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Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
Udyog Bhawan, New Delhi

Dated the 2nd July 2010

FINAL FINDINGS

Sub:- Final Findings of Anti-dumping investigation on imports of Digital Versatile Discs- Recordable (DVD-R and DVD-RW) from Malaysia, Thailand and Vietnam

No.14/16/2009-DGAD: - Having regard to the Customs Tariff Act 1975 as amended in 1995 (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, (hereinafter referred to as the Rules) thereof:

2. WHEREAS Optical Disc Manufacturers Welfare Association (ODMWA), New Delhi (herein after referred to as the Applicant) has filed an application before the Designated Authority (hereinafter referred to as this Authority), in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (herein after referred as Rules), alleging dumping of Digital Versatile Discs Recordable (DVD-R and DVD-RW) (hereinafter referred to as subject goods), originating in or exported from the Malaysia, Thailand and Vietnam (herein after referred to as subject countries) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods. The embassies of subject countries were notified about the receipt of fully documented application as per Rule-5(5).

3. And Whereas, the Authority on the basis of sufficient evidence submitted by the applicant on behalf of the domestic industry, issued a public notice dated 5th May, 2009 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods originating in or exported from the subject countries in accordance with sub-Rule 6(1) of the Rules to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied would be adequate to remove the injury to the domestic industry.

A. General

4. Procedure described below has been followed with regard to this investigation after issuance of the public notice notifying the initiation of the above investigations by the Authority:-

- (i) On 5th May, 2009, the Designated Authority (hereinafter referred to as Authority) under the aforesaid Rules, issued an Initiation Notification No.14/16/2009-DGAD published in the Gazette of India, initiating an anti dumping investigation with regard to imports of Digital Versatile Discs- Recordable (DVD-R and DVD-RW) originating in or exported from Malaysia, Thailand and Vietnam (hereinafter referred to as subject countries). The Anti dumping proceeding was initiated following an application received from M/s Optical Disc Manufacturers Welfare Association (ODMWA), New Delhi (hereinafter referred to as the applicant). The application contained evidence of dumping of the said product and material injury resulting there from, which was considered sufficient to justify the initiation of the proceedings.
- (ii) The Authority notified the Embassies of the subject countries in India about the receipt of fully documented application made by the applicant before proceeding to initiate the investigation in accordance with sub-rule(5) of Rule 5 supra.
- (iii) The Authority sent copies of initiation notification dated 5.5.2009 to the Embassies of the subject countries in India, known exporters from the subject countries, importers and the domestic industry as per the addresses available, and requested them to make their views known in writing within 40 days of the initiation notification.
- (iv) The Authority provided copies of the non-confidential version of the application to the known exporters and to the Embassies of subject countries in accordance with Rule 6(3) supra.
- (v) The Embassies of the subject countries in New Delhi, were informed about the initiation of the investigation in accordance with Rule 6(2) with a request to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time. A copy of the letter and questionnaire sent to the exporters were also sent to Embassies of subject countries along with the names and addresses of the exporters.
- (vi) The Authority sent questionnaires, to elicit relevant information to the known exporters in subject countries in accordance with Rule 6(4).

- (vii) In response to the above said notification one exporter M/s Ritek Vietnam Co. Ltd from Vietnam has submitted the information. Other exporters from subject countries who have not filed response to the questionnaire have been treated as non-cooperative.
- (viii) A copy of questionnaire was also sent to the known importers and users of subject goods in India calling for necessary information in accordance with Rule 6(4) of the AD Rules:
- (ix) In response to the above notification, none of the importers has responded to the questionnaire.
- (x) The period of investigation (POI) for the purpose of present investigation is 1st April 2008 to March 2009 (12 months). The injury analysis however covers the periods April,2005-March,06, April,2006–March,2007, April,2007-March,2008 and the POI.
- (xi) Request was made to the DGCI&S to arrange details of imports of subject goods for the past three years and the period of investigation. Data has since been received from DGCI&S, and has appropriately been relied upon in this finding.
- (xii) Optimum cost of production and cost to make and sell the subject goods in India based on the information furnished by the petitioner on the basis of Generally Accepted Accounting Principles (GAAP) was worked out so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;
- (xiii) The Authority notified Preliminary Findings vide NotificationNo.14/16/12009-DGAD dated the 13th November 2009 and requested the interested parties to make their views known to the Authority in writing within forty days from the date of publication of the notification. Subsequently a corrigendum 1 and corrigendum 2 were issued on 22nd December 2009 and 26th February 2010 respectively.
- (xiv) The Central government imposed the provisional duties vide Notification No.48/2010-DGAD dated 12th April, 2010.
- (xv) The Authority also carried out verification of data of the cooperating exporter ie. Ritek Vietnam Co. Ltd, Vietnam, to determine the market economy status, normal value and dumping margin as per the Rules.
- (xvi) The Authority held a public hearing on 9.2.2010 to hear the interested parties orally. The parties attending the public hearing were requested to file written submissions of views expressed orally. Only the domestic industry attended the public hearing and subsequently submitted the written submission.

- (xvii) Arguments raised by interested parties before notification of preliminary findings, which have been brought out in the preliminary findings have not been repeated herein for sake of brevity. However, arguments of interested parties that were brought before the Authority after the notification of the preliminary findings have been appropriately dealt in this findings.
- (xviii) The Authority got verified the data and information submitted by Ritek Vietnam Co. Ltd., producer/exporter from Vietnam in response to the exporter's questionnaire. Comments received from the exporter on the verification report have been appropriately dealt in the Final Findings.
- (xix) In accordance with Rule 16 of the Rules supra, the essential facts/basis considered for these findings was disclosed on 21st June, 2010 and comments received thereon are appropriately addressed in the final findings.
- (xx) *** in this finding represents information furnished by the interested parties on confidential basis and so considered by the Authority under the Rules.

B. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLES

5. The product under consideration is "Recordable Digital Versatile Disc [DVD] of all kinds" which is being dumped in the Indian market by the exporters from Malaysia, Thailand and Vietnam. DVD can be of a number of types, such as DVD-R, DVD+R, DVD-RW, DVD+RW, mini DVD-R, mini DVD-RW. A DVD can be recorded once or several times.

DVD-R and DVD+R discs can be either single or double-sided. A single-sided (SS) disc is composed of a recording side and a dummy side while a double-sided (DS) disc consists of two recording sides. The recording side of a DVD-R and DVD+R disc is a sandwich of a number of layers.

