



## **EXPORTER QUESTIONNAIRE**



**PRODUCT CONCERNED:** ZINC COATED (GALVANISED) STEEL  
FROM INDIA AND THE SOCIALIST  
REPUBLIC OF VIETNAM

**INVESTIGATION PERIOD:** 1 JULY 2013 - 30 JUNE 2014

**RESPONSE DUE BY** **18 AUGUST 2014**

**Extended to 3 September 2013**

**ADDRESS FOR RESPONSE:** Anti-Dumping Commission  
Customs House  
1010 La Trobe Street  
Docklands VIC 3008  
Australia  
Attention: Director Operations 1

**CASE MANAGER:** Ms Heidi Matuschka

**TELEPHONE:** +61 3 9244 8562

**E-MAIL:** [operations1@adcommission.gov.au](mailto:operations1@adcommission.gov.au)

Please note that a non-confidential version of the reply  
to this questionnaire must also be provided.

## TABLE OF CONTENTS

<b>TABLE OF CONTENTS .....</b>	<b>2</b>
<b>SECTION A - COMPANY STRUCTURE AND OPERATIONS .....</b>	<b>3</b>
A-1    IDENTITY AND COMMUNICATION .....	3
A-2    REPRESENTATIVE OF THE COMPANY FOR THE PURPOSE OF INVESTIGATION .....	3
A-3    COMPANY INFORMATION .....	4
A-4    GENERAL ACCOUNTING/ADMINISTRATION INFORMATION .....	6
A-5    INCOME STATEMENT .....	10
A-6    SALES .....	10
<b>SECTION B - SALES TO AUSTRALIA (EXPORT PRICE).....</b>	<b>12</b>
<b>SECTION C - EXPORTED GOODS AND LIKE GOODS.....</b>	<b>18</b>
<b>SECTION D - DOMESTIC SALES.....</b>	<b>20</b>
<b>SECTION E - FAIR COMPARISON.....</b>	<b>25</b>
<b>SECTION F - EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)</b> <b>.....</b>	<b>33</b>
<b>SECTION G - COSTING INFORMATION AND CONSTRUCTED VALUE .....</b>	<b>35</b>
<b>SECTION H - EXPORTER'S DECLARATION.....</b>	<b>41</b>
<b>SECTION I - CHECKLIST.....</b>	<b>42</b>

## SECTION A - COMPANY STRUCTURE AND OPERATIONS

*This section requests information relating to company details and financial reports.*

### A-1 IDENTITY AND COMMUNICATION

Please nominate a person within your company who can be contacted for the purposes of this investigation:

<b>POSCO Maharashtra - Head Office</b>	
<b>Name</b>	J.W. Kang
<b>Position in company</b>	General Manager of Marketing Automotive Division
<b>Visiting address</b>	World Trade Center, 7th Floor Block No. 701-704 Opp. EON Free Zone MIDC Knowledge Park Kharadi Pune 411014 Maharashtra India
<b>Telephone</b>	+91-7350-761-515
<b>Facsimile number</b>	+91-2140-661-198
<b>Email address</b>	aaron@posco.com

<b>POSCO Maharashtra – Factory</b>	
<b>Address</b>	Plot No.C-1 Vile-Bhagad Industrial area 1st Floor, Tal. Mangaon, Dist Raigad Maharashtra India
<b>Telephone</b>	+91-021-4066-1000
<b>Facsimile number</b>	+91-021-4066-1198
<b>Email address</b>	james.lee@posco.net

### A-2 REPRESENTATIVE OF THE COMPANY FOR THE PURPOSE OF INVESTIGATION

If you wish to appoint a representative to assist you in this investigation, provide the following details:

## PUBLIC RECORD

<b>Name</b>	<b>Alistair Bridges</b>
<b>Position</b>	<b>Lawyer, Moulis Legal</b>
<b>Address</b>	<b>6/2 Brindabella Circuit Brindabella Business Park Canberra International Airport Australian Capital Territory Australia 2609</b>
<b>Phone:</b>	<b>+61 2 6163 1000</b>
<b>Facsimile</b>	<b>+ 62 2 6162 0606</b>
<b>Email address</b>	<b>alistair.bridges@moulislegal.com</b>
<b>All communication should be directed to Moulis Legal in the first instance.</b>	

*Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.*

### A-3 COMPANY INFORMATION

1. What is the legal name of your business? What kind of entity is it (e.g. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

**The company's legal name is "POSCO Maharashtra Steel Private Limited" ("POSCO Maharashtra"). POSCO Maharashtra is a private limited company domiciled in India.**

**POSCO Maharashtra does not use any other business name to export and/or sell the goods under consideration.**

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

**[CONFIDENTIAL TEXT DELETED – details of principal shareholders]**

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

**[CONFIDENTIAL TEXT DELETED – details of corporate structure]**

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

**[CONFIDENTIAL TEXT DELETED – details of corporate structure]**

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

**Please refer to [CONFIDENTIAL] Attachment 1 - POSCO Maharashtra's**

## PUBLIC RECORD

### corporate structure.

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

**There are no management fees/corporate allocations charged to POSCO Maharashtra by its parent company, or by other related companies.**

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

**POSCO Maharashtra manufactures cold-rolled steel and galvanized steel for sale domestically within India and overseas. However, during the investigation period, POSCO Maharashtra only manufactured and sold the product under consideration.**

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:

- produce or manufacture;
- sell in the domestic market;
- export to Australia; and
- export to countries other than Australia.

