of investigation.
- k. The profit before interest, cash profit and return on capital employed are marginally positive in the period of investigation but when seen on a quarterly basis, they have turned negative in the last two quarters.
- l. The ability to raise capital has been adversely impacted.

H. NON-ATTRIBUTION ANALYSIS

109. As per the Rules, the Authority, inter-alia, is required to examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. The factors which may be relevant in this respect include, inter-alia, the volume and prices of the imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It has been examined below whether factors other than dumped imports could have contributed to the injury, which has caused injury to the domestic industry.

a. Volume and price of imports from third countries

110. The Authority notes that imports from non-subject countries are not significant in volume. Therefore, the injury is not attributable to imports from third countries.

b. Contraction of demand

111. The demand for the product under consideration has seen an increase. Therefore, decline in demand cannot be a cause of injury. Thus, the domestic industry has not suffered injury due to possible contraction in demand.

c. Changes in pattern of consumption

112. There has been no known material change in the pattern of consumption of the product under consideration.

d. Trade restrictive practices

113. The sales of the subject goods are not restricted in any manner and no restrictive practices have been brought to the notice of the Authority.

e. Developments in technology

114. The Authority notes that there has been no known material change in the technology for the production of the product under consideration.

f. Productivity

115. The Authority notes that the productivity of the domestic industry has increased over the injury period. Therefore, the domestic industry has not suffered injury on this account.

g. Export performance

116. The applicant has exported significantly less in comparison to domestic sales of the like product. The Authority has relied on segregated data for domestic and export operations for the purpose of injury analysis of the domestic industry. Thus, possible decline in export performance is not cause of the injury considered hereinabove.

h. Performance of other products

117. The Authority has only considered 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.

i. Conclusions on causal link

118. While other known factors listed under the Rules 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 the dumped imports.

- i. The import price has not followed the trend of changes in the raw material cost. While the costs on account of raw materials increased over the injury period, the import price has materially declined over the injury period.
- ii. When seen over the period of investigation, the import price has declined and the import volume has increased.
- iii. The export price to the Indian market is below the normal value.
- iv. The landed price of imports in the period of investigation has been below the selling price of the applicant resulting in positive price undercutting.
- v. The landed price of imports in the period of investigation is below the cost of sales of the domestic industry, which has prevented the domestic industry from selling at adequate remunerative prices.
- vi. As a result of the dumped imports, the financial performance of the domestic industry has been adversely impacted. The applicant has suffered losses in the period of investigation.

- vii. The market share of the imports has increased and that of the applicant has declined.
 - viii. The production and capacity utilization of the applicant are significantly below the applicant's installed capacity.
 - ix. As the import price declined on quarterly basis, the import volume has increased.
 - x. With the increase in the import volume on quarterly basis, the market share of the domestic industry has declined.
 - xi. With the steep decline in the import price, the profitability of the domestic industry has also deteriorated. The domestic industry has recorded losses, cash losses and negative return on capital employed in the last two quarters of the period of investigation.
119. The Authority therefore holds that the injury to the domestic industry is caused due to dumping.

I. MAGNITUDE OF INJURY MARGIN

120. The Authority has determined Non-Injurious Price for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The non-injurious price of the product under consideration has been determined by adopting the verified information/data relating to the cost of production for the period of investigation. The non-injurious price has been considered for comparing the landed price from the subject countries for calculating the injury margin. For determining the non-injurious price, the best utilisation of the raw materials by the domestic industry over the injury period has been considered. The same treatment has been carried out with the utilities. The best utilisation of production capacity over the injury period has been considered. It is ensured that no extraordinary or non-recurring expenses are charged to 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 pre-tax profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules and being followed.
121. The landed price for the cooperative exporters has been determined on the basis of the data furnished by the exporters. For all the non-cooperative producers/exporters from the subject countries, the Authority has determined the landed price based on the facts available.
122. In case of Russia, the imported PUC is of 98% purity. Therefore, for the purposes of fair comparison, the Authority has adjusted adjustment of volume loss and conversion cost incurred from 98% to 99.9% purity acetonitrile in the import price of Russia and accordingly calculated the landed price.