- Mastering : A process of forming a master for optical disks, generally referred to as "mastering", is where a nickel or the like metallic master, i.e., "stamper", is formed at its final step. A large number of optical disks are duplicated with use of the stamper as a mold in a succeeding molding process.
- Moulding: First comes a polycarbonate plastic substrate containing a shallow spiral groove extending from the inside to the outside diameter of the disc.
- Dye Coater: In this section an organic dye recording layer (AZO) is applied on blank substrate . This layer acts as recording layer. Dye is applied using spin coating and the metal layers by means of DC sputtering.
- Sputter (Metallizing): A metal reflective layer is applied on disc (silver).
- Bonding: An adhesive then bonds two recording sides (for a double-sided) or a recording and dummy side (for a single-sided) together into the final disc. Some single-sided discs are also topped on the dummy side with decorations or additional layers that provide surfaces suitable for labeling by inkjet, thermal

transfer or re-transfer printers. Bonding is done by using a hot melt, UV cationic or free radical process

- Printing: Then required printing design is applied by screen printing method.
- Construction of DVD-RW and DVD+RW: To allow information to not only be written but also re-written many times over, DVD-RW, DVD+RW) disc construction is more complex than that of DVD-R and DVD+R (recordable). Just like a recordable disc, a rewritable disc can be either single or double-sided. The recording side of a rewritable disc also uses multiple layers beginning with a polycarbonate plastic substrate containing a shallow spiral groove extending from the inside to the outside diameter of the disc.

6. Next comes a dielectric layer (zinc sulfide and silicon dioxide), followed by a phase-change alloy recording layer (either indium, silver, tellurium and antimony or germanium, tellurium and antimony), another dielectric layer and a metal reflective layer (silver, silver alloy, aluminum). Additional layers may also be incorporated above or below the dielectric layers (germanium nitride, silicon carbide, silicon dioxide, silicon nitride, zinc sulfide, antimony telluride and others).

7. The dummy side consists of a flat polycarbonate plastic substrate sometimes with an additional metal layer. An adhesive then bonds the sides together into a single disc.

8. Rule 2(d) of the Anti Dumping rule specified that like article means an article, which is identical and alike in all respects to the product under investigation or in the absence of such article, another article having characteristics closely resembling those of the article under examination.

9. The applicant has claimed that the goods produced by them are “like articles” to the goods originating in or exported from the subject countries. Recordable Digital Versatile Disc [DVD] produced by the domestic industry and imports from subject countries are comparable, technically and commercially substitutable in terms of physical, technical characteristics, functions and uses. Therefore, for the purpose of present investigation the Recordable Digital Versatile Disc [DVD] produced by the applicant is proposed to be treated as like articles of Recordable Digital Versatile Disc [DVD] imported from subject countries within the meaning of the Anti Dumping Rules.

10. The product is classified under ITC (HS) and Customs Classification No.8523. The product is imported from the subject countries under Chapter 8523 of the Customs Classification and is classified under following ITC(HS) Codes at eight digit level:-

85232920,85232950,85232970,85234040,85234050,85234060;85234080,8523409,85238090,85235290,85238050,85239010,85239040,85239050 and 85239090.

However the above classification is indicative only and is no way binding on the investigation.

Views of the interested parties

11. None of the interested parties has filed any submission in regard to this aspect.

Examination by the Authority

12. The authority notes that none of the interested parties has raised any argument on the issue of product under consideration. The Authority, therefore, holds that the goods produced by the domestic industry are like articles of the subject goods imported from the subject countries.

C. STANDING AND SCOPE OF THE DOMESTIC INDUSTRY

13. With regard to standing of the domestic industry, Rule 2 b states as under:-

“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 which case such producers shall be deemed not to form part of the domestic industry.

Views of the interested parties

14. None of the interested parties has raised any argument on the standing of the applicant as domestic industry.

Examination by the Authority

15. M/s Optical Disc Manufacturers Welfare Association, New Delhi through TPM Consultants, New Delhi has filed the petition on behalf of the domestic industry. As per the information available, M/s Moserbaer India Ltd. is the only producer of the subject goods during the POI. The Authority holds that the applicant has the requisite standing to file the petition for anti dumping investigation on behalf of domestic industry under Rule 5(3)(a) of Rules and constitutes domestic industry as per Rule 2(b).

D.1 DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

Normal Value

Market Economy Treatment for Exporters from Vietnam

16. Views of the Domestic Industry

- a) The following can form the basis for determination of normal value in the exporting countries.
 - i) The price of like article in the domestic market of the exporting country in the *ordinary course of trade*.
 - ii) Comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country.
 - iii) The cost of production of the said article in the country of origin along with reasonable addition for administrative, selling & general costs and for profits.
- b) Following choices available for determination of normal value in the present case
 - i) normal value based on Malaysia.
 - ii) normal value based on cost of price to India
- c) A reasonable addition of the expenses incurred at Chinese Taipei to the cost of production at Vietnam needs to be done to determine the actual cost to make and sell.
- d) Vietnam is a non-market economy and should be treated as such for determination of normal value for all the exporters.
- e) M/s Ritek Vietnam Co. Ltd administers the activities or had the de-facto control over the Vietnamese company. And therefore a reasonable addition of the expenses incurred at Chinese Taipei to the cost of production at Vietnam needs to be done to determine the actual cost to make and sell.
- f) In the absence of cooperation from exporters, the normal value of Malaysia and Thailand should be constructed on the basis of facts available as per Rule 6(8).

Examination by the Authority

17. At the stage of initiation, the Authority proceeded with the presumption of Vietnam as a non-market economy country as per para 8(2) of Annexure 1 of the Rules. Upon initiation, the Authority advised the producers/Exporters in the country to respond to the notice of initiation and provide information relevant to determination of their market economy status.

18. The Authority sent copies of the MET questionnaire to all the known exporters for rebutting presumption of non market economy in accordance with criteria laid down in para 8(3) of Annexure-I to the Rules. The Authority also requested Government of Vietnam to advise producers/exporters in their country to provide information. Only one exporter, namely, Ritek Vietnam Co. Ltd. filed response to the MET questionnaire.

19. In the preliminary findings, it was mentioned that the market economy status for Ritek Vietnam would be decided after verification of information submitted by the company in response to MET questionnaire. However, the Authority notes that Ritek Vietnam Company Limited had already been granted the market economy status in the case of Compact Disc – Recordable (CD-R) from Iran, Malaysia, Korea ROK, Thailand, UAE and Vietnam, vide Authority's Final Findings No. 14/9/2007-DGAD dated 6.3.2009 which pertained to POI from 1st April 2006 to 30th June 2007. It is further noted that the POI in the present proceedings is April 2008 to March 2009 which is after the Market Economy Status was granted.

20. Designated Authority has already taken a position in this regard in the case of Ceramic Tiles vide Final Findings No. 14/16/2008-DGAD dated 9 October 2009 vide which DA has decided not to conduct any fresh examination for the entities who have been accorded market economy treatment in some other investigation and such entities have been treated as working in accordance with market principles for the purpose of final findings (Para 20 of the said findings pertaining to exporter/producer Foshan Shunshui Summit Ceramic Co Limited and Shunshui Newpearl Building(Producers)- Foshan Newpearl Trade Company Limited and Foshan Summit Kangjian Ceramics Co. Limited(Exporters).

21. In the present case, market economy status has already been accorded to the exporter/producer, Ritek Vietnam in the CD-R case mentioned above vide Final Findings dated 6.3.2009. Further, Government of India, of late, has bilaterally recognized Vietnam as a full market economy through an MOU signed on 25.10.2009. These facts notwithstanding, the following aspects of MET vis-à-vis Ritek Vietnam were verified during the exporter's verification :-

- (a) As regards the ownership, the company Ritek Vietnam is a 100% foreign invested company and the investment is from Score High Group. Therefore, there is no state share in the company.
- (b) The aspect of state control/interference also did not come to the notice as there is no state representation in the Board. The entire Board of Directors consists of

the representatives of RCT, Taiwan who are holding the operational control of Ritek, Vietnam.

