

**DIRECTORATE GENERAL OF SAFEGUARDS  
CUSTOMS AND CENTRAL EXCISE  
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**NOTICE OF INITIATION OF A SAFEGUARD INVESTIGATION**

[Under Rule 6 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997]

New Delhi, 7<sup>th</sup> December, 2015  
F.No. D-22011/ 47/2015

**Sub: Initiation of safeguard investigation concerning imports of “Hot Rolled flat sheets and plates (excluding hot rolled flat products in coil form) of alloy or non-alloy steel” into India.**

1. G.S.R.-- An application has been filed before me on 28<sup>th</sup> October, 2015 under Rule 5 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997 by M/S Steel Authority of India Limited, M/S Essar Steel India Limited, M/S JSW Steel Limited and M/S Jindal Steel & Power Ltd through M/S Lakshmi Kumaran & Sridharan Attorneys, New Delhi, for imposition of Safeguard Duty on imports "Hot Rolled flat sheets and plates (excluding hot rolled flat products in coil form) of alloy or non alloy steel having nominal thickness less than or equal to 150mm and nominal width of greater than or equal to 600mm" hereinafter referred to as 'PUC' (Product under consideration) **into India** to protect the domestic producers of PUC against serious injury/threat of serious injury caused by the increased imports of PUC into India.

2. **Domestic Industry:** The applicants, i.e., M/S Steel Authority of India Limited, M/S Essar Steel India Limited, M/S JSW Steel Limited and Jindal Steel & Power Ltd claimed that their production together accounts for more than 50% of the total production of PUC in India and it represent a major proportion of Indian production of the product under consideration in the country and thus have the standing to file the present application.

3. **Product Involved:** The product under consideration in the present investigation is “Hot Rolled flat sheets and plates (excluding hot rolled flat products in coil form) of alloy or non-alloy steel having nominal thickness less than or equal to 150mm and nominal width of greater than or equal to 600mm” whether or not rolled from universal plate mill including reversible plate mill or hot strip mill or tandem mill or steckel mill or any other similar process with various type of rolling configuration including 2-High, 3-High, 4-High, cluster mill or any similar hot rolling process. The product under consideration is classified under Tariff Heading 7208 and 7225 (722540413, 72254019, 72254020, 72254030 and 72259900) which are directly substituting the products manufactured by the DI that fall under the tariff heading 7208) of the Customs Tariff Act, 1975. These products include sheets and plates

produced either directly from the hot rolling process or cut / sheared from hot rolled coils. These products are flat products of iron, alloy or non-alloy steel, in prime or non-prime condition having 'as-rolled' edge or 'trimmed' edge or "milled" edge or "sheared" edge or "laser-cut" edge or "gas-cut" edge. These products may be pickled or non-pickled (with or without skin-pass or tempering), normalized or un-normalized, ultra-sonically tested or untested or oiled or non-oiled etc. These products may be "as-rolled" or "thermo-mechanically rolled" or "thermo-mechanically controlled rolled" or "controlled rolled" or "normalized rolled" or "normalized" or subject to any other similar process. These products may have patterns in relief / chequered patterns of different types derived directly during hot rolling. These products may be sand blasted or shot blasted or subjected to similar processes. These products may find applications spread across various end-usages including but not limited to structural applications, general engineering & fabrication, automotive, earth-moving & mining equipment, storage tanks, low pressure heaters, treaters, tanks & other low pressure vessels, infrastructure and construction sectors such as port, railway, airport, bridges, fly-overs, power generation, transmission & distribution sector, wind-mill, ship building & boats, tube & pipe manufacturing for transporting semi-solid, liquid & gas.

By ample clarification, the following are not included in the scope of the product under consideration:

- a) Hot rolled flat products of stainless steel;
- b) API grade steel conforming to X-52 and higher API grades for manufacturing pipes used for pipeline transportation systems in the petroleum and natural gas industries;
- c) Hot rolled plates for manufacturing boilers and pressure vessels conforming to IS 2002 and IS 2041;
- d) Silicon electrical steel;
- e) Cladded steel;
- f) Quenched and tempered steel;

4. **Period of Investigation (POI):** The applicants have submitted all the data from 2012-13 to 2015-16 (up to Sept.,15). The period for investigation selected is 2012-13 to 2015-16 (A) which is long enough in order to take into consideration the market conditions and to ascertain the need of imposition of Safeguard Duty.

