



**Government of Pakistan  
National Tariff Commission**

**REPORT**

**ON**

**PRELIMINARY DETERMINATION IN ANTI-DUMPING  
INVESTIGATION AGAINST DUMPED IMPORTS OF COTTON  
YARN INTO PAKISTAN ORIGINATING IN AND/OR EXPORTED  
FROM THE REPUBLIC OF INDIA.**

**A.D.C No. 38/2015/NTC/CY**

**February 15, 2016**

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Preliminary Determination In Anti-Dumping Investigation Against Dumped Imports of Cotton Yarn into Pakistan Originating in  
and/or Exported from the Republic of India.

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The National Tariff Commission (hereinafter referred to as the Commission) having regard to the Anti-Dumping Duties Act, 2015 (hereinafter referred to as the Act) and the Anti-Dumping Duties Rules, 2001 (hereinafter referred to as the Rules) relating to investigation and determination of dumping of goods into the Islamic Republic of Pakistan (hereinafter referred to as Pakistan), material injury to the domestic industry caused by such imports, and imposition of antidumping duties to offset the impact of such injurious dumping, and to ensure fair competition thereof and to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the Agreement on Antidumping).

2. The Commission is conducting this investigation, on imports of Cotton Yarn of 55.5 and above counts (hereinafter referred to as Cotton Yarn) into Pakistan Originating in and/or exported from the Republic of India (India), under the Act and the Rules. The Commission has made preliminary determination in this investigation under Section 37 of the Act. This report on preliminary determination has been issued in accordance with the Rule 10 of the Rules.

3. In terms of Section 37 of the Act, the Commission shall make a preliminary determination of dumping and injury, if any, not earlier than sixty days and not later than one hundred and eighty days, after initiation of an investigation. Such preliminary determination shall be based on the information available to the Commission at that time. This investigation was initiated on August 20, 2015. The preliminary determination is based on the information available to the Commission at this time.

**A. PROCEDURE**

4. The procedure set out below has been followed with regard to this investigation.

**5. Receipt of Application**

5.1 On July 7, 2015, the Commission received a written application under Section 20 of the Antidumping Duties Ordinance, 2015 (now the Anti-Dumping Duties Act 2015) from All Pakistan Textile Mills Association (APTMA), APTMA House, 97-A, Aziz Avenue, Canal Bank, Lahore. The APTMA has filed the said application on behalf of the following seven producers (the Applicants) of Cotton Yarn :

- i. Alhamd Corporation (Pvt) Ltd.
- ii. Acro Spinning & Weaving Mills Limited
- iii. Babri Cotton Mills Ltd.
- iv. Colony Textile Mills Limited
- v. Hasan Limited
- vi. Sally Textile Mills Limited
- vii. Saif Textile Mills Limited

5.2 The Applicants alleged that Cotton Yarn is being exported to Pakistan at dumped prices from India. According to the Applicants, alleged dumped imports of Cotton Yarn from India have caused and are causing material injury to Pakistan's domestic industry producing Cotton Yarn.

5.3 The Commission informed the High Commission of India in Islamabad through note verbale dated July 15, 2015, of the receipt of application in accordance with the requirements of Section 21 of the Ordinance (now the Act).

## **6. Evaluation and Examination of the Application**

6.1 The examination of the application showed that it met the requirements of Section 20 of the Ordinance (now the Act) as it contained sufficient evidence of dumping of Cotton Yarn into Pakistan from India and material injury to the domestic industry caused therefrom. Requirements of Rule 3 of the Rules, which relate to the submission of information prescribed there in were also found to have been met.

## **7. The Domestic Industry**

7.1 Section 2(d) of the Act defines domestic industry as:

*“domestic industry” means the domestic producers as a whole of a domestic like product or those of them whose collective output of that product constitutes a major proportion of the total domestic production of that product, except that when any such domestic producers are related to the exporters or importers, or are themselves importers of the allegedly dumped investigated product in such a case “domestic industry” shall mean the rest of the domestic producers”.*  
*Explanation.- For the purposes of this clause, producers shall be deemed to be related to exporters or importers only if;*

- (i) *one of them directly or indirectly controls the other;*
- (ii) *both of them are directly or indirectly controlled by the same third person; or*
- (iii) *together they directly or indirectly control a third person;*

*Provided that there are grounds for believing or suspecting that the effect of the relationship is such as to cause the producer concerned to behave differently from non-related producers and for that purpose one shall be deemed to control another when the former is legally or operationally in a position to exercise restraint or direction over the latter”.*

7.2 The information and documents provided in the application and the information obtained from APTMA, reveals that there are 35 units in the domestic industry engaged in the production of the Cotton Yarn of fine counts i.e. 55.5 and above counts. Out of these 35 units, 7 units are stated to be themselves importers of Cotton Yarn from India. Further, the share in domestic production of these 7 producers have decreased over the period of time as given in the Table XI below, which is indicative of shift in interest of these producers Hence, these 7 units fall out the definition of the domestic industry in terms of Section 2(d) of the Act.

7.3 Keeping above in view, for the purpose of determination of domestic industry, the other 28 domestic units producing Cotton Yarn have been taken to constitute domestic industry for purpose of determination of standing of the application. Out of these 28 units, seven manufacturers i.e. Applicants have filed this application.

7.4 The Applicants are engaged in the manufacturing, marketing and distribution of Cotton Yarn. The Applicants are neither related to importers and exporters nor did they import Cotton Yarn from India themselves. Therefore, the Applicants are eligible to apply for application of anti-dumping duties.

## **8. Standing of the Application**

8.1 In terms of Section 24(1) of the Act,

*“ .... an application shall be considered to have been made by or on behalf of the domestic industry only if it is supported by those domestic producers whose collective output constitutes more than fifty percent of the total production of a domestic like product produced by that portion of the domestic industry expressing either support for or opposition to the application.”*

Furthermore, Section 24(2) of the Act provides that:

*“ ..... no investigation shall be initiated when domestic producers expressly supporting an application account for less than twenty five percent of the total production of the domestic like product produced by the domestic industry.”*

8.2 As per the information supplied in the application, the Applicants produced 42 percent of total domestic production of Cotton Yarn during the period from July I, 2014 to June 30, 2015. Details of the production of Cotton Yarn by the domestic industry are as follows:

**Table - I**  
**Unit-wise Production during the year 2015**

| S #          | Name                                  | Share in domestic production (%) | Supporting/ Opposing/ Indifferent (other units) |
|--------------|---------------------------------------|----------------------------------|---|
| 1            | Alhamd Corporation (Pvt) Ltd.         | 8.22                             | Applicant                                       |
| 2            | Acro Spinning & Weaving Mills Limited | 9.48                             | Applicant                                       |
| 3            | Babri Cotton Mills Ltd.               | 4.06                             | Applicant                                       |
| 4            | Colony Textile Mills Limited          | 11.98                            | Applicant                                       |
| 5            | Hasan Limited                         | 6.93                             | Applicant                                       |
| 6            | Sally Textile Mills Limited           | 0.86                             | Applicant                                       |
| 7            | Saif Textile Mills Limited            | 0.56                             | Applicant                                       |
| 8            | Others (21 Units)                     | 57.91                            | Indifferent                                     |
| <b>Total</b> |                                       | 100                              |   |

Source: Applicants

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t to total production of domestic industry

8.3 The Applicants represent 42.09% of the domestic production by the domestic industry. The Application is supported by 100% of the producers who are expressing their opinion on application and 42.09% of the total domestic production. Thus the standing requirements as given in section 24 of the Act are met and it is determined that the application is made by or on behalf of the domestic industry.

#### 9. Applicants' Views

9.1 The Applicants, *inter alia*, raised the following issues in application regarding alleged dumping of Cotton Yarn and material injury to the domestic industry caused therefrom:

- i. Cotton Yarn imported from India into Pakistan and Cotton Yarn produced in Pakistan by the domestic industry are like products;
- ii. Exporters/producers from India are exporting Cotton Yarn to Pakistan at dumped prices; and

- iii. Exports of Cotton Yarn by the exporters/producers from India to Pakistan at dumped prices has caused and is causing material injury to the domestic industry producing Cotton Yarn mainly through:-
  - a. Volume of dumped imports
  - b. Price depression;
  - c. Negative effect on inventories;
  - d. Negative effect on cash flow;
  - e. Negative effect on return on investment;
  - f. Negative effect on salaries and wages and productivity;
  - g. Negative effect on ability to raise capital; and
  - h. Magnitude of dumping margin
  
- iv. There is an imminent threat of material injury to the domestic industry of Cotton Yarn due to dumped imports of Cotton yarn from India.

9.2 The Applicants requested the Commission to address the injury, caused to the domestic industry which is evident from the above mentioned factors, by initiation of an anti-dumping investigation against dumped imports of Cotton Yarn from India and imposition of anti-dumping duties on these imports. It has also been requested that provisional anti-dumping measures may be imposed to prevent injury being caused during the course of investigation.

#### **10. Exporters/Foreign Producers of Cotton Yarn**

10.1 The Applicants have identified 60 exporters/foreign producers involved in alleged dumping of the investigated product from India. The Applicants have stated that there may be other exporters /foreign producers of the investigated product, which are not known to it. Therefore, the Applicants have requested for imposition of anti-dumping duty on all imports of the investigated product originating in and/or exported from India instead of imposition of anti-dumping duty on identified exporters/foreign producers.

#### **11. Initiation of Investigation**

11.1 The Commission, in accordance with Section 23 of the Ordinance (now the Act) examined the accuracy and adequacy of the evidence provided in application, and established that there was sufficient evidence of alleged dumping of Cotton Yarn into Pakistan from India and consequent material injury to the domestic industry. Accordingly, the Commission issued a notice of initiation in accordance with Section 27 of the Ordinance (now the Act), which was published in the Official Gazette<sup>1</sup> of Pakistan

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<sup>1</sup> The official Gazette of Pakistan (Extraordinary) dated August 20, 2015.



and in two widely circulated national newspapers<sup>2</sup> (one in English language and one in Urdu Language) on August 20, 2015. Investigation concerning alleged dumped imports of Cotton Yarn into Pakistan classified under PCT No<sup>3</sup>. 5205.1500, 5205.2700, 5205.2800, 5205.3500, 5205.4700 and 5205.4800 originating in and/or exported from India was thus initiated on August 20, 2015.