- (c) The raw materials including the major raw material i.e. polycarbonate are imported by Ritek, Vietnam through RCT, Taiwan from LG, Sabic, Ciba, etc. which are renowned multi-national companies. This rules out state interference in the price of raw materials.
- (d) Power is bought from Amata Power which is a private and un-affiliated company.

In view of the above position, the Authority holds that the producer/exporter Ritek Vietnam is run according to market economy principles

Normal Value

Normal Value for M/s Ritek Vietnam Co. Ltd.

22. Post-disclosure submission made by domestic industry

Normal value of Ritek – Domestic industry has raised the issue of correct assessment of cost of production of the company. Following are stated to be relevant in this regard.

- a. Raw material prices – The disclosure statement confirms that the exporter has provided grossly incomplete information. It is also relevant to point out that it was obligatory on the part of the exporter to provide relevant evidence with regard to arm's length transaction alongwith questionnaire response. The exporter has obviously chosen not to provide relevant information only of the fact that the costs have been under-estimated by the company.
- b. Assets value (depreciation costs) – domestic industry has been repeatedly raising the issue that the assets value being reported in Ritek, Vietnam cannot be taken on face value in view of the fact that the machines have in fact been purchased by Ritek Taiwan and provided to Ritek Vietnam. The exporter was required to establish how the assets represent fair market value. Such assessment is vital in view of its impact on depreciation costs.
- c. Interest costs – in view of the fact that the loans for purchase of assets might have been taken by the related Taiwanese entity, the interest cost is required to be correctly established. Interest costs in such cases are taken considering the costs incurred by the company and costs booked in the parent company.

Issues raised on behalf of the exporter post-disclosure

23. M/s. Ritek Vietnam Co. Ltd., Vietnam has responded to the Disclosure Statement and the main submissions made by them are summarized below:-

- (i) With regard to the DA's observation on the need to prove that the transactions entered into with their related parties are at arm's length, the

Co. has stated that the time allowed to them to respond was not sufficient and in the absence of any guidelines on the number invoices to be made available to prove that all the related transactions were done at arm's length, the Company could submit only few copies of the relevant invoices. Therefore there is no reason for DA for not accepting the actual costs submitted by the Co. for computing normal value. If the Authority is still not satisfied it may carry out the physical verification at Taiwan.

- (ii) With regard to the consumption of raw materials for the production of DVDR, it was mentioned that sale of one of the raw materials (silver) was erroneously included in the total consumption of raw materials and since the details of silver sold by the company have been furnished now, the DA is requested to consider the cost of consumption of silver for production of DVDR/CDR after deducting the cost of silver sold from the total consumption furnished earlier.
- (iii) With regard to the allocation of depreciation between DVDR & CDR, it has been mentioned that the basis of direct labour adopted by the Authority is not correct as production of both the products is capital intensive and not labour intensive. Further, the Authority have not furnished the basis for making a statement that the efforts and processes involved in the manufacture of DVDR are almost double the one required for CDR. In view of the above, the Authority can make allocation of depreciation between DVDR and CDR on the basis of their production ratio.
- (iv) With regard to the addition of financial expenses at the rate of 5% of cost of sales, it has been mentioned that there is no room in law or logic to ignore the actual financial structure of the exporter and make additions on the basis of notional or imaginary financial structure. Further, as per the decision of the Hon'ble Supreme Court, the Authority is required to consider the actual cost incurred by the exporter. It has been an accepted principle of financial management that the best capital structure of the company has to be such where overall cost of capital is minimized to maximize the profitability. Very low or no debt is acceptable in common business practice, and in any case it is the sole decision of the individual firm. In view of the above, the Authority should consider the actual financial expenses incurred by the exporter without making any notional addition.
- (v) With regard to taking profitability at 5% of cost, it is mentioned that the exporter and the parent has incurred losses, the profit actually earned by the parent company on the operation of the similar business including subject goods, profit considered by the Authority would certainly be on higher side. The Authority is therefore requested to consider providing profit @ 3% for the purpose of CNV as the business in South East Asia is normally done at a profit of 2 to 3% with large volumes.

- (vi) It is submitted that the current exchange rate during the POI of 17605.93 VND per US\$, based on average daily rate during the POI may be adopted.

Examination by the Authority

24. The exporters' verification was made in the first week of June 2010 after giving proper notice. It is expected that the company would furnish all the relevant documents in the support of their transactions at the place of verification. During the verification, it was however noted that the bulk of the raw materials and capital goods were purchased from related parties. It was for the concerned exporter to provide all necessary documents in support of their claim that all the related party transactions had taken place at arm's length. Further, the verification report issued to the company mentioned that the Co. had agreed to prove arm's length transactions by producing relevant invoices. However, the company has provided copies of the few selective sample invoices chosen by them. The value of the invoices produced by the Co. in support of their claim about related parties' transactions at arm's length was is meager as compared to the total transactions with the related parties. In the absence of details about the invoice-wise purchase made by the exporter and corresponding purchases made by the related parties, it would be difficult for the Authority to verify the claim of the Co. Though more than 15 days have elapsed since the issue of the verification report and both exporter and its parent company have computerized system of accounting, the exporter has not provided the details to prove their claim.

25. At the time of verification, the company had not informed that the consumption figures included sale of silver also. In this connection, it may be mentioned that from the details furnished now ***units of silver has been purchased during POI from related company and out of which *** units of silver (****%) have been sold to the same related company. According to the details now furnished by the exporter it is submitted that they had consumed only *** units of silver as against ***units in Appendix-5. Further, there is nothing on record to provide the reasons for the exporter to purchase huge quantity of silver from the related party and again selling the same to the same related party. In response to the observation of the Authority in the verification report that the separate consumption values were not provided for DVDR, the exporter stated that the item-wise consumption value for the DVDR were provided which are separately booked in the company ERP system. However, the Authority notes that no such details were furnished at the time of verification and only now the company has provided the details of consumption of different raw materials for CDR and DVD. The Authority in the absence of verification from the records is therefore now not in a position to accept the above claim of the exporter.

26. With regard to the allocation of depreciation between DVDR and CDR, it may be mentioned that the authority is of the view that direct labour is linked with the direct machine hour as machines are to be manned by the labour and therefore there is nothing wrong in adopting the direct labour ratio in the absence of machine hours

required or production cycle time for DVDR and CDR. The exporter has not provided any documents to prove that submissions as to actual time consumed in manufacture of these two products. Based on the facts available, the Authority notes that the production cycle time of DVD-R is almost twice that of the CDR. In view of the above the Authority is not in a position to accept the submission of the exporter to give equal weightage to both DVDR and CDR in allocation of per unit cost of depreciation by adopting the production ratio.