123. Based on the landed price and non-injurious price determined as above, the injury margin for producers/exporters has been determined by the Authority and the same is provided in the table below:

SN	Producer	NIP	Landed	Injury margin		
		USD/MT	USD/MT	USD/MT	%	(Range)
A	China					
1	Shandong Kunda Biotechnology Company Limited	***	***	***	***	10-20%
2	Nantong Liyang Chemical Co., Ltd.	***	***	***	***	10-20%
3	Weifang Zhonghui Chemical Co., Ltd.	***	***	***	***	10-20%
4	Any other producer	***	***	***	***	20-30%
B	Russia					
1	Any producer	***	***	***	***	10-20%
C	Taiwan					
1	Any producer	***	***	***	***	10-20%

J. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

J.1. Submissions by other interested parties

124. The other interested parties have made the following submissions with regard to the Indian industry's interest:

- i. Impact quantification provided by the domestic industry is inaccurate as it has deliberately considered high priced downstream product.

J.2 Submissions by the domestic industry

125. The domestic industry has made the following submissions with regard to the Indian industry's interest:

- i. The purpose of anti-dumping has been well recognized by the Hon'ble Supreme Court in past cases.
- ii. There are three other producers of the subject goods in India, apart from the applicant. Thus, there will be no monopolisation.
- iii. There are imports from non-subject countries in India as well.
- iv. Continuation of anti-dumping duty would only make this competition even more vibrant.
- v. The impact of anti-dumping duty on the downstream products is miniscule and within the range of 0.10% to 0.73%.

- vi. The subject goods are not a basic raw material required to produce any product and is only added as a solvent in processing other products.
- vii. Acetonitrile is ultimately recovered from the reaction mixture after end of the reaction process.
- viii. The applicant has given evidence to show that the 95% of the applied solvent is recovered by the producer.
- ix. Even if the prescribed consumption norms are considered, the impact of the anti-dumping duty will be insignificant.
- x. The applicant has expanded its capacity by setting up a new plant of *** MT with an investment of Rs ***crore and Jindal Speciality Chemicals Private Limited has invested more than Rs *** crore.
- xi. The installed capacity of the applicant and supporters is more than the demand in India.
- xii. The price of the subject imports in the past was higher in comparison to the price derived after adding anti-dumping duty to the import price of the period of investigation.
- xiii. The import, which is without any demand and supply gap in India is adding to the trade deficit of the country.
- xiv. The imposition of duty would be in the overall interest of the public.

K.3 Examination by the Authority

126. The Authority notes that the primary objective of anti-dumping duties is to rectify the injury inflicted upon the domestic industry by the unjust trade practices of dumping, thereby fostering an environment of open and equitable competition in the Indian market. The imposition of anti-dumping measures is not designed to curtail imports from the subject countries. Rather, it is a mechanism to ensure a level playing field. The Authority acknowledges that the persistence of anti-dumping duties may influence the price levels of the product in India. However, it is crucial to note that the essence of fair competition in the Indian market will remain unscathed by the continuation of these measures. Far from diminishing competition, the imposition of anti-dumping measures serves to prevent the unfair advantages through dumping practices. It safeguards the consumers' access to a broad selection of the subject goods. Thus, anti-dumping duties are not a hindrance, but a facilitator of fair-trade practices.
127. The Authority issued the initiation notification, inviting views from all interested parties including importers, users and consumers. An Economic Interest Questionnaire was also prescribed to allow various stakeholders, including the domestic industry, producers/exporters and importers/users/ consumers to provide relevant information concerning the present investigation, including the possible effect of anti-dumping duty on their operations.
128. The Authority notes that no user of the subject goods has stepped forward to participate before the Authority or furnished a response to the Economic Interest Questionnaire.

Furthermore, no party has presented any evidence to indicate the adverse effect of the duties in force.

129. The Authority notes that the domestic industry and other Indian producers have heavily invested in the plant to manufacture the subject goods and make India self-reliant. Prior to the new additional capacity set up by the Indian producers, the country had a demand-supply gap. However, the Indian producers have invested to make the country Atma-Nirbhar and reduce reliance on imports.
130. The domestic industry has highlighted that the users will not be adversely impacted by the duties because of the low impact of the duties on the end product. The domestic industry has submitted that the impact of measures on the end-consumers is as below: -

SN	Product	Acetonitrile share (SION)	Acetonitrile cost	Product price (INR/kg)	Impact if price rise by 10%
1	Ampicillin Sodium Sterile	1.41	***	***	0.10%
2	Montelukast Sodium	9.47	***	***	0.36%
3	Cefixime	3.07	***	***	0.47%
4	1,2-Dimethyl 1,4,5,6 Tetra Hydro Pyrimidine	0.45	***	***	0.73%
5	Cypermethrin Technical 92% Minimum	0.274	***	***	0.61%