**POSCO Maharashtra performs all of the functions listed above in relation to the goods under consideration.**

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

**Please refer to [CONFIDENTIAL] Attachment 2 – POSCO Maharashtra's organization chart.**

**POSCO Maharashtra owns and operates the steel mill that produces the galvanized steel which is subject to this investigation. POSCO Maharashtra also maintains its marketing, sales, finance, raw materials purchasing, strategic planning, administrative and maintenance offices at the same location. Sales and marketing teams are organized according to their functions.**

10. Provide a list of your business' Board of Directors, Managing Director (or CEO) and Senior Executives.

**Please refer to [CONFIDENTIAL] Attachment 3 – List of directors.**

11. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

**POSCO Maharashtra has not yet issued its annual report for the April 2013 - March 2014 financial year. Instead, POSCO Maharashtra has provided its audited report for previous financial year (April 2012 – March 2013) in [CONFIDENTIAL] Attachment 4 – Audited Report April to 2013.**

**POSCO Maharashtra will provide the audited report for the last financial year once it has been issued.**

## PUBLIC RECORD

Additionally, POSCO Maharashtra provides a brochure which discussed its business activity at Attachment 5 - POSCO Maharashtra brochure.

12. Provide details of all transactions between your company and all related parties. For example:

- supplying/selling completed or partially completed products;
- supplying/selling raw materials;
- performing management functions (including any financial functions);
- processing (including toll processing) of any raw materials, intermediary or completed products; or
- trading in products/materials supplied by related parties.

A portion of POSCO Maharashtra's Australian sales of the goods under consideration were made [CONFIDENTIAL TEXT DELETED – company]. The details of these transactions are provided in Section B of this exporter questionnaire response.

In the domestic market, POSCO Maharashtra made some sales of the goods under consideration [CONFIDENTIAL TEXT DELETED – to companies]. Details of these transactions are provided in POSCO's Section D response.

In addition, POSCO Maharashtra purchases some raw materials from [CONFIDENTIAL TEXT DELETED – related company]. [CONFIDENTIAL TEXT DELETED – details of service provider].

The role of each affiliated company is provided as follows [CONFIDENTIAL TEXT DELETED – details of dealings with related companies]

### A-4 GENERAL ACCOUNTING/ADMINISTRATION INFORMATION

1. Indicate your accounting period.

POSCO Maharashtra's accounting period is from April 1 to March 31.

2. Indicate the address where the company's financial records are held.

POSCO Maharashtra's financial records are kept by its financial team, located at its factory. However, the financial records are also accessible from the head office.

The address of the factory and the head office is indicated in Question A-1.

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;

Please refer to [CONFIDENTIAL] Attachment 6 - POSCO Maharashtra Chart of Accounts.

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion); and

As noted above, the audited report for the current fiscal year has not yet been

## PUBLIC RECORD

issued. Please find attached the following documents:

- **[CONFIDENTIAL] Attachment 7 - POSCO Maharashtra's Balance Sheet; and**
- **[CONFIDENTIAL] Attachment 8 - POSCO Maharashtra's Financial Statement.**

**Both these documents relate to the most recent financial year.**

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under investigation.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration; and
- the company overall.

**Please refer to Attachments 7 and 8, as discussed above. As noted, POSCO Maharashtra only produced the goods under consideration during the IP.**

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

**Not applicable. POSCO Maharashtra accounts are required to be audited. The audited report most recently issued is provided at [CONFIDENTIAL] Attachment 4.**

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

**POSCO Maharashtra's financial accounting practices are in accordance with generally accepted accounting principles in India.**

6. Describe the significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out – LIFO, first in first out – FIFO, weighted average);

**All relevant practices pertaining to POSCO Maharashtra's inventory valuation methodologies are detailed in POSCO Maharashtra's audited report, which has been submitted in this response.**

**Raw materials, components, stores and spares are valued at the lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The costs of raw materials, components, stores and spares is determined on a weighted average cost basis.**

**Work-in-progress and finished goods are valued at the lower of cost or net realizable value. Costs include direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The cost of**

## PUBLIC RECORD

**finished goods includes excise duty. Costs are determined on a weighted average cost basis.**

**Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.**

- costing methods, including the method (e.g. by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

**Please refer to POSCO Maharashtra's response of cost accounting system in Section G.**

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

**Damaged or sub-standard goods are valued and recorded at the net realizable value.**

- valuation methods for scrap, by products or joint products;

**POSCO Maharashtra uses the term “scrap” to refer to materials generated during the production process that are reintroduced into the production process. POSCO Maharashtra understands the term “by-products” to refer to recycled material that is sold to outside parties.**