27. With regard to the addition of 5% for financial expenses as against the one allocated to DVDR, it may be mentioned that it is a known fact that the cost of equity funds is costlier than the cost of borrowed funds and in the instant case the entire capital assets were through equity contributed by Promoter Company. Further, due to the fact that bulk of the purchases and sales were made through the related parties, the company had borrowed very little working capital loans. As per antidumping rules, the Authority is inter alia required to normally determine the cost on the basis of records kept by the producer provided such records reasonably reflect the cost associated with production and sale of the article and make reasonable addition for SGA and profits.

28. As per practice, the Authority has allowed 5% of cost of sales as reasonable to provide for a profit. The authority has adopted the average exchange rate of USD=VND 17093.14 as per oanda.com.

29. In view of the above, the Authority finds that the normal value proposed in the disclosure does not require any change except on account of exchange rate adopted as above. As regards normal value for Ritek Vietnam, the Authority notes that the company has no domestic sale of the subject goods in Vietnam during the POI. During the onsite verification, it was noted that the raw material/capital goods were purchased by the exporter from their own group companies/promoters. The company was asked to provide evidence that these transactions were carried out at arm's length and were as per prevalent market conditions. This was also conveyed vide the Verification Report issued in this regard. Vide reply to the verification report, it was stated that the sample invoices in respect of raw material are being collected and would be submitted. Only one single invoice in respect of purchase of few machines was, however, submitted. In the given circumstances, the authority constructs normal value based on facts available which include the cost of production of the exporter of the exporter, to the extent verified, as well. The normal value for Ritek Vietnam is thus constructed as US\$ ***/1000 pieces.

Normal Value for non-cooperating exporters from Vietnam

30. The normal value for non-cooperating exporters from Vietnam is the same as determined for M/s Ritek Vietnam Co. Ltd.

Normal Value for non-cooperating exporters from Malaysia

31. No exporter from Malaysia has responded to the Initiation Notification nor provided information about normal value. In absence of co-operation, the Authority

treats all exporters from Malaysia as non-cooperative and proposes to determine normal value for all exporters from Malaysia at the same level as in preliminary findings, The Authority has constructed normal value on the basis of facts available as per Rule-6(8). Price of Polycarbonate, one of the main raw material has been taken as that of cost to domestic industry . (The prices of Polycarbonate for imports to Malaysia as per World Trade Atlas was much higher than that of domestic industry). Prices of other raw materials, consumption norms for the raw materials , utilities and conversion cost have been taken as that of the domestic industry in India. To this financial cost and profit @5% each has been added to construct the normal value. By this methodology, the normal value for Malaysia is determined as below.

Value in US\$ per”000 Pcs.

Normal value	Cake box	BOS
DVD-R	***	***
DVD-RW	No imports	No imports

Normal Value for non-cooperating exporters from Thailand

32. No exporter from Thailand has responded to the Initiation Notification nor provided information about normal value. In absence of co-operation, the Authority treats all exporters from Thailand as non-cooperative and proposes to determine normal value for all exporters from Thailand at the same level as in preliminary findings, The Authority has constructed normal value on the basis of facts available as per Rule-6(8). Price of Polycarbonate, one of the main raw material has been taken as that of cost to domestic industry . (The prices of Polycarbonate for imports to Thailand as per World Trade Atlas was much higher than that of domestic industry). Prices of other raw materials, consumption norms for the raw materials , utilities and conversion cost have been taken as that of the domestic industry in India. To this financial cost and profit @5% each has been added to construct the normal value. By this methodology, the normal value for Thailand is determined as below.

Value in US\$ per”000 Pcs.

Normal value	Cake box	BOS
DVD-R	***	***
DVD-RW	No imports	No imports

D.2 Export Price

33. Views of domestic industry

- a) With respect to Vietnam, the petitioner submits that for determination of export price, the Authority may investigate the actual amount towards SGA expenses incurred by the exporter at Chinese Taipei.

- b) The domestic industry also requested the Authority to investigate as to who administers the activities of or has the defacto control over the Vietnamese company.

Examination by the Authority

Vietnam

Export price for Ritek Vietnam Co. Ltd.

34. M/s-Ritek Vietnam Co. Ltd .from Vietnam has co-operated and provided transaction wise details of exports to India. The transaction-wise details of exports to India have been verified and weighted average CIF value of exports to India during POI is worked out as US\$***/'000 Pcs. Adjustments duly verified on account of account of Ocean freight, handling and clearance, insurance (***)%, bank charges (***)% are considered to arrive at the net export price. Thus, the net export price at ex-factory level is determined as US\$ ***/'000 Pcs. for BOS packing (imports from Vietnam are in BOS packing only).

Export price for non-cooperating exporters from Vietnam

35. For non-cooperating exporters from Vietnam, the export price is determined on the basis of the lowest of export prices of Ritek Vietnam Co. Ltd. during POI. Accordingly, CIF export price for non-cooperative exporters from Vietnam is worked out as US\$***/'000 Pcs. Adjustments duly verified for cooperating exporter, Ritek Vietnam as stated above are adopted to arrive at the net export price. Thus, the net export price at ex-factory level for non-cooperative exporters from Vietnam is determined as US\$ ***/'000 Pcs. for BOS packing.

Export price for non cooperating exporters from Malaysia

36. As no exporter from Malaysia has cooperated and no other interested party has made any submission on the export price determined by the Authority in preliminary findings No.14/16/2009-DGAD dated 13th November 2009, the Authority adopts the same net export price for exporters of Malaysia for the purpose of Final Findings as well. Thus, the net export price for all exporters from Malaysia is determined as under:-

Value in US\$ per'000 Pcs.

Normal value	Cake box	BOS
DVD-R	***	***
DVD-RW	No imports	No imports

Export price for non-cooperating exporters from Thailand

37. As no exporter from Thailand has cooperated and no other interested party has made any submission on the export price determined by the Authority in preliminary findings No.14/16/2009-DGAD dated 13th November 2009, the Authority adopts the same net export price for exporters of Thailand for the purpose of Final Findings as well. Thus, the net export price for all exporters from Thailand is determined as under:-

Value in US\$ per"000 Pcs.

Normal value	Cake box	BOS
DVD-R	***	***
DVD-RW	No imports	No imports

D.3 Dumping Margin

38. There is sufficient evidence that the normal values of the subject goods in the subject countries are significantly higher than the net export prices indicating that the subject goods are being dumped by the exporters from the subject countries.

39. On the basis of comparison of normal values and export prices as determined above, the dumping margin is determined as under: -

Vietnam

Value in US\$ per"000 Pcs.

	Ritek Vietnam	Non co-operative exporters
Normal Value	***	***
Export Price	***	***
Dumping Margin	29.75	50.51
Dumping Margin(%)	30.10	64.09

Malaysia

Value in US\$ per"000 Pcs.

	DVD R		Weighted Average
	BOS	Cake Box	
Normal Value	***	***	***
Export Price	***	***	***

Dumping Margin	37.53	(21.79)	35.92
Dumping Margin(%)	36.14	(13.18)	34.05

Thailand

Value in US\$ per'000 Pcs.

	DVD R
	BOS
Normal Value	***
Export Price	***
Dumping Margin	25.98
Dumping Margin(%)	22.51

The dumping margins so determined are significant and above de minimis level.