11.2 In pursuance of Section 27 of the Ordinance (now the Act) the Commission notified High Commission of India in Islamabad of the initiation of investigation (by sending a copy of the notice of initiation) on August 26, 2015 with a request to forward it to all exporters/producers involved in production, sales and export of Cotton Yarn from India. Copy of the notice of initiation was also sent on August 26, 2015 to known exporters/producers of Cotton Yarn from India whose addresses were available with the Commission with a request to be registered as an interested party in the investigation with-in 15 days of publication of the notice. Copy of the notice of initiation was also sent to known Pakistani importers and the Applicants on August 26, 2015.

11.3 In accordance with Section 28 of the Ordinance (now the Act), on September 4 , 2015 the Commission sent copy of full text of the written application (non-confidential version) and Exporter's Questionnaire to the exporters of India who got registered themselves as an interested party in this investigation. On September 4, 2015, copy of the full text of the written application along with Exporter's Questionnaire was also sent to High Commission of India in Pakistan with a request to forward it to all exporters/producers involved in production and/or sale/export of Cotton Yarn from India. The Importer's Questionnaire was also sent to the importers of Cotton Yarn on September 4, 2015.

## **12. Investigated Product, Domestic Like Product and Like Product**

12.1 Section 2 of the Act defines investigated product, domestic like product and like product as follows:

- i. Investigated Product**  
*"a product, which is subject to an antidumping investigation as described in the notice of initiation of the investigation"*.
- ii. Domestic Like Product**  
*"means a like product that is produced by the domestic industry"*.
- iii. Like Product**  
*"a product which is alike in all respects to an investigated product or, in the absence of such a product , another product which , although not alike in all respects, has characteristics closely resembling those of the investigated product"*.

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<sup>2</sup> The 'News' and 'Nawa.i.wakt' of August 20, 2015 issue.

<sup>3</sup> PCT heading in Pakistan is equivalent to Harmonized Commodity Description and Coding System up to six-digit level.

12.2 For the purposes of this investigation and given the definitions set out above, investigated product, domestic like product and like product are identified as follows:

### 12.3 Investigated Product

12.3.1 The investigated product is Cotton Yarn carded or combed, of 55.5 and above Counts, originating in and/or exported from India to Pakistan. It is classified under PCT No. 5205.1500, 5205.2700, 5205.2800, 5205.3500, 5205.4700 and 5205.4800. It is generally used in weaving mills for production of cotton fabrics.

12.3.2 The tariff structure applicable to the investigated product in the PCT headings 5205.1500, 5205.2700, 5205.2800, 5205.3500, 5205.4700 and 5205.4800 is given below in the table II below;

**Table-II**  
**Tariff Structure during the Last Three Years**

| S. # | PCT code  | Description   | Year         |              |              |
|------|-----------|---|--------------|--------------|--------------|
|      |           |   | 2012-13      | 2013-14      | 2014-15      |
|      |           |   | Customs Duty | Customs Duty | Customs Duty |
| 1    | 5205.1500 | Measuring less than 125 decitex (exceeding 80 metric number)  | 0            | 0            | 5            |
| 2    | 5205.2700 | Measuring less than 106.38 decitex but not less than 83.33 decitex (exceeding 94 metric number but not exceeding 120 metric number)                                 | 0            | 0            | 5            |
| 3    | 5205.2800 | Measuring less than 83.33 decitex (exceeding 120 metric number)   | 0            | 0            | 5            |
| 4    | 5205.3500 | Measuring per single yarn less than 125 decitex (exceeding 80 metric number per single yarn)  | 0            | 0            | 5            |
| 5    | 5205.4700 | Measuring per single yarn less than 106.38 decitex but not less than 83.33 decitex (exceeding 94 metric number but not exceeding 120 metric number per single yarn) | 0            | 0            | 5            |
| 6    | 5205.4800 | Measuring per single yarn less than 83.33 decitex (exceeding 120 metric number per single yarn)   | 0            | 0            | 5            |

Note: Regulatory duty @ 10% on the imports of Cotton Yarn has been imposed vide SRO No 1055(I)/2015 dated October 30, 2015 (after the defined POI).

#### **12.4 Domestic Like Product**

12.4.1 Under the Section 2(f) of the Act, "Domestic Like Product" means a like product that is produced by the domestic industry.

12.4.2 The domestic like product is Cotton Yarn carded or combed, 55.5 and above Counts, produced by the domestic industry in Pakistan. The domestic like product is also classified under PCT Nos. 5205.1500, 5205.2700, 5205.2800, 5205.3500, 5205.4700 and 5205.4800. The domestic like product is generally used in weaving mills for production of cotton fabrics. Major uses of the domestic like product are, therefore, identical to those of the investigated product.

#### **12.5 Like Product:**

12.5.1 The like product is Cotton Yarn carded or combed, 55.5 and above Counts, produced and sold by the Indian exporters/foreign producers of Cotton Yarn in their domestic market and export markets to countries other than Pakistan. Further, it also includes Cotton Yarn exported from the countries other than India to Pakistan. The like product is generally used in weaving mills for production of cotton fabrics. Major uses of the like product are, therefore, identical to those of the investigated product and domestic like product.

12.5.2 The investigated product, the domestic like product and the like product are comparable in terms of physical and chemical characteristics, product specifications, chemical formulation, end uses and tariff classification of the goods etc. Investigated product, the domestic like product and the like product are technically and commercially identical.

12.5.3 In light of the above, the Commission has determined that the investigated product the domestic like product and the like product are products alike.

#### **13. Period of Investigation**

13.1 In terms of Section 36 of the Act, Period of Investigation (hereinafter referred to as "POI") is:

- i. *"for the purposes of an investigation of dumping, an investigation period shall normally cover twelve months preceding the month of initiation of the investigation for which data is available and in no case the investigation period shall be shorter than six months."*
- ii. *"for the purposes of an investigation of injury, the investigation period shall normally cover thirty-six months:"*

*“Provided that the Commission may at its sole discretion, select a shorter or longer period if it deems it appropriate in view of the available information regarding domestic industry and an investigated product”.*

13.2 The Commission received the application on July 7, 2015 and initiated the investigation on August 20, 2015. The Applicants have provided the information/data up to June 30, 2015 in the application. Therefore, to fulfill the requirement of Section 36 of the Act, the POI selected by the Commission for dumping and injury are, as follows:

|                               |                                |
|-------------------------------|--------------------------------|
| For determination of dumping: | July 1, 2014 to June 30, 2015. |
| For determination of injury:  | July 1, 2012 to June 30, 2015  |

#### **14. Information/Data Gathering**

14.1 The Commission sent Exporter’s Questionnaire to all known exporters/foreign producers from India whom addresses were available with the Commission on September 4, 2015 for collection of data/information. The exporters/foreign producers were asked to respond within 37 days of dispatch of the Questionnaire. On September 4, 2015, the Questionnaire was also sent to the High Commission of India in Islamabad with a request to forward it to the all exporters/foreign producers of the investigated product in India.

14.2 The Commission’s request for supplying information on the prescribed Exporter’s Questionnaire was responded by 18 exporters/foreign producers with the request for extension in time period (beyond 37 days) for submission of information. After taking into account the due cause shown by these exporters/foreign producers in their requests, the Commission acceded to the requests and granted extension in time period for submission of information on Exporter’s Questionnaire till October 25, 2015.

14.3 The Commission received filled-in Exporter’s Questionnaires from the following 20 exporters/producers from India after the expiration of extended time;

- i. Shreedhar Cotsyn (Pvt) Ltd.
- ii. Veebee Yarnntex Private Limited
- iii. NSL Textiles Limited
- iv. Super Spinning Mills Limited
- v. Sree Lalitha Parameswari Spinning
- vi. Prasuna Vamsikrishna Spinning Mills Pvt Ltd.
- vii. Mohan Spintex India Limited
- viii. Trident Limited
- ix. Nagreeka Exports Limited
- x. Prime Urban Development India
- xi. K.A.S Industries India Pvt Ltd.
- xii. SjlT Spinning Mills (P) Ltd.
- xiii. The Priyadarsini Cooperative
- xiv. SjlT Textiles Pvt Ltd.

- xv. Prima Products Pvt Ltd.
- xvi. Vardhman Textiles Ltd.
- xvii. Nahar Spinning Mills Ltd.
- xviii. Arun Spinning Mills (P) Ltd.
- xix. Thiagarajar Mills (P) Ltd.
- xx. Premier Mills Pvt Ltd.

14.4 Due to large number of exporter/foreign producers, the Commission decided to limit the number of exporters/foreign producers from India for detailed examination on the basis of volume of exports. The Commission selected 8 exporters/producers from India on the basis of highest import in terms of Section 14 of the Act after the consultation with the cooperating exporters/producers from India under Section 14 (3) of the Act. The selected exporters/producers mentioned below represent the 38.5% of the volume of exports of Cotton Yarn from India;

- i. Veebee Yarnntex Private Limited
- ii. NSL Textiles Limited
- iii. Super Spinning Mills Limited
- iv. Sree Lalitha Parameswari Spinning
- v. Prasuna Vamsikrishna Spinning Mills Pvt Ltd
- vi. Mohan Spintex India Limited
- vii. Trident Limited
- viii. Nagreeka Exports Limited

14.5 Upon examination of the information received from these 8 exporters/foreign producers which were selected for detailed examination, certain deficiencies were found in the information supplied. These deficiencies were communicated to the exporters/foreign producers and were requested to supply the deficient information. Further details are given at paragraph 15 infra.

14.6 On September 4, 2015 Questionnaires were also sent to 9 Pakistani importers of the investigated product known to the Commission and these importers were asked to respond within 37 days of dispatch of the Questionnaires. However, no importer has submitted data/information on prescribed questionnaire.

14.7 The Commission also sent Questionnaire on September 16, 2015 to domestic producers of Cotton Yarn other than the Applicants, requesting them to provide information within 37 days of the issuance of the questionnaire. However no other producer provided the data/information on the prescribed questionnaire to the Commission.