**POSCO Maharashtra accounts for scrap and by-products in the same manner. The values of both are recognised as a reduction to the cost of manufacture at the stage of production in which the scrap or by-product is generated. Reused scrap or recycled scrap is then recorded as an input at market value. Similarly, by-product is reported at the market value.**

- valuation and revaluation methods for fixed assets;

**Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses (if any). The cost of the fixed assets comprises purchase price, borrowing costs - if capitalization criteria are met - and directly attributable cost of bringing the asset to its working condition for their intended use. Any trade discounts and rebates are deducted from the purchase price.**

**Subsequent expenditure related to a fixed asset is added to its book value when it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to profit and loss statement for the period during which such expenses are incurred.**

**Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit and loss statement when the asset is derecognized.**

- average useful life for each class of production equipment and depreciation method and rate used for each;

**Depreciation on fixed assets is calculated on a straight-line basis using the rates based on the useful lives of the assets as estimated by the management**



## PUBLIC RECORD

or prescribed under Schedule XIV to the *Companies Act 1956* (whichever is higher). POSCO Maharashtra has used the following rates to provide for depreciation on its fixed assets.

[CONFIDENTIALTABLE DELETED – depreciation rates]

- treatment of foreign exchange gains and losses arising from transactions;

Foreign currency transactions are recorded in the reporting currency, by applying the relevant exchange rate (the exchange rate between the reporting currency and the foreign currency at the date of transaction) to the foreign currency amount.

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences arising on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

- inclusion of general expenses and/or interest;

POSCO Maharashtra recognizes general and interest expenses as current expenses. The one exception to this is financial expenses on borrowings directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready use or sale: these are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

- provisions for bad or doubtful debts, and treatment thereof in your accounts;

POSCO Maharashtra provides an allowance for doubtful accounts based on management's estimate of the collectability of individual accounts and historical collection experience.

- expenses for idle equipment and/or plant shut-downs;

During the investigation period, none of POSCO Maharashtra's significant assets were idle nor were any plants shut down.

- costs of plant closure;

Not applicable. POSCO Maharashtra did not experience any plant closures

## PUBLIC RECORD

during the investigation period ("IP") nor did it experience any plant closures prior to the IP that had residual effects during the IP.

- restructuring costs;

Not applicable. POSCO Maharashtra did not experience any restructuring during the IP nor did it experience any restructuring costs prior to the IP that had residual effects during the IP.

- by-products and scrap materials resulting from your company's production process; and

Please refer to the response with respect to scrap and by-products above.

- effects of inflation on financial statement information.

Not applicable. Inflation had no effect on the financial statements during the IP.

6. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change and the reasons for it.

Not applicable. There have been no changes to the accounting methods used by POSCO Maharashtra in the last two years.

### A-5 INCOME STATEMENT

Please complete the worksheet titled '**Income Statement**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Explain how costs have been allocated between all products and the goods under consideration within these calculations.

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

Please refer to [CONFIDENTIAL] Attachment 9 – Income Statement.

### A-6 SALES

Please complete the worksheet titled '**Turnover**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

State your company's net turnover (after returns and all discounts) and free of duties and taxes. Use the currency in which your accounts are kept.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

This information will be used to verify the cost allocations to the goods under consideration in Section G.

You should be prepared to demonstrate that sales data shown for the goods is a complete

## **PUBLIC RECORD**

record by linking total sales of these goods to relevant financial statements.

Please refer to [CONFIDENTIAL] Attachment 10 - Turnover.

## SECTION B - SALES TO AUSTRALIA (EXPORT PRICE)

*This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at free-on-board (FOB) point, but the Commission may also compare prices at the ex-factory level.*

*You should report prices of all goods under consideration shipped to Australia during the investigation period.*

*The invoice date will normally be taken to be the date of sale. If you consider:*

- the sale date is not the invoice date (see 'date of sale' column in Section B-4 below); and*
- an alternative date should be used when comparing export and domestic prices,*

*then you must provide information in Section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

**B-1** For each customer in Australia to whom you shipped goods during the investigation period, list:

- name;
- address;
- contact name and phone/fax number, where known; and
- trade level (e.g. distributor, wholesaler, retailer, end user, original equipment manufacturer).

Please refer to [CONFIDENTIAL] Attachment 11 – Australian Customers, for the requested information concerning each Australian customer to whom POSCO Maharashtra sold the goods under consideration during the investigation period.

**B-2** For each customer identified in Section B-1 please provide the following:

- a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

In making sales of the goods under consideration to Australia, POSCO Maharashtra employed [CONFIDENTIAL TEXT DELETED – number] distribution channels during the investigation period.

[CONFIDENTIAL TEXT DELETED – detailed explanation regarding how the goods are exported to Australia]

- b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

[CONFIDENTIAL TEXT DELETED – parties in distribution chain]

- c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of delivered duty paid (DDP) sales, explain who retains ownership when the goods enter Australia.

Not applicable [CONFIDENTIAL TEXT DELETED – details of shipment terms].