131. From the above, it is seen that the impact of the duties is quite minuscule. Moreover, the domestic industry has stated that since the subject goods are merely used as a solvent, it is not a major cost to the user industry. While the other parties have argued that the impact calculated by the domestic industry is inaccurate, the Authority notes that no evidence and calculations have been provided to substantiate the claims.
132. Moreover, the domestic industry has submitted that as a solvent, the subject goods are recovered from the reaction mixture after end of the reaction process. The Authority notes that the evidence provided by the domestic industry shows that Aurobindo Pharma Limited was able to recover 95% of the applied solvent. Other users including Dasami Lab Pvt. Ltd., SMS Pharmaceuticals Limited and Global Pharma Healthcare Private Limited have reported close to 90-95% of the acetonitrile as recovered in the environmental management plans submitted by the domestic industry.
133. The Authority further notes that the imposition of anti-dumping duty will not lead to scarcity of the subject goods in India. It is noted that anti-dumping duty does not restrict imports but ensures that imports are available at fair prices. The imposition of duty would, therefore, not affect the availability of the product. In any case, there are three

other Indian producers of the subject goods in India. The supply in India exceeds the current demand.

K. Post disclosure submissions.

K.1. Submissions by other interested parties

134. The other interested parties have made the following comments to the disclosure statement:

- a. 98% or lower purity Acetonitrile should be excluded from the scope of the PUC in this investigation due to difference differences in manufacturing processes, no commercial substitutability, consumer base distinction, differences in product properties and conversion process.
- b. Domestic industry has adopted an incorrect conversion methodology for lower purity Acetonitrile to 99.9% purity. The Disclosure Statement lacks clarity on whether the Authority has applied the conversion methodology for lower purity Acetonitrile.
- c. Authority is requested to consider the actual volume loss and conversion costs provided by KCIL in its user questionnaire response. Return on net fixed assets for producing 99.9% purity Acetonitrile should not be included in the NIP for 98% purity Acetonitrile.
- d. Despite adjustments made for landed price and export price of Russia, the NIP for 98% purity Acetonitrile has been calculated using the net fixed assets of the domestic industry for 99.9% purity production, which does not accurately reflect the cost structure of 98% purity Acetonitrile.
- e. The decline in profitability is due to the establishment of the Dahej plant and competition with other domestic producers, not subject imports.
- f. The domestic industry selected expensive pharmaceutical products with low Acetonitrile usage to minimize the perceived impact. However, KCIL's provided data for products like Captopril USP and Loratadine, which use significant amounts of Acetonitrile, shows the real impact would be substantial.
- g. Adopting a uniform 22% ROCE inflates the non-injurious price and distorts the injury assessment, as criticized by the CESTAT. The European Union's approach, based on profits under normal competition, supports this view.
- h. External factors like fluctuating raw material costs, changing consumer preferences, and increased competition may have directly impacted profitability.

K.2 Submissions by the domestic industry

135. The following post disclosure comments have been made by the domestic industry.

- a. Imported 98% purity product from Russia has been processed into India and thereafter sold as 99.9% purity materials. The customers in India are using the product supplied by the Indian industry and producers from the subject countries interchangeably. It is therefore essential that imports of Acetonitrile in any form are considered inside the scope of the investigation.

- b. The applicant has provided distillation cost incurred from crude stage (around 40% purity) to 99.9% purity stage which has been verified by the Authority. The production process undertaken by Kairav cannot result in high conversion cost .
- c. Mere conversion of unpurified data to a purified form cannot result in such high volume loss. The Authority placed its reliance on the Minutes of the Norms Committee. However, the minutes itself state that the norms can be lower.
- d. If the claim of volume loss is to be accepted, the domestic industry submits that such volume loss also results in income generated from the sale of such impurities and the same should also be adjusted in the calculation of conversion cost.
- e. In the context of NIP, the Authority does not accept the norms given under SION. The Authority should adopt actual volume loss and conversion cost.
- f. The disclosure statement does not mention that the data of Kairav has been verified. The Authority cannot place its reliance on unverified data.
- g. From the perusal of calculation of non-injurious price disclosed to the domestic industry, it is seen that Authority has significantly reduced the non-injurious price claimed by the domestic industry.
- h. The raw material cost and the conversion cost claimed by the applicant has been significantly reduced but no reason has been provided to the domestic industry.
- i. The return on capital employed considered by the Authority is not as per the consistent practice. Total cost of sales considered for calculation of non-injurious price has been taken on quarterly basis and then return has been calculated on quarterly basis. It has been the consistent practice of the Authority to calculate return for the period of investigation as a whole.
- j. The Authority is requested to recommend the imposition of anti-dumping duty for a period of five years. A shorter duration would not allow the domestic industry sufficient time to recover from the significant injury caused by the dumped imports.