E. Methodology for injury determination and examination of Causal link

40. As regards injury and causal link, the Authority notes that no interested party other than the petitioner has made any submission in this regard after preliminary findings and disclosure. Therefore, the Authority therefore confirms its preliminary findings on injury determination and determination of causal link. Accordingly, the Authority proceeds with final determination of injury and causal link as under:-

E.1 Injury Determination

41. For the purpose of injury analysis the entire imports from the subject countries have been treated as dumped imports.

Submissions by the Domestic Industry

42. The domestic industry raised the following arguments:

- (a) Imports of the product under consideration have significantly increased in absolute terms and in relation to production in India.
- (b) The average imports per month increased significantly even within the proposed period of investigation.
- (c) The imports are significantly undercutting the prices of domestic industry. Resultantly, imports were depressing the prices of the domestic industry in the market.
- (d) Even though capacity, production and sales increased over the period, the increase in these parameters was a result of significant increase in demand

anticipated earlier for the product. However, the domestic industry lost market share.

- (e) Profitability of the domestic industry has significantly declined over the period because of significant price pressure created by the imports.
- (f) Return on investment and cash flow have also deteriorated significantly over the period. The domestic industry is faced with negative return.
- (g) Inventories with the domestic industry have increased significantly.
- (h) Injury to the domestic industry is being caused by the dumped imports considering that the only reason for reduction in selling price is the decline in import prices.

Examination by the Authority

43. The Authority has noted the views expressed by the domestic industry and examined the mandatory factors for the purpose of final injury determination and causal link analysis in these findings.

E.2 Cumulative assessment of injury

44. The Annexure II (iii) of the Anti Dumping Rules requires that where imports of a product from more than one country are being simultaneously subjected to anti dumping investigations, the designated authority will cumulatively assess the effect of such imports, in case it determines that

- (a) The volume of imports from individual countries are above de minimis:
- (b) The dumping margin against individual countries is above 2%; and
- (c) Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles

45. The Authority notes that the dumped imports are entering the Indian market simultaneously from several countries, including the subject countries. Therefore, the issue of cumulative assessment of the injury caused to the domestic industry due to dumped imports from these sources has been examined with respect to the above parameters and it was observed that:

- i) The margins of dumping of individual products from each of the subject countries are more than the de minimis limit;
- ii) The volume of imports of individual products from each of the subject countries is more than the de minimis;
- iii) Imports from the subject countries are significantly undercutting the prices of the domestic industry in the market;

46. In view of the above, the Authority notes that cumulative assessment of injury is appropriate in this case as the exports of individual products from the subject countries

are directly competing amongst themselves as well as with the like goods offered by the domestic industry in the Indian market.

E.3 Examination of Injury and Causal Link

47. 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 domestic producers of such articles....” In considering the effect 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.

48. 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, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.

49. All economic parameters affecting the Domestic Industry as indicated above such as production, capacity utilization, sales volume etc. have been examined as under.

E.4 Volume Effects of Dumped Imports: Import volumes and market shares

a) Import Volumes

50. DVD is specifically importable under Customs Tariff Head 8523.40.80. The transaction-wise data of imports from Impex Statistics shows that the imports have been made under different custom tariff heads. Data from IMPEX Statistics have been relied upon for analysis.

51. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

52. For the purpose of injury analysis the Authority has relied on transaction wise import data procured from IMPEX Statistics. From the data it has been observed that imports of DVD R constitutes bulk of imports. It has also been observed that imports were made in various packing i.e. Cake box and BOS . However, mainly imports were in pack of BOS.

53. Volume of imports of the subject goods from the subject countries have been analysed as under:-

a) Import Volumes and share of subject country

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Imports –Volume					
Vietnam	in'000 Pcs	-	-	-	57,560
Malaysia	in'000 Pcs	339	1,034	9,603	14,249
Thailand	in'000 Pcs	88	4,188	1646	8,088
Subject countries	in'000 Pcs	427	5,222	11,249	79,897
Countries attracting ADD	in'000 Pcs	40,960	42,553	67,635	24,565
Other Countries	in'000 Pcs	2,186	5,709	7,397	10,654
Total Imports	in'000 Pcs	43,574	53,485	86,280	115,117
Total Imports	in'000 Pcs	43,574	53,485	83,962	115,117
Market Share in Imports (volume basis)					
Subject countries	%	0.98	9.76	13.04	69.41
Countries attracting ADD	%	94.00	79.56	78.39	21.34
Other Countries	%	5.02	10.67	8.57	9.26
Imports from subject countries in relation to production	%	0.07	0.56	1.01	4.97
Imports from subject countries in relation to consumption	%	0.64	4.13	4.09	16.80

54. The data shows imports from subject countries increased from 4.27 Lacs in 2005-06 to 798.97 lac pieces during POI, indicating sharp increase of 187 times in imports during POI as compared to base year. As compared to immediate preceding year, the imports increased by 7 times. It has also been observed that imports of DVD was made in different packed forms. However, mainly imports were made in bulk package which constitute 99.49% of the total imports. The other packages were in cake box. It has been observed that imports have increased in absolute term, in relation to production and consumption.

b) Demand, Output and Market shares

i) Growth In Demand

Demand	Unit	2005-06	2006-07	2007-08	2008-09
Sales of Domestic Industry- Domestic sale	in'000 Pcs	21,270	71,055	188,727	360,375
Sales of Other Indian Producers	in'000 Pcs	1,917	1,845	-	-

Subject countries-Imports					
Vietnam	in'000 Pcs	-	-	-	57,560
Malaysia	in'000 Pcs	339	1,034	9,603	14,249
Thailand	in'000 Pcs	88	4,188	1,646	8,088
Subject countries-Imports	in'000 Pcs	427	5,222	11,249	79,897
Countries Attracting ADD-Imports	in'000 Pcs	40,960	42,553	67,635	24,565
Other Countries-Imports	in'000 Pcs	2,186	5,709	7,397	10,654
Total Demand/Consumption	in'000 Pcs	66,761	126,385	275,007	475,492

55. Demand of subject goods has been determined by addition of domestic sales of Indian industry and imports from all countries. From the data, it has been observed that the demand for the subject goods had been growing from base year to POI. The data indicates that the demand grew in POI by 7 times as compared to base year and by 73% as compared to immediate preceding year.

ii) Production of the Domestic Industry

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Capacity Utilization					
Capacity	Lac Pcs	9,885	13,791	15,432	16,087
Production	Lac Pcs	6,435	9,344	11,101	12,171
Capacity Utilization	%	65.10	67.75	71.94	75.66

56. The above data shows that capacity of the domestic industry has been increasing every year. Similarly production also shows healthy growth. In POI, the production grew by 89% as compared to base year and 10% as compared to immediate preceding year. It has further been noted that the domestic industry has significant export sales which has increased by 49% as compared to base year. However, it declined slightly in POI (approximate 5%) as compared to immediate preceding year. The Authority observed that the increase in capacity and production was on account of exports as well as domestic sales. However, the domestic industry is left with significant idle capacity.

iii) **Sales of Domestic Industry**

	Unit	2005-06	2006-07	2007-08	POI
Domestic Sales	Lac Pcs.	213	711	1,887	3,604
Export Sales	Lac Pcs.	5,613	7,778	8,847	8,368

57. The data on sales indicates that the domestic industry sold 213 Lac Pcs of subject goods during 2005-06 and the same increased to 3,604 Lac Pcs during POI. The sale of domestic industry has been increasing throughout the injury period.

iv) **Demand and Market Share :**

58. Both the demand as well as market share of domestic product has been continuously increasing from the base year to the POI.