## PUBLIC RECORD

- d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

**Not applicable. There were no agency agreements, distributor agreements or other such contracts, relevant to the export sales to Australia during the IP.**

- e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

**The sales process is as follows:**

- 1 The customer [CONFIDENTIAL TEXT DELETED –types of customer] will contact POSCO Maharashtra seeking to purchase zinc coated (galvanized) steel. POSCO Maharashtra and the customer will discuss the intended usage of the product, to allow POSCO Maharashtra to identify what variant of its zinc coated (galvanised) steel is most suited to the customer's needs.**
- 2 POSCO Maharashtra and the customer will then negotiate the relevant sales terms (price, quantity, specification, delivery terms, payment schedule and the terms for the export sale). POSCO Maharashtra always negotiates price with a view to making a reasonable profit.**
- 3 If the parties agree on the terms of the sale, POSCO Maharashtra's sales team [CONFIDENTIAL TEXT DELETED – details of internal processes].**
- 4 [CONFIDENTIAL TEXT DELETED – details of shipping]**
- 5 POSCO Maharashtra will issue a commercial invoice to the [CONFIDENTIAL TEXT DELETED – customer] on the date of shipment.**
- 6 The customer will then pay POSCO Maharashtra in accordance with the contractual terms of payment.**

- f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (e.g. free goods, rebates or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

**[CONFIDENTIAL TEXT DELETED – details of relationships with Australian customers]**

- g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

**[CONFIDENTIAL TEXT DELETED – details of forward orders]**

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**The export selling price does not vary according to the distribution channel identified. The selling prices are determined through individual negotiations between POSCO Maharashtra and its customers depending upon the market situation (e.g. supply and demand).**

- B-4** Complete the worksheet titled 'Australian Sales' within the 'Galvanised Steel - exporter questionnaire supporting data' spreadsheet provided alongside this

## PUBLIC RECORD

questionnaire.

This spreadsheet should list all shipments to Australia (i.e. transaction by transaction) of the goods under consideration in the investigation period. Do not include non-goods items.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

**Please refer to [CONFIDENTIAL] Attachment 12 - Australian Sales.**  
**[CONFIDENTIAL TEXT DELETED – details of confidential Attachment 13]**

The table below provides information as to what is meant by each column heading within the worksheet.

COLUMN HEADING	EXPLANATION
Customer name	Names of your customers
Level of trade	The level of trade of your customers in Australia
Model/grade/type	Commercial model/grade or type ( <i>i.e. Base Metal Thickness, width, zinc coating mass, grade, finish</i> )
Product code	Code used in your records for the model/grade/type identified. Explain the product codes in your submission
Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale, report that date. For example, order confirmation, contract or purchase order date.
Order number	If applicable, show order confirmation, contract or purchase order number if you have shown a date other than the invoice date as being the date of sale.
Shipping terms	Delivery terms: e.g. CIF, C&F, FOB, DDP (in accordance with the Incoterms outlined in Appendix 1)
Payment terms	Agreed payment terms, for example 60 days = 60 etc
Quantity	Quantity in units (as shown on the invoice). Show basis, e.g. kilograms.
Gross invoice value	Gross invoice value shown on invoice <i>in the currency of sale, excluding taxes</i>
Discounts on the invoice	If applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column
Other charges	Any other charges, or price reductions, that affect the net invoice

## PUBLIC RECORD

	value. Insert additional columns and provide a description
Invoice currency	The currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency, as it is entered in your accounting system
Rebates or other allowances	The amount of any deferred rebates or allowances paid to the importer in the currency of sale
Quantity discounts	The actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount
Ocean freight**	The actual amount of ocean freight incurred on each export shipment listed
Marine insurance	Amount of marine insurance
FOB export price**	The FOB price at the port of shipment
Packing*	Packing expenses
Inland transportation costs*	Inland transportation costs included in the selling price. For export sales, this is the inland freight from factory to port in the country of export
Handling, loading and ancillary expenses*	Handling, loading and ancillary expenses. For example, terminal handling, export inspection, wharfage and other port charges, container tax, document fees and customs brokers fees, clearance fees, bank charges, letter of credit fees and other ancillary charges incurred in the exporting country
Warranty and guarantee expenses*	Warranty and guarantee expenses
Technical assistance and other services*	Expenses for after sale services, such as technical assistance or installation costs
Commissions*	Commissions paid. If more than one type is paid, insert additional columns of data. Indicate in your response to Section B-2 whether the commission is a pre or post exportation expense having regard to the date of sale
Other factors*	<b>Any other</b> costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See Section B-5.

### Notes:

\* All of these costs are further explained in Section E-1.

\*\* FOB export price and ocean freight:

FOB export price: an FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling and loading charges. It excludes post



## PUBLIC RECORD

exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales worksheet.

Ocean freight: as ocean freight is a significant cost, it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made, you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

**[CONFIDENTIAL] Attachment 12 – Australian Sales has been populated on the following basis:**

**[CONFIDENTIAL TABLE DELETED – outlining the basis on which each field in Confidential Attachment 12 has been populated]**

- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see 'other factors' in Section B-4) for each item and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

**[CONFIDENTIAL TEXT DELETED – details of other costs].**

- B-6** For each type of discount, rebate or allowance offered on export sales to Australia:
- provide a description; and
  - explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to Section B-4. If they vary by customer or level provide an explanation.

