

Based on the record evidence, the Department preliminarily determines that VSL's U.S. sales through VUI were made "in the United States" within the meaning of section 772(b) of the Act, and thus have been appropriately classified by Viraj as CEP transactions.

The Department calculated CEP, in accordance with section 772(b) of the Act, based on the packed EDDP prices to the first unaffiliated customer in the United States. The Department made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act; these included, where appropriate, brokerage and handling, inland freight, international freight, U.S. customs duties, marine insurance, and customs clearance and delivery arrangements. In accordance with section 772(d)(1) of the Act, we deducted those selling expense associated with economic activities occurring in the United States, including direct selling expenses (bank charges and credit expenses) and indirect selling expenses.

We recalculated Viraj's U.S. credit expenses to reflect U.S. Federal Reserve short-term rates in accordance with the Department's policy, because Viraj did not incur any short-term loans denominated in U.S. dollars, and the rate reported by Viraj was based on a rate quote that could not be substantiated. See Policy Bulletin 1998.2, *Imputed Credit Expenses and Interest Rates*, (February 23, 1998); Sales and Cost Verification of Viraj Alloys Limited ("VAL") and VSL Wires, Limited ("VSL") in the Antidumping Administrative Review of Stainless Steel Wire Rods from India, dated December 10, 2003 ("Verification Report") at 14; Analysis Memorandum for Viraj Alloys Limited and VSL Wires Limited for the Preliminary Results of the Administrative Review Stainless Steel Wire Rods from India for the Period December 1, 2001 through November 30, 2002 ("Analysis Memorandum") at 3. Additionally, the Department has denied Viraj's reported brokerage and handling expenses, because Viraj could not provide documentation substantiating its reported brokerage and handling expenses. See *Verification Report* at 13; *Analysis Memorandum* at 2; *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams From Germany*, 67 FR 35497 (May 20, 2002). Finally, as explained in the "Duty Drawback" section below, we are not making any adjustment for duty drawback.

We deducted the profit allocated to expenses deducted under sections 772(d)(1) and (d)(2) in accordance with

sections 772(d)(3) and 772(f) of the Act. In accordance with section 772(f) of the Act, we computed profit based on total revenues realized on sales in both the U.S. and home markets, less all expenses associated with those sales. We then allocated profit to expenses incurred with respect to U.S. economic activity, based on the ratio of total U.S. expenses to total expenses for both the U.S. and home market.

Duty Drawback

Viraj

In the previous two administrative reviews, the Department denied Viraj's request for an upward adjustment to the U.S. starting price based on duty drawback pursuant to section 772(c)(1)(B) of the Act. See *Stainless Steel Wire Rods from India: Final Results of Antidumping Duty Administrative Review*, 67 FR 37391 (May 29, 2002); *Final Results* at 26290. The Department denied the duty drawback adjustment because the reported duty drawback was not directly linked to the amount of duty paid on imports used in the production of merchandise for export as required by the Department's two-part test, which states there must be: (1) A sufficient link between the import duty and the rebate, and (2) a sufficient amount of raw materials imported and used in the production of the final exported product. See *Rajinder Pipes Ltd. v. United States*, 70 F. Supp. 2d 1350, 1358 (CIT Sept. 17, 1999). The Court of International Trade has upheld the Department's past decisions to deny respondent an adjustment for duty drawback because there was not substantial evidence on the record to establish that part one of the Department's test had been met. See *Viraj Group, Ltd. v. United States*, 162 F.Supp. 2d 656 (CIT August 15, 2001).

Similarly, in the current review, the Department finds that Viraj has not provided substantial evidence on the record to establish the necessary link between the import duty and the reported rebate for duty drawback. Viraj has reported that it received duty drawback in the form of duty entitlement certificates which are issued by the Government of India to neutralize the incidence of basic custom duty on the import of raw materials used in the production of subject merchandise, but has failed to establish the necessary link between the import duty paid and the rebate given by the Government of India. See Viraj's April 4, 2003 response at C-19. As in the previous review, Viraj was not able to demonstrate that the import duty paid and the duty drawback

rebate were directly linked. Therefore, the Department is denying a duty drawback credit for the preliminary results of this review.

Normal Value

After testing home market viability, we calculated NV as noted in the "Price-to-CV Comparisons" and "Price-to-Price Comparisons" sections of this notice.

1. Home Market Viability

In accordance with section 773(a)(1)(C) of the Act, to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is greater than or equal to five percent of the aggregate volume of U.S. sales), we compared the volume of home market sales of the foreign like product by Mukand and Viraj to the volume of each of their U.S. sales of subject merchandise. Pursuant to sections 773(a)(1)(B) and (C) of the Act, because the aggregate volume of home market sales of the foreign like product by Mukand and Viraj were each greater than five percent of the aggregate volume of U.S. sales for the subject merchandise, we determined that sales in the home market provide a viable basis for calculating NV. We therefore based NV on home market sales to unaffiliated purchasers made in the usual commercial quantities and in the ordinary course of trade.

For NV, we used the prices at which the foreign like product was first sold for consumption in India, in the usual commercial quantities, in the ordinary course of trade, and, to the extent possible, at the same level of trade ("LOT") as the EP or CEP as appropriate. After testing home market viability and whether home market sales were at below-cost prices, we calculated NV as noted in the "Price-to-Price Comparisons" and "Price-to-Constructed Value ("CV") Price Comparisons" sections of this notice.

Additionally, Viraj reported the home market sales of VSL. Since we have preliminarily determined to collapse the companies of Viraj, we included the home market sales of VSL as the basis of NV for Viraj.

2. Cost of Production Analysis

Mukand

Because the Department disregarded certain Mukand sales made in the home market at prices below the cost of producing the subject merchandise in the most recently completed segment of this proceeding and excluded such sales