5. **Source of information:** The transaction-wise import data for the 'PUC' has been taken from DGCI&S (Ministry Of Commerce) from 2012-13 to 2015-16 (upto Aug,15) and same has been taken into consideration for analysis. The domestic data from 2012-13 to 2015-16(up to Sept.,15) have been submitted by the domestic industry and the same been taken into consideration for analysis.

6. **Increased Imports (absolute & in relative terms):** 'PUC' is imported into India primarily from Indonesia, China PR, Japan, Korea RP, Russia and Ukraine. The imports of 'PUC' have shown an increasing trend in absolute terms as well as in relative terms during the period as shown in table below:-

Year	Total Imports (MT)	Trend	All India Production (MT)	import with respect to total production(%)
2012-13	601,667	100	5264627	11
2013-14	323,723	54	5420737	6
2014-15	599891	100	5001044	12
2015-16(A)	708816	118	5048846	14

**7. Serious Injury:** The applicant have claimed that the increased imports of 'PUC' have caused and are threatening to cause serious injury to the domestic producers of 'PUC' as indicated by the following factors:

(a) **Production:** The production of the domestic industry remained at the same level as shown in the following table:-

YEAR	Production of DI (MT)	Trend
2012-13	4649918	100
2013-14	4237844	91
2014-15	4303683	93
2015-16(A)	4306260	93

(b) **Market Share of domestic producers in domestic demand:** Market share of the applicants has fallen in the most recent period. Applicants had a market share of 73% in 2014-15 which fell to 70% during 2015-16 (A). During the same period, the market share of import increased from 12% to 13%, as shown below:-

Financial Year	Total Import (MT)	Sales of DI (MT)	Captive consumption of DI (MT)	Sales of other Indian Producers (MT)	Total Demand (MT)	Market Share (%)	
						DI	Import
2012-13	601,667	3683111	439569	536201	5260548	70	11
2013-14	323,723	3662331	192398	994887	5173339	71	6
2014-15	599891	3768085	157747	639349	5165072	73	12
2015-16(A)	708816	3771342	227971	694669	5402798	70	13

(c) **Productivity & Employment:** Since the applicant companies are multi-product companies, the employment levels have not undergone any significant change and productivity per day is as under:-

Financial Year	Productivity per day(MT) (Indexed)
2012-13	100
2013-14	91
2014-15	93
2015-16(A)	93

- (d) **Capacity Utilisation:** During the period, the capacity utilisation decreased from 45% to 37% during 2012-13 to 2015-16(A) as evident from the table below:

Financial Year	Installed Capacity (MT)	Capacity Utilisation (%)
2012-13	10336260	45
2013-14	11159000	38
2014-15	11305667	38
2015-16(A)	11589959	37

- (e) **Profit/loss** – The profitability of the domestic industry has declined sharply in 2015-16(A) and they have started recording losses as shown in the following table:-

Financial Year	Profitability (Rs. /MT) (Indexed)	ROCE(%) Indexed
2012-13	100	100
2013-14	66	71
2014-15	39	43
2015-16(A)	-230	-1

- (f) **Inventory**- The table below depicts the inventory levels which have witnessed a surge from 100 points in 2012-13 to 130 points in 2015-16(A).

Financial Year/Quarter	Inventory (MT) (Indexed)
2012-13	100
2013-14	104
2014-15	104
2015-16(A)	130

8. The domestic industry has requested for immediate imposition of safeguard measures for a period of four years in their application. The domestic industry has also requested for imposition of provisional safeguard duty in view of steep deterioration in performance of the domestic industry as a result of increased imports of product under consideration.

9. The application has been examined and it has been found that prima facie increased imports of 'PUC' have caused or are threatening to cause serious injury to the domestic producers of 'PUC' and accordingly, it has been decided to initiate an investigation through this notice.

10. All interested parties may make their views known within a period of 30 days from the date of this notice to:

The Director General (Safeguards)  
Bhai Vir Singh Sahitya Sadan: 2nd Floor,  
Bhai Vir Singh Marg,  
Gole Market, New Delhi-110 001, INDIA.  
Telefax: 011-23741542/ 23741537  
E-mail: [dgsafeguards@nic.in](mailto:dgsafeguards@nic.in)

11. All known interested parties are also being addressed separately.
12. Any other party to the investigation who wishes to be considered as an interested party may submit its request so as to reach the Director General (Safeguards) on the aforementioned address within 15 days from the date of this notice.
13. A public file containing all relevant material (non-confidential) shall be available for inspection by all interested parties in the office of the Director General (Safeguards) on the aforementioned address.

Sd/-  
(VINAY CHHABRA)  
DIRECTOR GENERAL