**Not applicable. POSCO Maharashtra did not offer any discounts, rebates or other allowances to its customers for export sales to Australia during the IP.**

- B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to Section B-4, provide details of each credit note if the credited amount has not been reported as a discount or rebate.

**Not applicable. POSCO Maharashtra did not issue any credit notes to its customers for export sales of subject merchandise to Australia during the investigation period.**

- B-8** If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. DDP), insert additional columns in the worksheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)



## PUBLIC RECORD

Not applicable. [CONFIDENTIAL TEXT DELETED – details of shipment terms]

**B-9** Select two shipments, in different quarters of the investigation period, and provide a **complete** set of all of the documentation related to the export sale. For example:

- the importer's purchase order, order confirmation and contract of sale;
- commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

Please refer to:

- [CONFIDENTIAL] Attachment 14 – Australian sales sample 1; and
- [CONFIDENTIAL] Attachment 15 – Australian sales sample 2.

## SECTION C - EXPORTED GOODS AND LIKE GOODS

- C-1 Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details (such as the grade of the product) and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

When POSCO Maharashtra gets an order from its customer, all specifications of the product are decided based on customer's needs.

In its ERP system, POSCO Maharashtra records all specifications such as the thickness, grade, coating weight, width, shape type and surface finishing on transaction-specific basis.

POSCO Maharashtra has created individual product model numbers for each unique type and possible combination of all product characteristics for the goods under consideration exported to Australia as well as for those that were sold domestically, based on the criteria identified by the Anti-Dumping Commission in the Australian Sales and Domestic Sales spreadsheets (Alloy/Non-alloy, BMT, Coating Mass, Model/Grade/Type/Standard, Width, Type and Finish). In addition, POSCO has also adopted a "quality" criterion, to ensure that the correct quality of coated steel is used for comparison purposes. Below, POSCO Maharashtra will explain the different categories adopted for each of these defining criteria, in order to define the individual models for comparison purposes.

### Criterion 1 – "alloy or non-alloy steel"

[CONFIDENTIAL TEXT DELETED – information regarding POSCO Maharashtra's product mix]

### Criterion 2 – "thickness range"

[CONFIDENTIAL TEXT DELETED – information regarding the thickness range to which POSCO Maharashtra can produce, and the pricing implications of this thickness range]

### Criterion 3 – "coating weight range"

[CONFIDENTIAL TEXT DELETED – information regarding the coating weight range to which POSCO Maharashtra can produce, and the pricing implications of this coating weight range]

### Criterion 4 – "standard"

[CONFIDENTIAL TEXT DELETED – information regarding the standards of zinc coated (galvanized) steel that POSCO Maharashtra can produce, and the pricing implications of those standards]

### Criterion 5 - "width range"

[CONFIDENTIAL TEXT DELETED – information regarding the width range within which POSCO Maharashtra can produce zinc coated (galvanized) steel, and the pricing implications of this width range]

### Criterion 6 – "product type"

[CONFIDENTIAL TEXT DELETED – information regarding the different "product types" which POSCO Maharashtra can produce, and sales to Australia of those product types]

### Criterion 7 – "finish"

[CONFIDENTIAL TEXT DELETED – information regarding the finishes that

**PUBLIC RECORD**

**POSCO Maharashtra can apply to zinc coated (galvanized) steel]**

**Criterion 8 – “quality”**

**[CONFIDENTIAL TEXT DELETED – details of the different qualities between certain types of zinc coated (galvanized) steel produced by POSCO Maharashtra]**

- C-2** List each model/type of goods exported to Australia (these models should cover all models listed in the worksheet ‘**Australian Sales**’ – see Section B of this questionnaire).

**Please refer to [CONFIDENTIAL] Attachment 16 – like goods.**

- C-3** If you sell like goods on the domestic market, for each model/type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically and provide a detailed explanation of the differences where those goods sold domestically (i.e. the like goods – see explanation in glossary of terms) are not identical to goods exported to Australia. Make sure that you identify the grade of each model/type that is sold domestically.

This should be done by completing the worksheet titled ‘**Like Goods**’ within the ‘*Galvanised Steel - exporter questionnaire supporting data*’ spreadsheet provided alongside this questionnaire, detailing as follows:

EXPORTED TYPE	DOMESTIC TYPE	IDENTICAL?	DIFFERENCES
Product code of each model of the goods exported to Australia	Product code of comparable model sold on the domestic market of the country of export	If goods are identical indicate ‘YES’. Otherwise ‘NO’	Where the good exported to Australia is not identical to the like goods, describe the specification differences. If it is impractical to detail specification differences in this table refer to documents which outline differences

- C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

**Please refer to Attachment 5 - POSCO Maharashtra brochure.**

## SECTION D - DOMESTIC SALES

*This section seeks information about the sales arrangements and prices in the domestic market of the country of export.*

*All domestic sales of **like goods** (to the goods under consideration) made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the Case Manager **before** completing the questionnaire.*

