

January 29, 2002, to determine whether the Viraj Group made home market sales during the POR at prices below their respective COPs within the meaning of section 773(b) of the Act.

3. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of Mukand's and the Viraj Group's respective costs of materials and fabrication for the foreign like product, plus amounts for home market selling, general and administrative expenses ("SG&A"), including interest expenses, and packing costs. The Department relied on the COP data submitted by Mukand and the Viraj Group in their original and supplemental cost questionnaire responses.

For the purpose of these preliminary results, we revised the COP information submitted by Mukand as follows: 1) we recalculated Mukand's interest expense ratio to adjust the amount of interest expenses attributed to construction in progress and to eliminate SG&A and interest from the denominator used to determine the interest expense factor; and 2) we recalculated Mukand's general and administrative expenses ("G&A") to account for errors in the allocation of expenses between indirect selling expenses and G&A. *See Mukand Analysis Memorandum.*

For the purpose of these preliminary results, we revised the COP information submitted by the Viraj Group as follows: 1) we adjusted the Viraj Group's financial expenses to include all of the interest expenses reported in the audited financial statements of all of the Viraj Group companies; 2) we recalculated the Viraj Group's reported G&A to include all depreciation reported on its financial statements; and 3) we re-valued the Viraj Group's direct materials for CV based on the COP of control numbers ("CONNUM") with identical grades rather than use the transfer price from collapsed entities in the calculation of CV. *See Analysis for the Preliminary Results of Review for Stainless Steel Wire Rod from India for 2000-2001: The Viraj Group, Limited*, dated December 31, 2002 ("Viraj Analysis Memorandum").

4. Test of Home Market Prices

We compared the weighted-average COP for Mukand and the Viraj Group's home market sales of the foreign like product as required under section 773(b) of the Act, in order to determine whether these sales had been made at prices below the COP. In determining whether to disregard home market sales made at prices less than the COP, we

examined whether such sales were made: (1) in substantial quantities within an extended period of time; and (2) at prices which permitted the recovery of all cost with all costs within a reasonable period of time, in accordance with sections 773(b)(1)(A) and (B) of the Act. We compared the COP to home market prices, less any applicable billing adjustments, movement charges, discounts, and indirect selling expenses.

5. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of Mukand's or the Viraj Group's sales of a given product were, within an extended period of time, at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial quantities." Where 20 percent or more of Mukand's or the Viraj Group's sales of a given product were at prices less than the COP, we determined such sales to have been made in "substantial quantities" within an extended period of time, in accordance with sections 773(b)(2)(B) of the Act and 19 C.F.R. 351.406(b). In such cases, because we used POR average costs, we also determined that such sales were not made at prices which would permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act. We compared the COP for subject merchandise to the reported home market prices less any applicable movement charges. Based on this test, we disregarded below-cost sales. Where all sales of a specific product were at prices below the cost of production, we disregarded all sales of that product.

Price-to-Price Comparisons

Mukand

For those products comparisons for which there were sales at prices above the COP, we based NV on the home market prices to the home market customers. We made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act. Additionally, in accordance with section 773(a)(6)(A) and (B), we deducted home market packing costs and added U.S. packing costs. In accordance with the Department's practice, where all contemporaneous matches to a U.S. sale observation resulted in differences-in-merchandise adjustments exceeding 20 percent of the cost of manufacturing ("COM") of the U.S. product, we based NV on CV. We

calculated NV based on prices to unaffiliated home market customers. We applied Mukand's inventory carrying cost factor to the total cost of manufacturing instead of the variable cost of manufacturing as reported by Mukand in its questionnaire response. Finally, we revised Mukand's calculation of credit insurance to account for a decimal error found in Mukand's reported credit insurance calculation at verification. See Mukand Verification Report at 2 and Mukand Analysis Memorandum.

The Viraj Group

For those product comparisons for which there were sales at prices above the COP, we based NV on the home market prices to the home market customers. We made adjustments, where appropriate, for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act. Additionally, in accordance with section 773(a)(6)(A) and (B), we deducted home market packing costs and added U.S. packing costs. In accordance with the Department's practice, where all contemporaneous matches to a U.S. sale observation resulted in differences-in-merchandise adjustments exceeding 20 percent of the cost of manufacturing ("COM") of the U.S. product, we based NV on CV. We calculated NV based on prices to unaffiliated home market customers. We made circumstances of sale adjustments for credit expenses, as appropriate.

Price-to-CV Comparisons

In accordance with section 773(a)(4) of the Act, we based NV on CV if we were unable to find a home market match of identical or similar merchandise. We calculated CV based on the sum of Mukand's and the Viraj Group's cost of materials, fabrication employed in producing the subject merchandise, and SG&A, including interest expenses and profit. We calculated the COPs included in the calculation of CV as noted above in the "Calculation of COP" section of this notice. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expense and profit on the amounts incurred and realized by the respondent in connection with the production and sale of the foreign like product in the ordinary course of trade for consumption in India. For selling expenses, we used the actual weighted-average home market direct and indirect selling expenses. For CV, we made the same adjustments described in the COP section above.