14.8 The Commission has access to database of import statistics of Pakistan Revenue Automation Limited ("PRAL"), the data processing arm of the Federal Board of Revenue, Government of Pakistan. For the purpose of this preliminary determination the Commission has used import data obtained from PRAL in addition to the information provided by the Applicants and the exporters/foreign producers.

14.9 Interested parties were also invited to make their views/comments and submit information (if any) relevant to this investigation within 45 days of initiation of investigation. Only one interested party namely Cotton Textiles Export Promotion Council of India (TEXPROCIL) made comments /submitted information germane to this investigation.

14.10 Thus, the Commission has sought from all available sources the relevant data and information deemed necessary for the purposes of preliminary determination of dumping and injury therefrom in this investigation.

## **15. Questionnaire(s) Response by Foreign Producers/Exporters Selected for Detailed Examination:**

### **15.1 Questionnaire Response by Veebee Yarnntex Private Limited**

15.1.1 The Commission sent the Exporter's Questionnaire to Veebee Yarnntex Private Limited (hereinafter referred to as "Veebee") on September 4, 2015. Veebee applied to the Commission in its letter dated September 25, 2015 for extension of time period for submission of response to questionnaire for three weeks. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension. Its response was received in the Commission on October 26, 2015.

15.1.2 According to the information provided in response to the questionnaire, Veebee is a private limited company incorporated under the provisions of Indian Companies Law in force on date of incorporation. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in its domestic market during the POI.

15.1.3 The information submitted by Veebee in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 15, 2016.

15.1.4 Veebee was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Veebee responded to the deficiencies vide its letter dated February 3, 2016.

### **15.2 Questionnaire Response by Mohan Spintex India Limited**

15.2.1 The Commission sent the Exporter's Questionnaire to Mohan Spintex India Limited (hereinafter referred to as "Mohan Spintex") on September 4, 2015. Mohan Spintex applied to the Commission in its letter dated September 24, 2015 for extension of time period for submission of response to questionnaire for 45 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons

given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 26, 2015.

15.2.2 According to the information provided in response to the questionnaire, Mohan Spintex is a public limited company incorporated as a public limited company under the erstwhile Companies Act, 1956. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.2.3 The information submitted by Mohan Spintex in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 15, 2016.

15.2.4 Mohan Spintex was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Mohan Spintex responded to the deficiencies vide its letter dated January 20, 2016.

### **15.3 Questionnaire Response by Super Spinning Mills Limited**

15.3.1 The Commission sent the Exporter's Questionnaire to Super Spinning Mills Limited (hereinafter referred to as "Super Spinning") on September 4, 2015. Super Spinning applied to the Commission in its letter dated September 25, 2015 for extension of time period for submission of response to questionnaire for 60 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on November 4, 2015.

15.3.2 According to the information provided in response to the questionnaire, Super Spinning is a public limited company incorporated under the provisions of Indian Companies Law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries during the POI. Super Spinning submitted that it did not sell the IP in its domestic market during the POI.

15.3.3 The information submitted by Super Spinning in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 15, 2016.

15.3.4 Super Spinning was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. However, Super Spinning did not respond to the deficiencies. The data submitted by the Super Spinning was too much deficient to determine export price individually for super spinning. Therefore, the

Commission has determined dumping margin for Super Spinning on the basis of best available information and treated Super Spinning in all other non-cooperating exporters.

#### **15.4 Questionnaire Response by Sree Lalitha Parameswari Spinning**

15.4.1 The Commission sent the Exporter's Questionnaire to Sree Lalitha Parameswari Spinning (hereinafter referred to as "Sree Lalitha") on September 4, 2015. Sree Lalitha applied to the Commission in its letter dated October 5, 2015 for extension of time period for submission of response to questionnaire for 3 weeks. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 26, 2015.

15.4.2 According to the information provided in response to the questionnaire, Sree Lalitha is a Private Limited Company limited by shares, duly incorporated under the provisions of Indian Companies Law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.4.3 The information submitted by Sree Lalitha in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 18, 2016.

15.4.4 Sree Lalitha was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Sree Lalitha responded to the deficiencies vide its letter dated February 3, 2016.

#### **15.5 Questionnaire Response by Prasuna Vamsikrishna Spinning Mills Pvt Ltd**

15.5.1 The Commission sent the Exporter's Questionnaire Prasuna Vamsikrishna Spinning Mills Pvt Ltd (hereinafter referred to as "Prasuna") on September 4, 2015. Prasuna applied to the Commission in its letter dated September 29, 2015 for extension of time period for submission of response to questionnaire for 45 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 24, 2015.

15.5.2 According to the information provided in response to the questionnaire, Prasuna is a Private Limited Company, duly incorporated under the provisions of Indian Companies Law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.



15.5.3 The information submitted by Prasuna in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 18, 2016.

15.5.4 Prasuna was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Prasuna responded to the deficiencies vide its letter dated January 22, 2016.

## **15.6 Questionnaire Response by NSL Textile Limited**

15.6.1 The Commission sent the Exporter's Questionnaire NSL Textile Limited (hereinafter referred to as "NSL") on September 4, 2015. NSL applied to the Commission in its letter dated September 29, 2015 for extension of time period for submission of response to questionnaire upto November 15, 2015. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 24, 2015.

15.6.2 According to the information provided in response to the questionnaire, NSL is a company limited by shares, duly incorporated under provisions of Indian companies law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.6.3 The information submitted by NSL in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 20, 2016.

15.6.4 NSL was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. NSL responded to the deficiencies vide its letter dated January 25, 2016.

## **15.7 Questionnaire Response by Nagreeka Exports Limited**

15.7.1 The Commission sent the Exporter's Questionnaire Nagreeka Exports Limited (hereinafter referred to as "Nagreeka") on September 4, 2015. Nagreeka applied to the Commission in its letter dated September 24, 2015 for extension of time period for submission of response to questionnaire for 60 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 25, 2015. Its response was received in the Commission on October 25, 2015.

15.7.2 According to the information provided in response to the questionnaire, Nagreeka is a company limited by shares, duly incorporated under provisions of Indian companies law in force as on date. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.7.3 The information submitted by Nagreeka in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 22, 2016.

15.7.4 Nagreeka was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Nagreeka responded to the deficiencies vide its letter dated February 4, 2016.

## **15.8 Questionnaire Response by Trident India Limited**

15.8.1 The Commission sent the Exporter's Questionnaire Trident India Limited (hereinafter referred to as "Trident") on September 4, 2015. Trident applied to the Commission in its letter dated October 1, 2015 for extension of time period for submission of response to questionnaire for 60 days. The Commission granted the extension vide its letter dated October 9, 2015 after considering the reasons given in the request for extension upto October 24, 2015. Its response was received in the Commission on October 25, 2015.

15.8.2 According to the information provided in response to the questionnaire, Trident is a company limited by shares, duly incorporated under provisions of Indian companies Act, 1956. It has been engaged in the manufacture, sale and export of Cotton Yarn to Pakistan as well as to other countries and in domestic market during the POI.

15.8.3 The information submitted by Trident in response to the questionnaire was analyzed at the Commission and certain deficiencies were identified. Accordingly, those data deficiencies were communicated to it vide the Commission's letter dated January 22, 2016.

15.8.4 Trident was asked to provide the deficient information/data no later than 5 days of issuance of the letter, so as to enable the Commission to consider and analyze the same for the purposes of this investigation. Trident responded to the deficiencies vide its letter dated January 30, 2016.

## **16. Verification of the Information**

16.1 In terms of Sections 32(4) and 35 of the Act and Rule 12 of the Rules, during the course of an investigation, the Commission shall satisfy itself as to the accuracy of the information and for this purpose verify the information supplied by the interested

parties. Accordingly the Commission has satisfied itself as to the accuracy and adequacy of information supplied by the interested parties to the extent possible for the purposes of this preliminary determination.

16.2 In order to verify information/data provided by the Applicants and to obtain further information (if any), officers of the Commission conducted on the spot investigation at the APTMA's office from December 1 to 2, 2015.

16.3 On-the-spot investigations at the premises (offices and plants) of the Applicants to further verify the information/data submitted in the Application would be conducted after this preliminary determination. Similarly, on-the-spot investigations at the premises of exporters/producers from India, who provided information/data in response to the questionnaire would be conducted after this preliminary determination.

## **17. Public File**

17.1 The Commission, in accordance with Rule 7 of the Rules, has established and maintained a public file at its office. This file remains available to the interested parties for review and copying from Monday to Thursday between 1100 hours to 1300 hours throughout the investigation (except public holidays). This file contains non-confidential versions of the application, responses to the questionnaires, submissions, notices, correspondence, and other documents for disclosure to the interested parties.

## **18. Confidentiality**

18.1 In terms of Section 31 of the Act, the Commission shall keep confidential any information submitted to it, which is by nature confidential, or determined by the Commission to be of confidential nature for any other reason, or provided as confidential by parties to an investigation, upon good cause shown to be kept confidential.

18.2 The Applicants and interested parties have requested to keep confidential the information, which is by nature confidential in terms of Section 31 of the Act. This information includes data relating to sales, sale prices, cost to make and sell, inventories, production, profit/(loss), return on investment, cash flow, growth, investment, salaries & wages, number of employees and capacity.

18.3 On the basis of request made by the Applicants and interested parties, the Commission has determined the confidentiality in light of Section 31 of the Act and for the reasons that disclosure of such information may be of significant competitive advantage to a competitor, or because its disclosure would have a significant adverse effect upon the interested parties providing such information. Therefore, the Commission kept all such information confidential for which the Applicants made a request to keep it confidential.

18.4 However, in terms of Sub-Section (5) of Section 31, non-confidential summaries of

all confidential information, which provides reasonable understanding of the substance, have been placed in public file.

**19. Views/Comments of Interested Parties**

19.1 The Commission received views/comments from Cotton Textiles Export Promotion Council of India (TEXPROCIL), regarding initiation of this investigation during the course of investigation. The comments which are germane to this investigation have been taken into consideration while making this preliminary determination.