*If the Case Manager agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission's requirements. If agreement cannot be reached as to the appropriate method, the Commission may not visit your company.*

*The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.*

*If, in response to Section B-4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

*If you do not have any domestic sales of like goods you must contact the Case Manager who will explain the information the Commission requires for determining a normal value using alternative methods.*

**D-1** Please provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

**When POSCO Maharashtra sold the goods under consideration to the Indian market during the IP, it did so through [CONFIDENTIAL TEXT DELETED – number] distribution channels:**

**[CONFIDENTIAL TEXT DELETED – details of the different distribution channels]  
POSCO Maharashtra has not entered into any agency or distribution agreements with regard to [CONFIDENTIAL TEXT DELETED – distribution channels]**

**D-2** Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**POSCO Maharashtra's selling prices do not vary according to the distribution channel. Rather, the prices are established through individual negotiations between POSCO Maharashtra and its customers.**

**D-3** Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and

## PUBLIC RECORD

- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

The sales process is the same [CONFIDENTIAL TEXT DELETED – across all distribution channels]. If POSCO Maharashtra and its customer – [CONFIDENTIAL TEXT DELETED – specific customer] - can come to an agreement following the negotiation, the customer will place an order with POSCO Maharashtra.

POSCO Maharashtra will collect all relevant sales information from the customer and will generate an order sheet listing specification, quantity and price of the merchandise concerned. POSCO Maharashtra's sales personnel will transfer the order sheet to the factory and generate a production request.

POSCO Maharashtra subsequently manufactures the product and – where the sales terms require - will make arrangements for shipment to the customer. POSCO Maharashtra will then issue a shipping invoice to the customer. POSCO Maharashtra operates [CONFIDENTIAL TEXT DELETED – number] distribution centers (in [CONFIDENTIAL TEXT DELETED – distribution locations]) to assist distribution of the like goods to domestic customers. Where necessary, POSCO Maharashtra will arrange for transportation to the distribution center, and then arrange transportation from that distribution center to its customer.

The customer makes payment in accordance with the agreed payment terms.

Price is determined on the basis of negotiation. [CONFIDENTIAL TEXT DELETED – details of confidential Attachment 17]

- D-4** Complete the worksheet titled '**Domestic Sales**' in the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

This worksheet is to list **all domestic sales** of like goods (i.e. transaction by transaction) made during the investigation period. Do not include non-goods items.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The table below provides information as to what is meant by each column heading within the worksheet.

Please refer to [CONFIDENTIAL] Attachment 18 – Domestic Sales.

COLUMN HEADING	EXPLANATION
Customer name	Names of your customers. If an English version of the name is not easily produced from your automated systems, show a customer code number and (in a separate table) list each code and name
Level of trade	The level of trade of your domestic customer
Model/grade/type	Commercial model/grade or type of the goods
Product code	Code used in your records for the model/grade/type of the goods identified. Explain the product codes in your submission

## PUBLIC RECORD

Invoice number	Invoice number
Invoice date	Invoice date
Date of sale	Refer to the explanation at the beginning of this section. If you consider that a date <i>other than</i> the invoice date best establishes the material terms of sale and should be used, report that date. For example, order confirmation, contract or purchase order date
Order number	Show order confirmation, contract or purchase order number if you have shown a date other than invoice date as being the date of sale
Delivery terms	For example, ex-factory, free on truck, delivered into store
Payment terms	Payment terms agreed with the customer, for example 60 days = 60 etc
Quantity	Quantity in units shown on the invoice, for example kilograms
Gross invoice value	Gross value shown on invoice <i>in the currency of sale</i> , net of taxes
Discounts on the invoice	The amount of any discount deducted on the invoice on each transaction. If a %age discount applies show that %age discount applying in another column
Other charges	Any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description
Net invoice value in the currency of the exporting country	The net invoice value expressed in your domestic currency as recorded in your accounting system
Rebates or other allowances	The actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	The actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount
Packing*	Packing expenses
Inland transportation costs*	Amount of inland transportation costs included in the selling price
Handling, loading and ancillary expenses*	Handling, loading and ancillary expenses
Warranty and guarantee expenses*	Warranty and guarantee expenses
Technical assistance and other services*	Expenses for after sale services, such as technical assistance or installation costs
Commissions*	Commissions paid. If more than one type is paid, insert additional columns of data
Other factors*	<b>Any other</b> costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See



## PUBLIC RECORD

	Section D-5.
--	--------------

### Notes

*Costs marked with \* are explained in Section E-2.*

[CONFIDENTIAL] Attachment 18 has been populated on the following basis:  
[CONFIDENTIAL TEXT DELETED – basis for population of fields in confidential Attachment 18]

- D-5** If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in Section D-4 above, add a column for each item (see 'other factors'). For example, certain other selling expenses incurred.

[CONFIDENTIAL TEXT DELETED – details of other factors]

- D-6** For each type of commission, discount, rebate or allowance offered on domestic sales of like goods:
- provide a description; and
  - explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to Section D-4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

**Not applicable. POSCO Maharashtra did not offer any discount, rebate or other allowances to its domestic customers during the IP.**

- D-7** Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales.