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Sales of Domestic Industry	in'000 Pcs	21,270	71,055	188,727	360,375
Sales of Other Indian Producers	in'000 Pcs	1,917	1,845	-	-
Subject countries-Imports					
Vietnam	in'000 Pcs	-	-	-	57,560
Malaysia	in'000 Pcs	339	1,034	9,603	14,249
Thailand	in'000 Pcs	88	4,188	1,646	8,088
Subject countries-Imports	in'000 Pcs	427	5,222	11,249	79,897
Countries Attracting ADD-Imports	in'000 Pcs	40,960	42,553	67,635	24,565
Other Countries-Imports	in'000 Pcs	2,186	5,709	7,397	10,654
Total Demand/Consumption	in'000 Pcs	66,761	126,385	275,007	475,492
Market Share in Demand					
Sales of Domestic Industry	%	31.86	56.22	68.63	75.79
Sales of Other Indian Producers	%	2.87	1.46	-	-
Subject countries					
Vietnam	%	-	-	-	12.11
Malaysia	%	0.51	0.82	3.49	3.00
Thailand	%	0.13	3.31	0.60	1.70
Subject countries-Imports	%	0.64	4.13	4.09	16.80
Countries Attracting ADD-Imports	%	61.35	33.67	24.59	5.17
Other Countries-Imports	%	3.28	4.52	2.69	2.24

59. The demand of subject goods in the domestic industry has shown rising trend. From 667 lac pieces in the base year, the demand increased to 4755 lac pieces in POI. The demand in POI grew by 7 times (612%) as compared to base year and 73% as compared to immediate preceding year. From the base year to POI, market share of the domestic industry increased from 31.86% to 75.79% and as compared to immediate preceding year, the market share increased from 68.63% to 75.79%. The share of the subject countries from base year increased from 0.64% to 16.80% and as compared to immediate preceding year it increased from 4.09% to 16.80%. It has further been noted that countries which were subjected to anti dumping duties, their share declined significantly from 61.35% in base year to 5.17% in POI.

(c) Price Effect of the Dumped imports from subject countries on the Domestic Industry

(i) Evaluation of export price over the injury analysis period

Export Price	Unit	2005-06	2006-07	2007-08	POI
Vietnam	Rs./Pc	-	-	-	4.72
Malaysia	Rs./Pc	3.96	3.65	3.86	4.92
Thailand	Rs./Pc	10.03	3.74	3.73	5.42
Subject Countries	Rs./Pc	5.21	3.72	3.84	4.82

60. The data on export price shows that prices from subject countries have declined from base year to POI. It has been observed from the data that the prices declined significantly from base year to POI. As compared to immediate preceding year, however, the prices increased by approximately Rs.98 paisa for subject countries together i.e. an increase of about 26%. For individual subject countries as well, the prices increased from immediate preceding year to POI. It has further been noted that the prices of major raw material i.e. Polycarbonate remained same in 2007-08 and POI as per the data of the domestic industry (the polycarbonate prices as per World Trade Atlas for imports to the subject countries were abnormally high, therefore, no meaningful comparison could be made).

(ii) Price undercutting and underselling effects

Calculation of Price undercutting for Malaysia					
Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Volume of Imports	Volume(000)	339	1,034	9,603	14249
Assessable value	Rs/Pc.	3.96	3.65	3.86	4.97
Landing Charge 1%	Rs/Pc.	0.04	0.04	0.04	0.05

CIF export price	Rs/Pc.	3.92	3.61	3.82	4.92
Customs Duty (Rate)	%	0%	0%	0%	0%
Customs Duty	Rs/Pc.	-	-	-	0
Landed price of imports	Rs/Pc.	3.92	3.61	3.82	4.92
Net Selling Price	Indexed	100	90.20	74.63	69.73
Price Undercutting	Indexed	100	88.44	53.54	18.16
Price Undercutting (%)	% range	50-55	47-52	35-40	10-15

Calculation of Price undercutting for Thailand

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Volume of Imports	Volume(000)	88	4,188	1646	8,088
Assessable value	Rs/Pc.	10.03	3.74	3.73	5.47
Landing Charge 1%	Rs/Pc.	0.10	0.04	0.04	0.05
CIF export price	Rs/Pc.	9.93	3.70	3.69	5.42
Customs Duty (Rate)	%	0%	0%	0%	0%
Customs Duty	Rs/Pc.	-	-	-	0
Landed price of imports	Rs/Pc.	9.93	3.70	3.69	5.42
Net Selling Price	Indexed	100	90.20	74.63	69.73
Price Undercutting	Indexed	(100)	206.78	135.59	15.25
Price Undercutting (%)	% range	(20-25)	45-50	35-40	2-7

Calculation of Price undercutting for Vietnam

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Volume of Imports	Volume(000)	No imports	No imports	No imports	57,560
Assessable value	Rs/Pc.				4.76
Landing Charge 1%	Rs/Pc.				0.05
CIF export price	Rs/Pc.				4.72
Customs Duty (Rate)	%				0%
Customs Duty	Rs/Pc.				-
Landed price of imports	Rs/Pc.				4.71
Net Selling Price	Indexed				100
Price Undercutting	Indexed				100
Price Undercutting (%)	% range				14-19

Calculation of Price undercutting for Subject Countries					
Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Volume of Imports	Volume(000)	427	5,222	11,249	79,897
Assessable value	Rs/Pc.	5.21	3.72	3.84	4.87
Landing Charge 1%	Rs/Pc.	0.05	0.04	0.04	0.05
CIF export price	Rs/Pc.	5.16	3.68	3.80	4.82
Customs Duty (Rate)	%	0%	0%	0%	0%
Customs Duty	Rs/Pc.	-	-	-	-
Landed price of imports	Rs/Pc.	5.16	3.68	3.80	4.82
Net Selling Price	Indexed	100	90.20	74.63	69.73
Price Undercutting	Indexed	100	122.67	76.33	29.00
Price Undercutting (%)	% range	30-40	45-50	35-40	12-17

61. Further the price undercutting was examined package wise for the subject countries for the product under consideration package wise for the POI, the table below shows that there is positive undercutting.

		DVD-R	
		BOS	Cake Box
Volume of Imports	Volume(000)	79,487	410
Assessable value	Rs./Lacs	3,858.71	34.58
Assessable value	Rs/Pc.	4.85	8.43
Landing Charge 1%	Rs/Pc.	0.05	0.08
CIF export price	Rs/Pc.	4.81	8.34
Customs Duty (Rate)	%	0%	0%
Customs Duty	Rs/Pc.	-	-
Landed price of imports	Rs/Pc.	4.81	8.34
Net Selling Price	Indexed	100	130
Price Undercutting	Indexed	100	(539)
Price Undercutting (%)	% Range	1 to 10	(-) 20 to 30

62. The impact on the prices of the domestic industry on account of the dumped imports from the subject countries have been examined with reference to the price undercutting and price underselling, if any. For the purpose of this analysis the weighted average Net Sales Realization (NSR) and the Non-injurious Price (NIP) of the Domestic industry have been compared with the landed value of imports from the subject countries.