**B. DETERMINATION OF DUMPING**

**20. Dumping**

20.1 In terms of Section 4 of the Act dumping is defined as follows:

*“an investigated product shall be considered to be dumped if it is introduced into the commerce of Pakistan at a price which is less than its normal value”.*

**21. Normal Value**

21.1 In terms of Section 5 of the Act “normal value” is defined as follows:

*“a comparable price paid or payable, in the ordinary course of trade, for sales of a like product when destined for consumption in an exporting country”.*

21.2 Further, Section 6 of the Act states:

*“(1) when there are no sales of like product in the ordinary course of trade in domestic market of an exporting country, or when such sales do not permit a proper comparison because of any particular market situation or low volume of the sales in the domestic market of the exporting country, the Commission shall establish normal value of an investigated product on the basis of either:*

*“a) the comparable price of the like product when exported to an appropriate third country provided that this price is representative; or*

*“b) the cost of production in the exporting country plus a reasonable amount for administrative, selling and general costs and for profits.*

*“(2) Sales of a like product destined for consumption in domestic market of an exporting country or sales to an appropriate third country may be considered to be a sufficient quantity for the determination of normal value if such sales constitute five per cent or more of the sales of an investigated product to Pakistan:”.*

21.3 Ordinary course of trade is defined in Section 7 of the Act as follows:

*“(1) The Commission may treat sales of a like product in domestic market of an exporting country or sales to a third country at prices below per unit, fixed and variable, cost of production plus administrative, selling and other costs as not being in the ordinary course of trade by reason of price and may disregard such sales in determining normal value only if the Commission determines that such sales were made –*

*“(a) within an extended period of time which shall normally be a period of one year and in no case less than a period of six months;*

*“(b) in substantial quantities; and*

*“(c) at prices which do not provide for the recovery of all costs within a reasonable period of time.*

*“(2) For the purposes of sub-clause (b) of sub-section (1), sales below per unit cost shall be deemed to be in substantial quantities if the Commission establishes that –*

*“(a) a weighted average selling price of transactions under consideration for the determination of normal value is below a weighted average cost; or*

*“(b) the volume of sales below per unit cost represents twenty per cent or more of the volume sold in transactions under consideration for the determination of normal value.*

*“(3) If prices which are below per unit cost at the time of sale are above the weighted average cost for the period of investigation, the Commission shall consider such prices as providing for recovery of costs within a reasonable period of time.”*

## **22. Export Price**

22.1 The “export price” is defined in Section 10 of the Act as “a price actually paid or payable for an investigated product when sold for export from an exporting country to Pakistan”.

## **23. Dumping Determination**

23.1 As stated earlier (paragraph 10 supra) the Applicants identified 60 exporters/producers from India involved in alleged dumping of the investigated product. The Commission sent Exporter’s Questionnaire to all known exporters/producers from India on September 4, 2015 for collection of data and information. Questionnaire was also provided to the High Commission of India in Islamabad with a request to forward it to all exporters/producers of the investigated product based in India to submit information to the Commission.

23.2 Twenty (20) exporters/foreign producers, provided information in response to the questionnaire, (paragraphs 14.3 supra). However, the Commission has limited its examination to only eight exporters/producers namely, Veebee, Mohan Spintex, Super Spinning, Sree Lalitha, Prasuna, NSL, Nagreeka and Trident as the Commission is satisfied in terms of Section 14(3) of the Act that the number of the exporters/producers involved is so large as it is impracticable to determine an individual dumping margin of all exporters who have responded to the Commission. However, a residual dumping margin has been determined for all other exporters/foreign producers of the India.

#### **24. Determination of Normal Value**

24.1 The Commission received information on domestic sales and cost of production etc. of the like product from seven exporters/producers from India namely Veebee, Mohan Spintex, Sree Lalitha, Prasuna, NSL, Nagreeka and Trident in response to the questionnaires. The information submitted by exporters selected for detailed examination, has been used for determination of normal value as discussed below. Normal value for other non-cooperating Indian exporters/producers has been determined on the basis of best information available in accordance with Section 32 and Schedule to the Act.

#### **24.2 Determination of Normal Value for Sree Lalitha**

24.2.1 Normal value for Sree Lalitha has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Sree Lalitha sold investigated product in its domestic market during the POI. Sree Lalitha sells Cotton Yarn in the domestic market of different Counts i.e. 60 counts and 80 counts. It exported also the Cotton Yarn of same counts to Pakistan. For like to like comparison, normal value has been determined on the basis of sales of these counts.

24.2.2 Sree Lalitha sold \*\*\* MT of the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Determination of ordinary course of trade in terms of Section 7 of the Act requires determination of cost to make and sell of an investigated product. Investigation has revealed that out of total sales, major proportion of sales were profitable sales. Below costs sales were not in substantial quantities in terms of Section 7(2) of the Act. Thus, in determination of normal value for the investigated product, the Commission has not disregarded any sales on account of ordinary course of trade in accordance with provisions of Section 7 of the Act.

24.2.3 According to Sree Lalitha, during the POI, it sold like product in its domestic market at Ex-mill and delivered basis. To arrive at the ex-factory price, Sree Lalitha has claimed adjustment on account of credit cost, rebate, commission, inland freight, insurance, handling charges, level of trade and packing cost. The Commission has rejected the adjustments of rebate as no documentary evidence was provided in the questionnaire. The Commission has rejected the adjustments of commission paid to the agents as no copy of the agreement has been provided to substantiate this adjustment. Further, the adjustment of level of trade in the domestic market has also been rejected on the grounds that the logic provided by the exporter for this adjustment is contrary to the actual position. The exporter claimed to have made export sales to whole sellers while in domestic market sales are made to end customers. Actual data revealed that majority of the export sales were to textile mills who are users of Cotton Yarn and not whole sellers. However, The Commission has accepted the adjustments of credit cost, inland freight, insurance, handling charges and packing cost for preliminary determination as a principle and the amount of these adjustments would be verified during on the spot verification. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

### **24.3 Determination of Normal Value for Trident**

24.3.1 Normal value for Trident has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Trident sold investigated product in its domestic market during the POI. Trident sold Cotton Yarn in the domestic market of 60 counts. It exported also the Cotton Yarn of same count to Pakistan. For like to like comparison, normal value has been determined on the basis of sales of these counts.

24.3.2 Trident sold \*\*\* MT of the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Determination of ordinary course of trade in terms of Section 7 of the Act requires determination of cost to make and sell of an investigated product. Investigation has revealed that out of total sales, major proportion of sales were profitable sales. Below costs sales were not in substantial quantities in terms of Section 7(2) of the Act. Thus, in determination of normal value for the investigated product, the Commission has not disregarded any sales on account of ordinary course of trade in accordance with provisions of Section 7 of the Act.

24.3.3 According to Trident, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Trident has claimed adjustment on account of credit cost, commission, indirect tax, inland freight, insurance, level of trade and packing cost. The Commission has rejected the adjustments of rebate as no documentary evidence was provided in the questionnaire. The Commission has rejected

the adjustments of commission paid to the agents as no copy of the agreement has been provided to substantiate this adjustment. Further, the adjustment of level of trade in the domestic market has also been rejected on the grounds that the logic provided by the exporter for this adjustment is contrary to the actual position. The exporter claimed to have made export sales to whole sellers while in domestic market sales are made to end customers. Actual data revealed that majority of the export sales were to textile mills who are users of Cotton Yarn and not whole sellers. However, The Commission has accepted the adjustments of credit cost, inland freight, insurance, indirect tax and packing cost for preliminary determination as a principle and the amount of these adjustments would be verified during on the spot verification. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

#### **24.4 Determination of Normal Value for Prasuna**

24.4.1 Normal value for Prasuna has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Prasuna sold investigated product in its domestic market during the POI. It exported the investigated product to Pakistan during the POI.

24.4.2 Prasuna sold \*\*\* MT of like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that out of total sales, some sales were at loss while some sales were profitable sales. Below costs sales were not in substantial quantities in terms of Section 7(2) of the Act. Thus, in determination of normal value for the investigated product, the Commission did not disregard any sales on account of ordinary course of trade in accordance with provisions of Section 7 of the Act.

24.4.3 According to Prasuna, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Prasuna has claimed adjustment on account of credit cost, commission, indirect tax, inland freight, insurance, bank charges and level of trade. The Commission has rejected the adjustments of commission paid to the agents as no copy of the agreement has been provided to substantiate this adjustment. The Commission has accepted the other adjustments as a principle and the amounts of these adjustments would be verified during on the spot verification. Normal value at ex-factory level for the like product is worked out by deducting values of these adjustments.

#### **24.5 Determination of Normal Value for Mohan Spintex**

24.5.1 Normal value for Mohan Spintex has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Mohan Spintex sold investigated product in its



domestic market during the POI. Mohan Spintex sells Cotton Yarn in the domestic market of different Counts i.e. 60 counts and 80 counts. It exported also the Cotton Yarn of same counts to Pakistan. For like to like comparison, normal value has been determined on the basis of sales of these counts.

24.5.2 Mohan Spintex sold \*\*\* MT of the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Determination of ordinary course of trade in terms of Section 7 of the Act requires determination of cost to make and sell of an investigated product. Investigation has revealed that out of total sales, major proportion of sales were profitable sales. Below costs sales were not in substantial quantities in terms of Section 7(2) of the Act. Thus, in determination of normal value for the investigated product, the Commission has not disregarded any sales on account of ordinary course of trade in accordance with provisions of Section 7 of the Act.

24.5.3 According to Mohan Spintex, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, Mohan Spintex has claimed adjustment on account of credit cost, commission, indirect tax, inland freight, insurance, handling charges, level of trade and packing cost. The Commission has rejected the adjustments of commission paid to the agents as no copy of the agreement has been provided to substantiate this adjustment. However, The Commission has accepted the other adjustments for preliminary determination as a principle and the amount of these adjustments would be verified during on the spot verification. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

#### **24.6 Determination of Normal Value for Veebee Yartex**

24.6.1 Normal value for Veebee has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Veebee sold investigated product in its domestic market during the POI. It exported the investigated product to Pakistan during the POI.