Provide a **complete** set of documentation for those two sales. Include, for example:

- purchase order;
- order acceptance;
- commercial invoice;
- discounts or rebates applicable;
- credit/debit notes;
- long or short term contract of sale;
- inland freight contract; and
- bank documentation showing proof of payment.

The Commission will select additional sales for verification at the time of our visit.

**Please refer to:**

- [CONFIDENTIAL] Attachment 19 - Domestic Sales Sample 1; and

## **PUBLIC RECORD**

- **[CONFIDENTIAL] Attachment 20 – Domestic Sales Sample 2.**



## SECTION E - FAIR COMPARISON

*Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (i.e. the normal value).*

*Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.*

*As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.*

*To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.*

*Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.*

*Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable, cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.*

*A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.*

*The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim, that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.*

### E-1 COSTS ASSOCIATED WITH EXPORT SALES

These cost adjustments will relate to your responses made at Section B-4, '**Australian Sales**'.

#### 1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale ('**inland transportation costs**'). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

**POSCO Maharashtra has reported actual inland freight expense incurred for transportation of the goods from the factory to the port of export.**

**[CONFIDENTIAL TEXT DELETED – details of POSCO Maharashtra's recording of inland freight expenses]**

#### 2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified ('**handling, loading and ancillary expenses**'). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide

## PUBLIC RECORD

details.

The various export related ancillary costs are identified in the table at Section B-4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees; and
- other ancillary charges.

**[CONFIDENTIAL TEXT DELETED – details of POSCO Maharashtra’s handling, loading and ancillary expenses].**

### 3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at Section B-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales, e.g. short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in Section E-2 below.

**[CONFIDENTIAL TEXT DELETED – details of POSCO Maharashtra’s export credit expenses]**

**The calculation of POSCO Maharashtra’s short-term interest rate during the IP is provided in [CONFIDENTIAL] Attachment 21 – short term interest rate Australian sales.**

### 4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed ‘**packing**’.

**POSCO Maharashtra has reported packing cost by packing type. POSCO Maharashtra records packing costs on a transaction-specific basis. Please refer to [CONFIDENTIAL] Attachment 22 – Packing Costs, which details the calculation of per unit packing cost by packing type for export sales to Australia and domestic sales.**

### 5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in Section B-4 under the column headed

## PUBLIC RECORD

'commissions'. Identify the general ledger account where the expense is located.

**Not applicable. POSCO Maharashtra did not pay any commission in relation to the export sales to Australia.**

6. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ('**warranty and guarantee expenses**' and '**technical assistance and other services**'), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

**Not applicable. POSCO Maharashtra did not incur any warranty or guarantee expense, or technical assistance expenses, in relation to the export sales to Australia**

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed '**other factors**'. For example, other variable or fixed selling expenses, including salesmen's salaries, salesmen's travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

**Please refer to POSCO Maharashtra's response to Question E-1(3).**

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a 'sustained' movement during the period of investigation (see Article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect 'sustained' movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

**Not applicable because there is no sustained movement in exchange rate.**

### E-2 COSTS ASSOCIATED WITH DOMESTIC SALES

These cost adjustments will relate to your responses made at Section D-4, '**domestic sales**'.

*The following items are not separately identified in the amounts quantified at Section D-4. However you should consider whether any are applicable.*

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative (SG&A) costs, plus profit).

## PUBLIC RECORD

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

**There are no differences in the physical characteristics of the goods sold domestically, and those that are exported to Australia.**

### 2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods); or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia,

then the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the **import duty borne by the domestic sales**. That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment.

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon exportation and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold domestically but is not borne by the exports to Australia.

### Substitution drawback systems

Annex 3 of the *WTO Agreement on Subsidies and Countervailing Measures* provides:

'[d]rawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs'.

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

**[CONFIDENTIAL TEXT DELETED – details of India's duty drawback system and how it effects POSCO Maharashtra]**

3. Level of trade

Section D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user and original equipment manufacturer.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values, an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade may be adjusted for using either of the following methods:

a) *costs arising from different functions*

The amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example: sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment; or

b) *level discount*

The amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter.

For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

**Not applicable. POSCO Maharashtra does not claim a level of trade adjustment.**

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at Section D-4. However, the Commission will examine whether a credit

## PUBLIC RECORD

adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowings by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over **each month** of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system,<sup>1</sup> the average credit period may be determined as follows:

*a) Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable. It is a measure of how many times the average receivables balance is converted into cash during the year.

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise, net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by two; or
- total monthly receivables divided by 12.

*b) Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at point a).

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

**[CONFIDENTIAL TEXT DELETED – details of POSCO Maharashtra’s domestic credit expenses] And, the calculation of POSCO Maharashtra’s short-term interest rate during the IP is provided in [CONFIDENTIAL] Attachment 26 – short term interest rate domestic sales.**

The following items are identified in the amounts quantified at Section D-4:

5. Transportation

Explain how you have quantified the amount of inland transportation associated with

---

<sup>1</sup> Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.