K.3 Examination by the Authority.

136. The Authority has examined the post-disclosure submissions made by the interested parties. It is observed that the majority of these submissions are reiterations of arguments and contentions that have already been examined and addressed to the extent deemed necessary in the relevant paragraphs of these final findings. For the sake of brevity, the Authority has refrained from repeating the responses to such issues in this post-disclosure examination. However, any new issues raised for the first time in the post-disclosure submissions, as well as those previously addressed but deemed by the Authority to require further examination, are examined and addressed hereinunder.
137. On the comments that decline in profitability was due to the establishment of the Dahej plant and competition with other domestic producers, the Authority notes that it has examined in the disclosure statement that profitability of the Dahej plant is more than the other plant. Further the assertion related to inter-se competition is not supported by any evidence. The Authority notes that the dumping margin has been found to be positive in

respect of all the subject countries. Therefore, it cannot be considered that the injury suffered by the domestic industry is due to inter-se competition.

138. With reference to the inclusion of 98% purity acetonitrile within the scope of the product under consideration, the Authority notes that the available records clearly justify the inclusion of 98% purity acetonitrile in the scope, which was already explained in the disclosure statement. While KCIL claimed a 19% volume loss during the conversion of low-purity to high-purity acetonitrile, the data indicates a lower actual volume loss. The domestic industry reported a volume loss of [***]%. However, the Authority refers to the norms set by the Government of India's norms committee, which have been deemed appropriate for determining volume loss. Regarding conversion costs, the cost claimed by KCIL was taken into account. It was noted that KCIL's calculation did not factor in the income from the sale of impurities. The Authority observes that when accounting for volume loss due to impurities has been considered, the associated income should also be included in the cost of production. This method was also applied in the calculation of the non-injurious price for the domestic industry. Consequently, the conversion cost was adjusted to include the income from impurities reported by KCIL for determining the normal value and non-injurious price for Russia. KCIL also argued that the return on net fixed assets for producing 99.9% purity acetonitrile should not be factored into the non-injurious price for 98% purity acetonitrile. However, no supporting information has been provided by the user.
139. KCIL has alleged that the domestic industry intentionally selected high-cost pharmaceutical products and medicines, which consume smaller quantities of acetonitrile, to portray minimal impact. KCIL submitted the SION (Standard Input Output Norms) for Captopril USP (Powder) and Loratadine. While KCIL provided SION details for these products, it did not submit any data regarding the impact of anti-dumping duties. Furthermore, the domestic industry presented evidence indicating that the acetonitrile used by pharmaceutical companies is recovered from the reaction mixture after the completion of the process and can be reused.
140. With regard to the comments by other interested parties that the injury to the domestic industry is due to the fluctuating raw material costs, changing consumer preferences, and increased competition, the Authority notes that the interested parties have advanced mere statements and have not produced any verifiable documentary evidence to substantiate their claims. The demand in the domestic market shows an increase in the period of investigation; and, therefore, the contention that the injury is due to "changing consumer preference" cannot be considered. The Authority also draws reference to the WTO Panel Report in China X-Ray Equipment, wherein the Panel held that where an interested party identifies a factor other than dumped imports causing injury but does not provide evidence showing how this factor is causing injury to the domestic industry, the investigating authority is not required to make a determination with regard to that factor.

141. On the comment filed by the interested parties that end user based exemption should be provided for the imports of Acetonitrile in impure form, the Authority notes that Acetonitrile in impure form does not have any independent use. The product is imported, purified and sold in competition with the domestic industry's supplies and pure form of acetonitrile imported from subject countries. The domestic industry has provided evidence that the acetonitrile supplied by KCIL competes with its product. In view of the same, it is not found appropriate to grant any end user based exemption to the imports of acetonitrile in impure form.