63. In determining the weighted net sales realization of the domestic industry, the rebates, discounts and commissions offered by the domestic industry and the central excise duty paid have been rebated.

64. Price undercutting has been determined by comparing the weighted average landed value of dumped imports from the subject countries over the entire period of investigation with the weighted average net sales realization of the domestic industry for the same period. For this purpose, imports have been segregated in packed form and bulk form. The landed value of imports has been calculated by adding (for the relevant years) 1% handling charge (basic customs duty for the PUC is zero) to the value reported in the import data of import prices from the subject countries. The weighted average undercutting from subject countries during POI was in the range of 10-20%.

65. For the purpose of price underselling determination the weighted average landed prices of imports from subject countries have been compared with the non-injurious price of the domestic industry determined for the POI. The weighted average underselling in respect of BOS was in the range of 55-75% and in respect of Cake box was in the range of 15-25%.

(iii) Price suppression and depression effects of the dumped imports:

66. It has been noted that the selling price of the domestic industry declined by 30% in POI as compared to base year. As compared to immediate preceding year, the price declined by 7% paisa indicating that there was price depression. The price suppression effect of the dumped imports has also been examined with reference to the cost of production and net sales realization of the domestic industry. It has been noted that the cost of sales declined by 65 paisa in POI as compared to immediate preceding year where as the selling price declined by 40 paisa in the same period indicating that the domestic industry had to reduce the price, however, the price declined was less than that of decline in cost of sales thereby the domestic industry could reduce the loss in the domestic sales.

E.5 Examination of other Injury Parameters

67. After having examined the effect of dumped imports on the volumes and prices of the domestic industry and injury indicators like volume and value of imports, capacity, output, capacity utilization and sales of the domestic industry as well as demand pattern with market shares of various segments in the earlier section, other economic parameters which could indicate existence of injury to the domestic industry have been analyzed hereunder as follows:-

Profits and actual and potential effects on the cash flow

	Unit	2005-06	2006-07	2007-08	POI
Sales (NSR)	Indexed	100	90	75	70
Cost to make and sell	Indexed	100	77	87	80
Profit before tax	Indexed	(100)	(142)	(212)	(180)
Profits before interest	Indexed	(100)	(763)	(3469)	(5091)
Total Profit before tax	Indexed	(100)	(476)	(1871)	(3027)
Cash profit	Indexed	100	139	(178)	(224)

68. The data shows that cost of sales of the domestic industry declined significantly over the injury period. From 2005-06 to POI, the cost to make and sell declined by Rs.1.68/pc due to declining conversion cost and of raw materials other than polycarbonate. During the same period, the selling price declined by Rs.2.47/pc indicating disproportionate reduction in selling price as compared to cost of sales. However, as compared to immediate preceding year, the loss per unit declined on account of higher decline in cost of sales as compared to decline in selling price. The loss per unit (indexed) increased from -100 in the base year to -179 in the POI, as compared to immediate preceding year the loss declined from -211 to -179. Similarly, Profit before interest and tax (PBIT) (indexed) increased from -100 to -5090 in POI as compared to base year. The profit before tax declined on consistent basis throughout the injury period. The loss incurred by the domestic industry during the POI has increased manifolds. The domestic industry has suffered a negative cash profit both during POI and preceding year 2007-08 and cash losses have increased during POI.

Return on Capital Employed

Particulars	Unit	2005-06	2006-07	2007-08	POI
Net Fixed Assets	Indexed	100	255	564	906
Working Capital	Indexed	100	231	854	1116
Total Capital Employed(on NFA basis)	Indexed	100	249	629	953
Return on Capital Employed-NFA	Indexed	(100)	(306)	(552)	(712)

69. The above data on return on capital employed shows that return declined very steeply over the injury period.

Employment and wages

Particulars	Unit	2005-06	2006-07	2007-08	POI
Employees	No.	***	***	***	***
Trend	Indexed	100	112	92	90
Wages	Lakhs	***	***	***	***
Trend	Indexed	100	161	233	236

70. The manufacturing facility of the domestic industry covers both subject goods and other products not covered in this investigation. The number of employees has been taken for plant as a whole. The above data shows that number of employees has decreased by 9.69% during POI as compared to base year. The wages however increased from (indexed) from 100 in the base year to 236 in POI and wages per employee has increased 100 in base year to 262 in POI.

Productivity

71. The productivity per employee measured as production per employee has improved significantly from base year to POI. It has gone up (indexed) from 100 in base year to 209 in POI.

Inventories

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Opening	Lac Pcs	646	1,195	2,005	2,314
Closing	Lac Pcs	1,195	2,005	2,314	2,503
Average	Lac Pcs	920	1,600	2,160	2,408
Stock as no. of days of sales	Days	58	69	73	73

72. The above data shows that the average inventory increased significantly over the years. Inventories measures in term of sale days also increased from base year to POI though there was no change in POI as compared to immediate preceding year. The inventory however is not correct indicator for the injury analysis in this case as the inventory calculated includes the inventory lying in warehouses though already allocated for export purpose.

Growth

73. The growth in demand shows positive trend from base year to POI on year-to-year basis. The growth in production and sales were positive. However, cost, selling price, profitability and return on investment shows negative trend.

Growth Compared to Previous Year		2006-07	2007-08	2008-09
Production	%	45.22	18.80	46.19
Domestic Sales Volume	%	234.06	65.61	154.60
Selling price domestic	%	(9.81)	17.23)	(6.59)
Cost of sales domestic	%	(4.97)	(8.15)	(8.54)
Average stock	%	73.86	34.95	11.53
Return on capital employed (NFA basis)	%	(2.66)	(3.16)	(2.07)

Investment

74. The Authority notes that the domestic industry had infused fresh capital to increase the capacity for subject goods and other goods during the injury period.

Magnitude of Dumping

75. Magnitude of dumping as an indicator of the extent to which the dumped imports can cause injury to the domestic industry shows that the dumping margins determined against the subject countries for the POI, are significant.

Factors affecting prices

76. The Authority notes that the cost of sales declined during the injury period. From 2005-06 to POI, the cost to make and sell declined by Rs.1.68/pc. As compared to immediate preceding year, the cost to make and sell declined by 65 paise per piece. The landed value from subject countries though has declined from base year to POI, however as compared to immediate preceding year it has increased by 75 paise. It has further been noted that though the landed value from subject countries has increased in POI as compared to immediate preceding year, however, there is a significant undercutting of the selling price of the domestic industry, by imports from subject countries. It has further been noticed that earlier the domestic industry was facing undercutting from the other countries which has since been subjected to anti dumping duty on 23.7.2008. Moreover, the domestic industry has suffered significant priceselling.