24.6.2 Veebee sold \*\*\* MT of the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Determination of ordinary course of trade in terms of Section 7 of the Act requires determination of cost to make and sell of an investigated product. Veebee provided different cost for different counts of cotton yarn. The company was asked to provide detailed working and basis of different cost for different costs. The company did not

provide the same. The cost provided by the company has been used to determine sales which fall in ordinary course of trade. Investigation has revealed that out of total sales, 57.11% sales were at loss while 42.89% sales were profitable sales. Below costs sales were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the investigated product, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

24.6.3 According to Veebee, during the POI, it sold like product in its domestic market at Ex-Mill basis. To arrive at the ex-factory price, Veebee has claimed adjustment on account of credit cost, commission and indirect tax. The exporter was asked to provide copy of agreement between the agent and company establishing such relationship. However, the company was unable to provide such agreement. The Commission did not accept adjustment of commission. The Commission has accepted the adjustment of credit cost and indirect tax for the purposes of this investigation. The Commission has accepted the adjustment as a principle and the amount of these adjustments would be verified during on the spot verification. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

#### **24.7 Determination of Normal Value for NSL Textile Limited**

24.7.1 Normal value for NSL Textile Limited has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, NSL Textile sold investigated product in its domestic market during the POI. It exported the investigated product to Pakistan during the POI.

24.7.2 NSL Textile sold \*\*\* MT of the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Determination of ordinary course of trade in terms of Section 7 of the Act requires determination of cost to make and sell of an investigated product. Investigation has revealed that out of total sales, 31.46% sales were at loss while 68.54% sales were profitable sales. Below costs sales were in substantial quantities in terms of Section 7(2) of the Act. Furthermore, below costs sales were in extended period of time and its prices did not provide for recovery of all costs within a reasonable period of time. Thus, in determination of normal value for the investigated product, the Commission has disregarded sales, which were not in the ordinary course of trade in accordance with provisions of Section 7 of the Act.

24.7.3 According to NSL Textile, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, NSL Textile has claimed adjustment on account of credit cost, commission, freight, insurance, handling cost and

packing cost. The exporter was asked to provide copy of agreement between the agent and company establishing such relationship. However, the company was unable to provide such agreement. The Commission did not accept adjustment of commission. The Commission has accepted other adjustments for the purposes of this investigation. The Commission has accepted the adjustments as a principle and the amount of these adjustments would be verified during on the spot verification. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

#### **24.8 Determination of Normal Value for Nagreeka Exports Limited**

24.8.1 Normal value for Nagreeka Exports Limited has been determined on the basis of the information provided by it on its domestic sales and cost to make and sell during the POI. According to the information, Nagreeka Exports Limited sold investigated product in its domestic market during the POI. It exported the investigated product to Pakistan during the POI.

24.8.2 Nagreeka sold \*\*\* MT of the like product in its domestic market during the POI. These sales are in sufficient quantities to determine normal value in terms of Section 6(2) of the Act, as these are more than 5 percent of the export sales of the investigated product exported by it to Pakistan during the POI. It sold like product to un-related customers in its domestic market. Section 7 of the Act requires the Commission to determine ordinary course of trade for domestic sales to determine normal value. Investigation has revealed that all sales were profitable sales. The Commission determined normal value for the investigated product on the basis of total sales of the company in its domestic market.

24.8.3 According to Nagreeka, during the POI, it sold like product in its domestic market at delivered basis. To arrive at the ex-factory price, NSL Textile has claimed adjustment on account of credit cost, commission, freight, insurance, handling cost, bank charges, technical assistance and packing cost. The exporter was asked to provide copy of agreement between the agent and company establishing such relationship. However, the company was unable to provide such agreement. The Commission did not accept adjustment of commission. The Commission has accepted other adjustments for the purposes of this investigation. The Commission has accepted the adjustments as a principle and the amount of these adjustments would be verified during on the spot verification. Normal value at ex-factory level for the like product is worked out by deducting values of this adjustment.

#### **25. Determination of Export Price**

25.1 The Commission received information on export sales of the investigated product from eight Indian exporters/producers namely Veebee, Mohan Spintex, Super Spinning, Sree Lalitha, Prasuna, NSL, Nagreeka and Trident in response to the questionnaires sent to various exporters/foreign producers of India. The information submitted by exporters selected for calculation of dumping margin has been used for determination on export price as discussed below except for the Super Spinning as the

information provided by the Super Spinning was not complete. Export price for non cooperating exporters/foreign producers has been determined on the basis of best information available in accordance with Section 32 and Schedule to the Act.

## **25.2 Determination of Export Price for Sree Lalitha**

25.2.1 Export price for Sree Lalitha is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

25.2.2 According to the information, Sree Lalitha exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during the POI were \*\*\* MT. All export sales to Pakistan, during the POI, were made to un-related customers.

25.2.3 During the POI, Sree Lalitha exported investigated product on LC at sight basis, 90days credit and 130 days credit. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, rebate, commission, inland freight, ocean freight, duty drawback, insurance, handling charges, bank charges and packing cost. The Commission has rejected the adjustments of commission paid to the agents as no copy of the agreement has been provided to substantiate this adjustment. Further, the adjustment of duty drawback has also been rejected on the grounds that rates claimed in export price were not uniform. However, the Commission has provisionally accepted other adjustments. The adjustments claimed would be verified during on-the-spot investigation visit. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

## **25.3 Determination of Export Price for Trident**

25.3.1 Export price for Trident is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

25.3.2 According to the information, Trident exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during POI were \*\*\* MT. All export sales to Pakistan, during POI, were made to un-related customers.

25.3.3 During the POI, Trident exported investigated product mostly on 15 days Due net at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight, bank charges, insurance cost, duty drawback and packing cost. The Commission has rejected the adjustments of commission paid to the agents as no copy of the agreement has been provided to substantiate this adjustment. Further, the adjustment of duty drawback has also been rejected on the grounds that rates claimed in export price were not uniform. However, the Commission has provisionally accepted other adjustments. The adjustments claimed would be verified during on-the-spot investigation visit. The export price at ex-factory

level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

#### **25.4 Determination of Export Price for Prasuna**

25.4.1 Export price for Prasuna is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

25.4.2 According to the information, Prasuna exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during the POI were \*\*\* MT during the POI. All export sales to Pakistan, during the POI, were made to un-related customers.

25.4.3 During the POI, Prasuna exported investigated product mostly at delivered basis. The payment terms were LC at sight and LC at 90 days credit. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight, bank charges, handling charges, and duty drawback. The Commission has rejected the adjustments of commission paid to the agents as no copy of the agreement has been provided to substantiate this adjustment. Further, the adjustment of duty drawback has also been rejected on the grounds that rates claimed in export price were not uniform. However, the Commission has provisionally accepted other adjustments. The adjustments claimed would be verified during on-the-spot investigation visit. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

#### **25.5 Determination of Export Price for Mohan Spintex**

25.5.1 Export price for Mohan Spintex is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

25.5.2 According to the information, Mohan Spintex exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during the POI were \*\*\* MT. All export sales to Pakistan, during the POI, were made to un-related customers.

25.5.3 During the POI, Mohan Spintex exported investigated product on LC at sight basis and 90days credit. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight, duty drawback, insurance, handling charges, bank charges and packing cost. The Commission has rejected the adjustments of commission paid to the agents as no copy of the agreement has been provided to substantiate this adjustment. Further, the adjustment of duty drawback has also been rejected on the grounds that rates claimed in export price were not uniform. However, the Commission has provisionally accepted other adjustments. The adjustments claimed would be verified during on-the-spot investigation visit. The

export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

## **25.6 Determination of Export Price for Veebee Yarn**

25.6.1 Export price for Veebee is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

25.6.2 According to the information, Veebee exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during POI were \*\*\* MT. All export sales to Pakistan, during POI, were made to un-related customers.

25.6.3 During the POI, Veebee exported investigated product mostly on LC at sight at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, commission, inland freight, ocean freight, handling cost and bank charges. The exporter was asked to provide copy of agreement between the agent and company establishing such relationship. However, the company was unable to provide such agreement. The Commission did not accept adjustment of commission. The Commission has provisionally accepted other adjustments. However, the adjustments claimed would be verified during on the spot investigation. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

## **25.7 Determination of Export Price for NSL Textile Limited**

25.7.1 Export price for NSL Textile is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

25.7.2 According to the information, NSL Textile exported the investigated product to Pakistan during the POI. Its exports of the investigated product to Pakistan during POI were \*\*\* MT. All export sales to Pakistan, during POI, were made to un-related customers.

25.7.3 During the POI, NSL Textile exported investigated product on LC at sight at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of foreign commission, domestic commission, inland freight, ocean freight, c & f charges, loading cost, packing cost, duty drawback, level of trade and bank charges. The exporter was asked to provide copy of agreement between the agent and company establishing such relationship. However, the company was unable to provide such agreement. The Commission did not accept adjustments of commission. With regards to level of trade adjustment, it has been stated that "all of NSL Textiles Ltd sales in domestic market are to end-user and Traders, whereas export to Pakistan is to End-users. It is globally understood that in the textile industry, yarn prices charged to end users are consistently higher by 1 or 2 % in view of eliminating the middleman. Therefore, we request the

Ministry to adjust the normal value by an allowance of 1% of net sale value, to enable fair comparison of normal value and export price". The Commission is of the view that as adjustment is requested to be made in normal value, accepting this adjustment for calculation of export price is not warranted. The Commission has therefore rejected this adjustment. Percentage of amount claimed for duty drawback against various transactions are different making this adjustment self-contradictory. The Commission has therefore rejected this adjustment. The Commission has provisionally accepted other adjustments. However, the adjustments claimed would be verified during on the spot investigation. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

## **25.8 Determination of Export Price for Nagreeka Exports Limited**

25.8.1 Export price for Nagreeka Exports Limited is determined on the basis of the information provided by it on its export sales of the investigated product to Pakistan made during the POI.

25.8.2 According to the information, Nagreeka exported the cotton yarn of 60 and 80 counts to Pakistan which falls under the scope of investigated product during the POI. Nagreeka sold cotton yarn of 60 counts only in its domestic market. For like to like comparison, Export price for Nagreeka has been determined on the basis of 60 counts. Its exports of the investigated product to Pakistan during POI were \*\*\* MT. All export sales to Pakistan, during POI, were made to un-related customers.