L. CONCLUSION

142. Having regard to the contentions raised, information provided, and submissions made by the interested parties and facts available before the Authority, as recorded in the above findings, and on the basis of above analysis of the dumping, injury and causal link to the domestic industry, the Authority concludes as follows:
- a. The product under consideration is Acetonitrile. The scope includes imports of Acetonitrile in any purity.
 - b. Acetonitrile of 98% or lower purity imported into India competes with 99% purity acetonitrile supplied by the domestic industry and is therefore required to be considered part of the product under consideration.
 - c. The product supplied by the applicant is a like article to the imported product from the subject countries.
 - d. The applicant constitutes domestic industry within the meaning of Rule 2(b) and satisfies the criteria of standing in terms of Rule 5(3) of the Rules.
 - e. The application has also been supported by Balaji Amines Limited and Jindal Speciality Chemical.
 - f. Three producers from China participated in the present investigation but no one claimed market economy treatment. Therefore, the cost and price of the Chinese producers have not been accepted.
 - g. Producers from Russia and Taiwan registered in the present investigation but did not file a response. The normal value and export price has therefore been determined as per facts available.
 - h. Considering the normal value and export price for the subject goods, dumping margin for the subject goods from the subject countries has been determined and the margin is positive.
 - i. The imports from subject countries have significantly increased in the period of investigation in comparison to the preceding year in both absolute and relative terms.
 - j. The import price is below the selling price of the applicant resulting in positive price undercutting.
 - k. While the cost of sales has declined in the period of investigation, the decline in the selling price is higher. The prices of the domestic industry are depressed.
 - l. The domestic industry has set up a new plant of 16,500 MT with an investment of Rs 150 cr. The applicant has not been able to increase its market share in line with

- the increase in the capacity installed. The applicant's market share has reduced in the period of investigation, and that of the subject countries has increased.
- m. The applicant has suffered financial losses. The applicant has seen a decline in cash profit, and a significant decline in return on capital employed. On quarterly basis, the applicant's profitability has consistently declined. The applicant was profitable in the first two quarters (which were low). They have turned into severe losses in the last two quarters of the period of investigation.
 - n. The growth of applicant has been adversely affected as while most of the volume parameters have improved, they are below the expected level and the price parameters have suffered a significant decline.
 - o. The profit before interest, cash profit and return on capital employed are marginally positive in the period of investigation but when seen on a quarterly basis, they have turned negative in the last two quarters.
 - p. The ability to raise capital has been adversely impacted.
 - q. The investigation has not shown any other factor which could have caused injury to the domestic industry.
 - r. The evidence provided by the domestic industry shows subject goods are recovered from the reaction mixture after end of the reaction process. Therefore, the consumption of the product is low.
 - s. It is seen that the impact of the duties will not be significant

M. Recommendations

- 143. 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, causal link and impact of recommended measures. Having initiated and conducted the investigation into dumping, injury, and causal link in terms of provisions laid down under the anti-dumping rules, the Authority is of the view that imposition of anti-dumping duty is required to offset the dumping and injury. The Authority considers it necessary and recommends imposition of anti-dumping duty on imports of the subject goods from the subject countries.
- 144. Having regard to the lesser duty rule followed by the Authority, the Authority recommends the imposition of an anti-dumping duty equal to the lesser 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 for a period of 5 years from the date of notification to be issued in this regard by the Central Government, equal to the amount mentioned in Col. 7 of the duty table appended below.

DUTY TABLE

SN	Heading/ subheading	Description of the goods	Country of origin	Country of export	Producer	Amount	UOM	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	292690	Acetonitrile*	China PR	Any country including China PR	Nantong Liyang Chemical Co., Ltd.	202	MT	USD
2	-do-	-do-	China PR	Any country including China PR	Shandong Kunda Biotechnology Co., Ltd	292	MT	USD
3	-do-	-do-	China PR	Any country including China PR	Weifang Zhonghui Chemical Co., Ltd	260	MT	USD
4	-do-	-do-	China PR	Any country including China PR	Any producer other than mentioned in SN 1, 2 and 3.	481	MT	USD
5	-do-	-do-	Any country other than China PR, Taiwan and Russia	China PR	Any producer	481	MT	USD
6	-do-	-do-	Russia	Any country including Russia	Any producer	292	MT	USD
7	-do-	-do-	Any country other than China PR, Taiwan and Russia	Russia	Any producer	292	MT	USD
8	-do-	-do-	Taiwan	Any country including Taiwan	Any producer	233	MT	USD
9	-do-	-do-	Any country other than China PR, Taiwan and Russia	Taiwan	Any producer	233	MT	USD

#The customs classification is indicative only and not binding on the scope of the product under consideration.

** Acetonitrile is also known as MeCN (Methyl Cyanide), Cyano methane, Ethane Nitrile, Ethyl Nitrile and Methane Carbonitrile. The product under consideration covers Acetonitrile known by any name and with any level of purity.*

N. Further procedure

145. An appeal against the determination/review of the Designated Authority in this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.



(Darpan Jain)

Designated Authority