E.6 Conclusion on injury parameters

77. The capacity and production of the domestic industry has improved consistently from base year to POI. In this regard, it has been noted that the domestic industry is not only catering to the demand in the domestic market but also catering to the export market. In fact, the domestic sale of the domestic industry is 30% of the total sales in

the POI. The domestic sale of the domestic industry has also improved from base year to POI. The demand of the product in the domestic market has shown consistent growth and the domestic industry has improved its share in the domestic market to 76% in POI as compared to 32% in the base year and 69% in immediate preceding year, indicating that the domestic industry has been able to capture the market share and has taken advantage of growth in demand. However, the domestic industry is still left with idle capacity.

78. The cost of sale of the product though has declined significantly from base year to POI, however the selling price also declined. The relative decline in selling price was more as compared to corresponding decline in cost of sales. The domestic industry was suffering loss in the domestic sales in POI and continues to make loss in injury period. The loss per unit however declined in POI as compared to immediate preceding year. The Losses (PBIT) increased from base year to POI. From a position of positive cash-profit during the base year, the domestic industry was suffered negative cash profit both during 2007-08 and 2008-09 (POI).

79. The analysis of above economic parameters indicates that the domestic industry though has taken advantage of growth in demand, but continue to make loss in the domestic sales and consequently suffered the injury.

E.7 Other Known factors and Causal Link

80. The Authority has also examined the other non-attribution factors as laid down in the Rules to analyse the injury if any caused by other factors. In this regard the following indicative factors as laid down in the Rules have been examined.

i) Volume and prices of imports from other sources

81. During POI, imports from countries not under investigation constitute 9.25% of the total imports. The imports from one country was also undercutting the selling price of the domestic industry. However, it constitutes only 1.3% of total imports during the POI. The other countries (China, Hong Kong and Chinese Taipei) which are undercutting the prices of the domestic industry have already been subjected to anti dumping duty. Therefore, the imports from other countries cannot be considered as causing injury to the domestic industry.

ii) Contraction in demand, change in pattern of consumption and Development of technology

82. Because of development of further technology and new product in the market, the consumption pattern of the subject goods is undergoing change in favour of this product. In India the subject goods have shown robust growth during the injury period. Therefore, the change in patter of consumption and contraction of demand cannot be considered as a factor causing injury to domestic industry.

iii) Trade restrictive practices of and competition between the foreign and domestic producers

83. The Authority notes that there is no restricted practice prevalent in the industry which could be attributed to the injury to the domestic industry.

iv) Export performance

Particulars	Unit	2005-06	2006-07	2007-08	2008-09
Export Sales	Lac Pcs.	5613	7778	8847	8368
Cost of sales	Indexed	100	94	87	77
Selling Price	Indexed	100	88	69	89
Profit/Loss	Indexed	100	46	(61)	12

84. The Authority notes that the export volume of the domestic industry has been increasing till 2007-08 and marginally reduced in POI. The Authority also notes that the analysis of financial performance for the injury period has been done for the domestic sales only. Therefore, the export performance cannot be considered as a factor causing injury to the domestic industry.

v) Productivity of the Domestic Industry

85. Productivity of the domestic industry in terms of production per employee has improved significantly, therefore this cannot be a factor causing injury to the domestic industry.

86. No other factor, which could have possibly caused injury to the domestic industry, has come to the notice of the Authority.

Causal Link

87. The Authority notes that the domestic industry was facing dumped imports from China PR, Hong Kong and Chinese Taipei and were undercutting the selling price of the domestic industry. On 23rd July, 2008, these countries were subjected to anti dumping duty to neutralize the effect of dumped imports. The imports from subject countries sharply increased in POI as compared to immediate preceding year i.e. 2007-08. It has further been noted that the imports from subject countries were undercutting the selling price of the domestic industry significantly during the POI as well as in immediate preceding year. As a consequence of anti dumping duty on countries dumping the subject goods to India, the performance of the domestic industry should have improved. However, because of change of source of dumping, the financial performance of the domestic industry did not improve and losses of the domestic industry continued. It has further been noted that the export price from the subject countries have improved in POI

as compared to immediate preceding year. The domestic industry however had to reduce the selling price keeping in view the significant undercutting of the selling price. The continuing of losses has also impacted cash flow and return on capital employed and it continued to show negative trend. The Authority has not found any other factors other than dumped imports from the subject countries which could be attributed to the losses, indicating causal link between the dumped imports and injury to the domestic industry.

88. On the basis of the above examination it is concluded that the subject goods exported from the subject countries are at prices below their normal values, non injurious price of the domestic industry and the average net sales realization of the subject goods of the domestic industry, and have caused injury to the domestic industry indicating causal link between dumping of subject goods and injury to the domestic industry.

F. Conclusion

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

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

G. Indian industry's interest & other issues

90. The Authority notes that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti-dumping measures would not restrict imports from the subject countries in any way, and, therefore, would not affect the availability of the products to the consumers.

H. Recommendation

91. In view of the conclusion arrived at as above, Authority considers it necessary to recommend definitive anti-dumping duty on imports of subject goods from the subject countries in the form and manner described hereunder.

92. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, definitive antidumping duty equal to the amount indicated in Column-8 of

the table below is recommended to be imposed from the date of notification to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from the subject countries.

Duty Table

S N	Tariff Heading	Description Of Goods	Country of Origin	Country of Export	Producer	Exporter	Amount US\$/1000 pieces
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	8523	*Digital Versatile Disc Recordable	Vietnam	Vietnam	M/s-Ritek Vietnam Co. Ltd	M/s-Ritek Vietnam Co. Ltd	29.75
2	Do	Do	Vietnam	Vietnam	Any other combination of producer and exporter other than at S. No. 1		50.51
3	Do	Do	Vietnam	Any country other than Vietnam and other than the country already subject to anti dumping duty vide SI.no.3 under Column 5 of the duty table in Notification No.8/2009-Customs dated 22.1.2009	Any	Any	50.51
4	Do	Do	Any country other than countries attracting anti dumping duty	Vietnam	Any	Any	50.51
5	Do	Do	Thailand	Thailand	Any	Any	25.98
6	Do	Do	Thailand	Any country other than Thailand and other than the country already subject to anti dumping duty vide SI.no.6 under Column 5 of the duty table in Notification No.8/2009-Customs dated 22.1.2009	Any	Any	25.98

7	Do	Do	Any country other than countries attracting anti dumping duty	Thailand	Any	Any	25.98
8	Do	Do	Malaysia	Malaysia	Any	Any	35.92
9	Do	Do	Malaysia	Any country other than Malaysia and other than the country already subject to anti dumping duty vide Sl.no.9 under Column 5 of the duty table in Notification No.8/2009-Customs dated 22.1.2009	Any	Any	35.92
10	Do	Do	Any country other than countries attracting anti dumping duty	Malaysia	Any	Any	35.92

*The product under consideration in the present investigation is Digital Versatile Disc Recordable of all kinds. Such product includes DVD-R, DVD+R, DVD-RW and DVD+RW.

93.. An appeal against this order, after its acceptance by the Central Government, shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

(P.K. Chaudhery)
The Designated Authority