25.8.3 During the POI, Nagreeka exported investigated product mostly on LC at sight at delivered basis. To arrive at the ex-factory level, it has reported adjustments on account of credit cost, handling cost, commission, inland freight, ocean freight, technical assistance, packing cost, insurance, duty drawback and bank charges. The exporter was asked to provide copy of agreement between the agent and company establishing such relationship. However, the company was unable to provide such agreement. The Commission did not accept adjustments of commission. Percentage of amount claimed for duty drawback against various transactions are different making this adjustment self-contradictory. The Commission has therefore rejected this adjustment. The Commission has provisionally accepted other adjustments. However, the adjustments claimed would be verified during on the spot investigation. The export price at ex-factory level is worked out by deducting values reported for accepted adjustments from the gross value of sales transactions.

## **26. Dumping Margin**

26.1 The Act defines "dumping margin" in relation to a product to mean "*the amount by which its normal value exceeds its export price*". In terms of Section 14(1) of the Act the Commission shall determine an individual dumping margin for each known exporter or producer of an investigated product. In this preliminary determination, the Commission has determined individual dumping margin for the eight exporters who cooperated with the Commission and supplied necessary information and the provisional

antidumping duty rate for these exporters is established on the basis of individual dumping margin determined for each exporter. However, residual dumping margins/antidumping duty rates have been determined for non-cooperating exporters/foreign producers of the India.

26.2 Section 12 of the Act provides three methods for fair comparison of normal value and export price in order to establish dumping margin. The Commission has established dumping margin by comparing weighted average normal value with weighted average export price at ex-factory level.

26.3 The Commission has also complied with the requirements of Section 11 of the Act which states that;

*“the Commission shall, where possible, compare export price and normal value with the same characteristics in terms of level of trade, time of sale, quantities, taxes, physical characteristics, conditions and terms of sale and delivery at the same place”.*

26.4 Taking into account all requirements set out above, the dumping margins have been determined as follows:

**Table-III  
Dumping Margin**

| Country | Exporter Name                               | Dumping margin %age of Export Price |
|---------|---|-------------------------------------|
| India   | Mohan Spintex India Limited                 | 2.90                                |
|         | Nagreeka Exports Limited                    | -1.77                               |
|         | Veebee Yarnntex Private Limited             | 18.62                               |
|         | Sree Lalitha Parameswari Spinning           | 6.74                                |
|         | Prasuna Vamsikrishna Spinning Mills Pvt Ltd | 2.99                                |
|         | NSL Textiles Limited                        | -10.59                              |
|         | Trident India                               | 3.15                                |

**27. De minimis Dumping Margin and Negligible Volume of Alleged Dumped Imports**

27.1 In terms of Section 41(2) of the Act *“an investigation shall be immediately terminated if Commission determines that the dumping margin is negligible or that volume of dumped imports, actual or potential, or injury is negligible.”*

27.2 Section 41(3) of the Act states that the dumping margin shall be considered to be negligible if it is less than two percent, expressed as a percentage of the export price.



Dumping margin for the alleged dumped imports of the investigated product, set out in paragraph 23.4 supra, appear to be above negligible (*de minimis*) level.

27.3 As regards the volume of dumped imports, Section 41(3) of the Act provides that the volume of such imports shall normally be regarded as negligible if the volume of dumped imports of an investigated product is found to account for less than three percent of total imports of a like product unless imports of the investigated product from all countries under investigation which individually account for less than three percent of the total imports of a like product collectively account for more than seven per cent of the imports of like product. The information/data on alleged dumped imports of the investigated product and other imports of Cotton Yarn has been obtained from PRAL. Volume of alleged dumped imports of the investigated product and the Cotton Yarn imported from other sources during the POI (July 1, 2014 to June 30, 2015) is given in a table below:

**Table-IV**  
**Volume of Imports of Cotton Yarn during the POI**

| Country          | Volume of Imports in: |            |
|------------------|-----------------------|------------|
|                  |                       | Percentage |
| India            |                       | 71.31      |
| India Non Dumped |                       | 14.34      |
| Other Sources    |                       | 14.35      |
| Total            |                       | 100.00     |

Period: July 1, 2014 to June 30, 2015

Source: PRAL

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t to total imports during the POI.

27.4 On the basis of above information, the Commission has preliminary determined that the volume of dumped imports of the investigated product from India was well above the negligible threshold (less than three percent of volume of total imports of the like product) during the POI.

### **C. INJURY TO DOMESTIC INDUSTRY**

#### **28. Determination of Injury**

28.1 Section 15 of the Act sets out the principles for determination of material injury to the domestic industry in the following words:

*“A determination of injury shall be based on an objective examination of all relevant factors by the Commission which may include but shall not be limited to:*

- a. volume of dumped imports;*
- b. effect of dumped imports on prices in domestic market for like products; and*

- c. *consequent impact of dumped imports on domestic producers of such products...*"

28.2 Section 15 of the Act further provides that:

*" No one or several of the factors identified shall be deemed to necessarily give decisive guidance and the Commission may take into account such other factors as it considers relevant for the determination of injury"*.

28.3 The Commission has taken into account all factors in order to determine whether the Applicants suffered material injury during the POI. Material injury to the domestic industry has been analyzed in the following paragraphs in accordance with Part VI of the Act.

## **29. Domestic Industry**

29.1 As stated in Para 7.2 above, that there are total 35 units in the domestic industry engaged in the production of the Cotton Yarn of 55.5 and above counts. Out of these 35 units, 7 units are stated to be themselves importers of Cotton Yarn. Hence, these 7 units fall outside of the definition of the domestic industry in terms of Section 2(d) of the Act. Hence, for the purposes of this preliminary determination, the Commission has determined that domestic industry manufacturing domestic like product consists of other 28 operational units.

29.2 Out of these 28 units, 7 units are the Applicants. The other 21 units are indifferent in this investigation, as these 21 units have not responded in any manner including the notice of initiation or to the questionnaires sent subsequently. The information in case of these 21 units has been submitted by the Applicants.

29.3 Details of production of the domestic industry during July 1, 2014 to June 30, 2015 are as follows:

**Table V**  
**Unit-wise Production during the POI**

| S #          | Name                                  | Share in domestic production (%) | Supporting/ Opposing/ Indifferent (other units) |
|--------------|---------------------------------------|----------------------------------|---|
| 1            | Alhamd Corporation (Pvt) Ltd.         | 8.22                             | Applicant                                       |
| 2            | Acro Spinning & Weaving Mills Limited | 9.48                             | Applicant                                       |
| 3            | Babri Cotton Mills Ltd.               | 4.06                             | Applicant                                       |
| 4            | Colony Textile Mills Limited          | 11.98                            | Applicant                                       |
| 5            | Hasan Limited                         | 6.93                             | Applicant                                       |
| 6            | Sally Textile Mills Limited           | 0.86                             | Applicant                                       |
| 7            | Saif Textile Mills Limited            | 0.56                             | Applicant                                       |
| 8            | Others (21 Units)                     | 57.91                            | Indifferent                                     |
| <b>Total</b> |                                       | 100                              |   |

Source: Applicants

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t to total domestic industry's production during POI

29.4 According to the above information, the Applicants produced 42.09% percent of domestic production of the domestic like product produced by the domestic industry during the POI for dumping. The Commission's investigation also revealed that neither the Applicants were themselves importers of the investigated product nor were related to the Indian exporters involved in dumping of the investigated product into Pakistan.

29.5 On the basis of the above information and analysis, for the purposes of this investigation, the Applicants are considered as the "domestic industry" in terms of Section 2(d) of the Act as they constitute a major proportion of the total domestic production of the domestic like product produced by the domestic industry.

29.6 The other 21 units in the domestic industry representing about 57.91 percent of the total domestic production of the domestic like product by the domestic industry were asked to provide information on injury factors for the POI, but none of them provided the requisite information on prescribed questionnaire. The Applicants have furnished some information (production capacity, quantity produced and sold) of these units.

29.7 Analysis of injury factors carried out in this preliminary determination in the following paragraphs is, therefore, based on the information submitted by the

Applicants. Any inference drawn in this regard from the data of the Applicants would apply to the entire domestic industry.

### 30 Volume of Dumped Imports

#### Facts

30.1 With regard to the volume of dumped imports, in terms of Section 15(2) of the Act, the Commission considered whether there has been a significant increase in dumped imports, either in absolute terms or relative to the domestic production or consumption of the domestic like product manufactured by the domestic industry during the POI.

30.2 In order to assess the impact of volume of dumped imports of the investigated product in relation to production and consumption of the domestic like product, the information obtained from PRAL has been used. The following table shows imports of the investigated product and production of the domestic like product during the POI;

**Table-VI**  
**Imports of Cotton Yarn**

| Year    | Dumped Imports | %age of total imports | Increase/ (decrease) in dumped imports | Non Dumped Imports from India | Other Imports | %age of total imports | Increase/ (decrease) in Other imports | Total Imports |
|---------|----------------|-----------------------|--|-------------------------------|---------------|-----------------------|---------------------------------------|---------------|
| 2012-13 | 60.03          | 60.03                 | ---                                    | 16.91                         | 23.07         | 23.07                 | ---                                   | 100.00        |
| 2013-14 | 124.43         | 82.39                 | 64.40                                  | 9.82                          | 16.78         | 11.11                 | -6.29                                 | 151.03        |
| 2014-15 | 92.80          | 71.32                 | -31.64                                 | 18.66                         | 18.67         | 14.34                 | 1.89                                  | 130.12        |

Source: PRAL

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t total imports during year 2012-13.

#### Analysis

30.3 The above table shows that the volume of dumped imports increased in absolute terms from \*\*\*\* MT in year 2012-13 to \*\*\*\* MT in year 2013-14 showing 82.39% increase in year 2013-14 as compared to year 2012-13. However, volume of dumped imports decreased in the POI for dumping i.e. year 2014-15 by from \*\*\*\* MT in year 2013-14 to \*\*\*\* MT in year 2014-15 showing 25.42% decrease in year 2014-15 as compared to year 2013-14. Although, the volume of dumped imports in last year decreased, the imports in 2014-15 are still higher by 54.60% as compared to base year 2012-13.

30.4 The data in Table given below shows whether there is significant increase in dumped imports of Cotton Yarn from India relative to domestic consumption of domestic like product during the POI:

**Table - VII**  
**Domestic Consumption and Dumped Imports of Cotton Yarn**

| Year    | Dumped Imports of Cotton Yarn from India | Domestic Consumption | Dumped imports as % age of D.C |
|---------|--|----------------------|--------------------------------|
| 2012-13 | 10.80                                    | 100.00               | 10.81                          |
| 2013-14 | 22.40                                    | 119.90               | 18.68                          |
| 2014-15 | 16.70                                    | 87.93                | 19.00                          |

Source: PRAL and the Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t total domestic consumption during year 2012-13.

30.5 The above table shows that volume of dumped imports relative to domestic consumption increased from 10.81% in 2012-13 to 18.68% in 2013-14 and marginally increased to 19.00% in the year 2014-15.

### **Conclusion**

30.6 On the basis of the above information and analysis, the Commission is of the view that the dumped imports of the investigated product increased relative to domestic consumption during the POI.

## **31. Price Effects**

31.1 Effect of dumped imports on sales price of domestic like product in the domestic market has been examined to establish whether there was significant price undercutting (the extent to which the price of the investigated product was lower than the price of the domestic like product), price depression (the extent to which the domestic industry experienced a decrease in its selling prices of domestic like product over time), or price suppression (the extent to which increased cost of production could not be recovered by way of increase in selling price of the domestic like product). Effects of dumped imports on price of the domestic like product are analyzed in following paragraphs:

### **31.2 Price undercutting**

#### **Facts**

31.2.1 Weighted average ex-factory price of the domestic like product has been calculated from the information submitted by the Applicants on quantity and value of sales during the POI. Landed cost of the investigated product has been calculated from the information obtained from PRAL. Comparison of weighted average ex-factory price of the domestic like product with the weighted average landed cost of the investigated product during the POI is given in following table:

**Table-VIII  
Price Undercutting**

| Period  | Ex-factory price of domestic like product | Landed cost of dumped investigated product | Price under-cutting |      |
|---------|---|--|---------------------|------|
|         |   |  | Absolute            | %age |
| 2012-13 | 100.00                                    | 92.86                                      | 7.14                | 7.14 |
| 2013-14 | 111.86                                    | 105.15                                     | 6.71                | 6.00 |
| 2014-15 | 98.54                                     | 104.78                                     | ---                 | ---  |

Source: the Applicants and PRAL

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t to ex-factory price of the domestic like product during year 2012-13

### **Analysis**

31.2.2 The information provided in the above table shows that the weighted average landed cost of the investigated product remained lower than the weighted average ex-factory price of the domestic like product during the year 2012-13 and year 2013-14 and undercut the price of the domestic like product by 7.14% and 6.00% respectively. However, during the POI for dumping i.e. in year 2014-15, the weighted average landed cost of the investigated product became higher than the weighted average ex-factory price of the domestic like product.

### **Conclusion**

31.2.3 On the basis of the above, the Commission has concluded that the prices of the investigated product did not undercut the prices of domestic like product during the POI, however it suffered price undercutting in the year 2012-13 and 2013-14.

### **31.3 Price Suppression**

#### **Facts**

31.3.1 Weighted average cost to make and sell and ex-factory prices of the domestic like product for the POI, calculated on the basis of information provided by the Applicants, are given in the following table:

**Table - IX**  
**Cost to Make and Sell and Ex-factory Price of the Domestic Like Product**

| Year    | Average cost of production of domestic like product | Average ex-factory price of domestic like product | Price Suppression                         |                              |                   |
|---------|---|---|---|------------------------------|-------------------|
|         |   |   | Increase/(decrease) in cost of production | Increase/(decrease) in price | Price suppression |
| 2012-13 | 96.84   | 100.00  | ----                                      | ----                         | ----              |
| 2013-14 | 108.22  | 111.86  | 11.39                                     | 11.86                        | ----              |
| 2014-14 | 100.20  | 98.54   | (8.02)                                    | (13.33)                      | ----              |

Source: Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t to ex-factory price of the domestic like product during year 2012-13

### Analysis

31.3.2 Above table shows that domestic industry did not experience price suppression during the year 2014-15 as the Applicants were able to reduce their cost to make and sell and resultantly reduced sales price. However, the decrease in sales price was more than the decrease in cost to make and sell which was mainly due to the low priced dumped imports.

### Conclusion

31.3.3 On the basis of the above information and analysis, the Commission has concluded that the domestic industry did not suffer material injury on account of price suppression during the POI.

### 31.4 Price Depression

#### Facts

31.4.1 Applicants prices of the domestic like product during the POI are given in table below:

**Table - X**  
**Calculation of Price Depression**

| Year    | Average ex- factory price of domestic like product | Price Depression |                |
|---------|--|------------------|----------------|
|         |  | Absolute         | Percentage (%) |
| 2012-13 | 100.00   | ---              | ---            |
| 2013-14 | 111.86   | ---              | ---            |
| 2014-15 | 98.54  | 13.33            | 13.52          |

Source: The Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t to ex-factory price of the domestic like product during year 2012-13

### Analysis

31.4.2 The table above shows that the Applicants industry had to reduce the prices of the domestic like product during the POI for dumping i.e. year 2014-15. The domestic industry reduced prices during the year 2014-15 as compared to year 2013-14. The reduction in price was more than the reduction in the cost to make and sell in the same period and domestic industry sold the domestic like product less than the cost of production which led the domestic industry to face loss on sales of the domestic like product.

### Conclusion

31.4.3 The Commission has concluded on the basis of the above information and analysis that domestic industry suffered price depression during the POI.

## 32. Effects on Market Share

### Facts

32.1 The total domestic demand of Cotton Yarn in Pakistan is met through local production and imports. Following table shows the market share from imports and domestic production during the POI.

**Table - XI  
Market Share**

| Year    | Share of Applicant in the Domestic Market |       | Share of other producers) in the Domestic Market |       |                     |       | Share of Dumped Imports in Domestic Market |       | Share of Non-Dumped Imports in Domestic Market |      | Share of Imports from other sources in Domestic Market |      | Total Domestic Market |
|---------|---|-------|--|-------|---------------------|-------|--|-------|--|------|--|------|-----------------------|
|         |   |       | Indifferent                                      |       | Importing Producers |       |  |       |  |      |  |      |                       |
|         | Qty                                       | %     | Qty  | %     | Qty                 | %     | Qty  | %     | Qty  | %    | Qty  | %    | Qty                   |
| 2012-13 | 12.79                                     | 12.79 | 17.86  | 17.86 | 51.35               | 51.35 | 10.80                                      | 10.80 | 3.04   | 3.04 | 4.15   | 4.15 | 100.00                |
| 2013-14 | 17.19                                     | 14.33 | 22.17  | 18.49 | 53.36               | 44.50 | 22.40                                      | 18.68 | 1.77   | 1.47 | 3.02   | 2.52 | 119.90                |
| 2014-15 | 20.21                                     | 22.98 | 29.35  | 33.38 | 14.95               | 17.00 | 16.70                                      | 19.00 | 3.36   | 3.82 | 3.36   | 3.82 | 87.93                 |

Source: PRAL and the Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t to domestic market during year 2012-13

### Analysis

32.2 The domestic production is composed of three segments i-e production by the domestic industry applied for in this application; production by the domestic industry remained indifferent in this application; and the production by those domestic producers who shifted to imports due to lowering of profits on domestic production.



32.3 The market share of all the three segments of domestic production was 82 percent in year 2012-13, it decreased to 77 percent in 2013-14 and further declined to 73 percent in 2013-14 due to dumped imports.

32.4 The share of domestic industry increased from 30.65% (12.79+17.86) in 2012-13 to 32.82% (14.33+18.49) in year 2013-14 and to 56.36% (22.98+33.38) in 2014-15. The share of the Applicants in domestic market increased from 12.79% in 2012-13 to 14.33% in 2013-14 and 22.98 % in 2014-15.

32.5 The share of dumped imports increased from 10.80% in 2012-13 to 18.68% in 2013-14 and 19% in 2014-15. The share of other imports of like product remained almost unchanged over the POI.

### **Conclusion**

32.6 On the basis of above information and analysis, the Commission has concluded that the domestic industry did not suffer material injury on account of decline of market share due to imports of the investigated product during the POI.

### **33. Effects on Sales**

#### **Facts**

33.1 The sales of the domestic like product by the Applicants have been provided in the following table:

**Table XII**  
**Sales by the Domestic Industry**

| <b>Year</b> | <b>Sales</b> |
|-------------|--------------|
| 2012-13     | 100.00       |
| 2013-14     | 134.44       |
| 2014-15     | 158.05       |

Source: the Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t sales of the domestic industry during year 2012-13

#### **Analysis**

33.2 The above table shows that the sales of domestic industry increased by \*\*\* MT (34.44 percent) in the year 2013-14 as compared to year 2012-13 and further increased by \*\*\* MT (17.56 percent) in the year 2014-15 as compared to year 2013-14. The increase in sales of the domestic industry in year 2013 was due to decrease of sales of the other domestic importing producers in the domestic market.

33.3 An important impact of dumped imports, which was discussed by the APTMA during visit to their office, that those producers who were involved in production of

higher counts of Cotton Yarn have now shifted to lower counts replacing the smaller producers, earlier involved in production of lower counts, from the market.

### **Conclusion**

33.4 On the basis of above information and analysis, the Commission has concluded that domestic industry did suffer material injury on account of decline in sales of domestic like product due to imports of the investigated product during the POI.

### **34. Effects on Production and Capacity Utilization**

#### **Facts**

34.1 The capacity of the textile units is determined in terms of 20 counts equivalent. The production of domestic industry of the investigated product and Cotton Yarn of counts lower than 55.5 are given in the table below. Quantity produced and the capacity utilized by the domestic industry during the POI was as follows:

**Table-XIII**  
**Installed Capacity, Quantity Produced and Capacity Utilization**

| <b>Year</b> | <b>Capacity</b> | <b>Production</b> | <b>Capacity Utilization (%)</b> |
|-------------|-----------------|-------------------|---------------------------------|
| 2012-13     | 100.00          | 46.23             | 46.23                           |
| 2013-14     | 108.52          | 51.81             | 47.75                           |
| 2014-15     | 116.53          | 56.56             | 48.54                           |

Source: the Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t capacity of the domestic industry during year 2012-13

#### **Analysis/Conclusion**

34.2 The figures given in the above table with regard to capacity and production, pertains to all types and counts of yarns. According to Applicants, no specified quantum of capacity can be allocated to Cotton yarn of higher counts. This capacity can be interchangeably used for other yarns as well. It may be noted from the above table that production of Cotton Yarn increased during the year 2014-15.

### **35. Effects on Inventories**

#### **Facts**

35.1 The Applicants provided data relating to its inventories of the domestic like product during the POI. Data for opening and closing inventories for the domestic like product of the POI is given in the following table:

**Table-XIV  
Inventories of Domestic Like Product**

| Period  | Opening Inventory | Production | Sales (Qty) |        | Closing Inventory |
|---------|-------------------|------------|-------------|--------|-------------------|
|         |                   |            | Domestic    | Export |                   |
| 2012-13 | 1.79              | 100.00     | 95.98       | ---    | 5.80              |
| 2013-14 | 5.80              | 140.32     | 129.03      | ---    | 17.10             |
| 2014-15 | 17.10             | 160.13     | 151.69      | ---    | 25.55             |

Source: the Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t production of the domestic industry during year 2012-13

**Analysis**

35.2 The data given in the table above shows that the inventory of the domestic like product increased in year 2014-15 as compared to the year 2013-14.

**Conclusion**

35.3 On the basis of the above facts and analysis, the Commission has concluded that the domestic industry suffered material injury on account of negative effects on inventories of the domestic like product during the POI.

**36. Effects on Profit/Loss**

**Facts**

36.1 Information submitted by the Applicants on its profit/loss from operations is given in the following table:

**Table -XV  
Profit/(Loss) of the Applicants**

| Year    | Net Profit/(Loss) |
|---------|-------------------|
| 2012-13 | 100.00            |
| 2013-14 | 138.10            |
| 2014-15 | (77.78)           |

Source: the Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t profit & loss of the domestic industry during year 2012-13

**Analysis**

36.2 The above table shows that the domestic industry incurred loss during the dumping the POI i.e. year 2014-15. The reason for the loss is significant price depression during 2014-15 in the domestic market due to dumped imports.

**Conclusion**

36.3 On the basis of the above facts, the Commission has concluded that the domestic industry suffered material injury on account of decline in profit.

**37. Effects on Cash Flow**

**Facts**

37.1 The data provided by the Applicants in regard of cash flows is as under:

**Table -XVI  
Net Cash Flow**

| <b>Year*</b> | <b>Cash Flow of the</b> |
|--------------|-------------------------|
| 2012-13      | 100.00                  |
| 2013-14      | 347.01                  |
| 2014-15      | 163.55                  |

Source: the Applicants

Year: July 1 to June 30

Note: For the purpose of confidentiality, the actual figures have been indexed w.r.t cash flow of the domestic industry during year 2012-13

**Analysis/Conclusion**

37.2 The above table shows the net cash flow positions of the Applicants on consolidated basis for production of all types of yarns as due to nature of the business, the cash flow can not be segregated for finer counts i.e. 55.5 and above counts, therefore, no findings can be given with regard to injury to domestic industry on cash flows.

**38. Effects on Employment, Productivity and Salaries & Wages**

**Facts**

38.1 Effects on domestic industry's employment, productivity and salaries & wages on yearly basis are ascertained in the table given below:

**Table -XVII  
Employment, Productivity and Wages**

| Year    | No. of employees | Production (Qty) | Productivity Per Worker | Wages & salaries paid | Salaries & wages per MT |
|---------|------------------|------------------|-------------------------|-----------------------|-------------------------|
| 2012-13 | 100.00           | 100.00           | 100.00                  | 100.00                | 100.00                  |
| 2013-14 | 143.47           | 112.08           | 78.12                   | 152.90                | 136.42                  |
| 2014-15 | 164.75           | 122.35           | 74.25                   | 177.54                | 145.11                  |

Source: the Applicants

Year: July 1 to June 30

Note: To maintain confidentiality, actual figures have been indexed with respect to, employees, production, productivity per worker, salaries and wages and salaries and wages per MT by domestic industry during 2012-13

**Analysis/Conclusion**

38.2 The above table contains the data with regard to number of employees on the consolidated basis for production of all types of yarn. Productivity per worker in terms of production of 20 counts equivalent production, the productivity has reduced from \*\*\* in 2012-13 to \*\*\* in 2014-15. The salaries and wages per MT has increased from Rs. \*\*\* per Mt in year 2012-13 to Rs. \*\*\* per MT in year 2013-14 and Rs. \*\*\* per MT in year 2014-15. Hence, on the basis of above data conclusion with regard to injury to the domestic industry on employment, productivity and salaries and wages cannot be drawn.

**39. Effects on Return on Investment**

**Facts**

39.1 The applicants have provided data with regard to return on investment, the figures are provided as under:

**Table XVIII  
Return on Investment**

| Year    | ROI %  |
|---------|--------|
| 2012-13 | 1.00%  |
| 2013-14 | 0.75%  |
| 2014-15 | -0.44% |

Source: the Applicants

Year: January 1 to December 31

**Analysis/Conclusion**

39.2 The Applicants have calculated the return on investment on the basis of total investment. Due to nature of the business, the investment can not be segregated for finer

counts i.e. 55.5 and above counts therefore, no findings can be given with regard to injury to domestic industry on return of investment.

**40. Effects on Growth**

**Facts/Analysis**

40.1 The domestic market of the cotton yarn has been reduced over the period of time i.e. since 2012-13 to 2014-15 (reference Table-XI supra) however a perusal of the table XIII supra reveals that domestic industry is continuously increasing its installed capacity for production of cotton yarn which is an indication that domestic industry is increasing its investment in production of cotton yarn.

**Conclusion**

40.2 On the basis of the above, the Commission has concluded that the domestic industry did not suffer material injury on account of growth and investment during the POI.

**41. Ability to Raise Capital**

**Facts/Analysis**

41.1 The Applicants are facing deterioration in their profitability, decline in cash flow and negative return of investment which can affect the confidence of investors and financial institutions. However, the adverse effect on domestic industry's ability to raise capital for investment can not be attributed solely to the dumped imports.

**Conclusion**

41.2 On the basis of the above, the Commission has concluded that the domestic industry has not suffered material injury on account of ability to raise capital due to dumped imports.

**42. Summing up of Material Injury**

42.1 Facts and analysis in the preceding paragraphs shows that the domestic industry has suffered material injury due to dumped imports of the investigated product during the POI on account of:

- a. Volume of dumped imports relative to domestic consumption;
- b. Price depression
- c. Negative effect on Inventories; and
- d. Decline in profits

## D. CAUSATION

### 43. Effect of Dumped Imports

43.1 On the basis of the analysis and conclusions, the Commission has concluded that there was a no causal link between dumped imports of the investigated product and material injury suffered by the domestic industry.

43.2 The investigation has revealed that the following happened simultaneously during the POI:

- i. Volume of dumped imports of the investigated product increased relative to domestic consumption of the domestic like product;
- ii. Domestic industry did not experience price undercutting or price suppression due to dumped imports of the investigated product;
- iii. Domestic industry experienced price depression due to dumped imports of investigated product during the POI.
- iv. Domestic industry faced decline in the profits.
- v. Domestic industry faced negative effect on inventories of the domestic like product;

### 44. Other Factors

44.1 In accordance with Section 18(2) of the Act, the Commission also examined factors, other than dumped imports of the investigated product, which could at the same time cause injury to the domestic industry, in order to ensure that possible injury caused by other factors is not attributed to the dumped imports.

44.2 The Commission's investigation showed that the domestic industry did not suffer injury due to imports of the like product from sources other than the India during the POI. The imports from sources other than India were in lesser quantities. The landed cost of such imports were higher than ex-factory price of the domestic like product and landed cost of investigated product. Following table shows volume and landed cost of Cotton Yarn imported from other sources during the POI:

**Table XIX**  
**Imports from Other Sources**

| Year    | Imports from Other Sources (MT) | Landed cost from other sources (Rs/MT) |
|---------|---------------------------------|--|
| 2012-13 | 100.00                          | 100.00                                 |
| 2013-14 | 72.74                           | 107.97                                 |
| 2014-15 | 80.93                           | 102.65                                 |

Note: The figures have been indexed with reference to figures in year 2012

44.3 The factors mentioned in Section 18(3) of the Act were also examined and it was determined that:

- i. There was no contraction in demand;
- ii. There was no considerable change in technology to produce Cotton Yarn; and
- iii. The domestic industry did not export Cotton Yarn during the POI meaning thereby that injury to domestic industry is not because of export performance similarly the productivity alone cannot be considered as a major source of injury to the domestic industry.
- iv. During the POI there was no change in trade restrictive practices.

## **E. CONCLUSIONS**

45.1 The conclusions, after taking into account all considerations for this preliminary determination, are as follows:

- i. the application was filed on behalf of the domestic industry as the Applicants represent 42.09% of the domestic production. Application is supported by 100% of the producers who are expressing their opinion on application;
- ii. the investigated product and the domestic like product are like products;
- iii. the volume of dumped imports of the investigated product and the dumping margins established for the exporters/producers of the investigated product from India were above the negligible and *de minimis* levels respectively.



- iv. the domestic industry suffered material injury during the POI on account of increase in volume of dumped imports relative to domestic consumption, price depression, decline in profits and negative effect on inventories in terms of Section 15 and 17 of the Act; and
- v. there was a causal relationship between dumped imports of the investigated product and the material injury suffered by the domestic industry.
- vi. The tariff structure applicable to Cotton Yarn industry shows that the Government has imposed Regulatory Duty @ 10% on imports of Cotton Yarn falling under PCT head 52.05 on October 30, 2015 which covers the PCTs of investigated product. Therefore, it would not be appropriate to impose provisional anti-dumping duties in the presence of Regulatory Duty @ 10% because of its negative implications on upstream textile industry.

(Niamatullah Khan)  
Member  
February 15, 2016

(M. Abbas Raza)  
Chairman  
February 15, 2016