## PUBLIC RECORD

the domestic sales ('inland transportation costs'). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

POSCO Maharashtra uses trucks to transport the goods within India. There are [CONFIDENTIAL TEXT DELETED – number] “types” of inland transportation relevant to POSCO Maharashtra’s domestic sales. [CONFIDENTIAL TEXT DELETED – details of different methods of inland transportation for domestic sales and the manner in which the costs arising from that transportation is recorded]

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified ('handling, loading and ancillary expenses'). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

[CONFIDENTIAL TEXT DELETED – details of POSCO Maharashtra’s handling, loading and ancillary expenses for domestic sales, and the manner in which those expenses is reported]

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed 'packing'.

Please refer to POSCO Maharashtra’s response to Question E-1.4.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed 'commissions'. Identify the general ledger account where the expense is located.

Not applicable. POSCO Maharashtra did not pay any commission in relation to the domestic sales.

9. Warranties, guarantees and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses ('Warranty and guarantee expenses' and 'technical assistance and other services'), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

Not applicable. POSCO Maharashtra did not incur any warranty, guarantee expense or technical service costs during the IP.

## PUBLIC RECORD

### 10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed ‘other factors’. List the factors and show how each has been quantified in per unit terms. For example:

- inventory carrying cost – describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- warehousing expense – an expense incurred at the distribution point;
- royalty and patent fees – describe each payment as a result of production or sale, including the key terms of the agreement;
- advertising; and
- bad debt.

**[CONFIDENTIAL TEXT DELETED – details of “other costs”] POSCO Maharashtra reserves the right to quantify and claim more adjustments as this investigation progresses.**

### E-3 DUPLICATION

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson’s salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

**Noted. POSCO Maharashtra does not believe there to be any duplication in the adjustments it has claimed.**



## SECTION F - EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)

*Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.*

*Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.*

**F-1** Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Complete the worksheet titled '**Third Country Sales**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

This worksheet should list all export sales of like goods (i.e. transaction by transaction) to countries other than Australia in the investigation period. Do not include non-goods items.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

The table below provides information as to what is meant by each column heading within the worksheet.

Please refer to **[CONFIDENTIAL] Attachment 28 – third country sales.**

COLUMN HEADING	EXPLANATION
Country	Name of the country that you exported like goods to over the investigation period
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period
Level of trade	The level of trade that you export like goods to in the third country
Quantity	Indicate quantity, in units, exported to the third country over the investigation period
Unit of quantity	Show unit of quantity, for example kilograms
Value of sales	Show net sales value to all customers in the third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the third country, for example 60 days = 60 etc
Shipment terms	Typical shipment terms to customers in the third country, for example CIF, FOB, ex-factory, DDP etc

## PUBLIC RECORD

In [CONFIDENTIAL] Attachment 28 – third country sales, POSCO Maharashtra has populated the relevant fields as follows:

[CONFIDENTIALTABLE DELETED – detailing the basis on which POSCO Maharashtra has populated confidential Attachment 28]

**F-2** Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

Demand for zinc coated (galvanized) steel is much greater in the [CONFIDENTIAL TEXT DELETED – country] than it is in Australia. Resultantly the export price to the [CONFIDENTIAL TEXT DELETED – country] is higher.

## SECTION G - COSTING INFORMATION AND CONSTRUCTED VALUE

*The information that you supply in response to this section of the questionnaire will be used for various purposes including:*

- *testing the profitability of sales of like goods on the domestic market;*
- *determining a constructed normal value of the goods under consideration – i.e. of the goods exported to Australia; and*
- *making certain adjustments to the normal value.*

*You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the SG&A costs relating to goods sold on the domestic market, the finance expenses and any other expenses (e.g. non-operating expenses not included elsewhere) associated with the goods.*

*In your response please include a worksheet showing how the SG&A expenses, the finance expenses and any other expenses have been calculated.*

*If, in response to Section B-4 (Sales to Australia, Export Price) you:*

- *reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices; and*
- *provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales),*

*then you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.*

*At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.*

### G-1 PRODUCTION PROCESS AND CAPACITY

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

**POSCO Maharashtra manufactures cold-rolled and galvanized steel at its production facilities in Maharashtra.**

**POSCO Maharashtra's production facilities are organized along product lines. The galvanized steel coil is produced in POSCO Maharashtra's facility. POSCO Maharashtra provides a flowchart to show the production process in [CONFIDENTIAL] Attachment 29 – production processes.**

**Generally, the production process can be broken up into six steps:**

- 1 electrolytic cleaning;**
- 2 annealing;**
- 3 hot-dip galvanizing;**
- 4 skinpass;**
- 5 post treatment; and**
- 6 inspection.**

**However, there are some complexities, depending on the product.**

**[CONFIDENTIAL TEXT DELETED – example of case in which further processing**

may be required]

2. Complete the worksheet titled 'production' within the 'Galvanised Steel - exporter questionnaire supporting data' spreadsheet provided alongside this questionnaire.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

Please refer to [CONFIDENTIAL] Attachment 30 – Production.

## G-2 COST ACCOUNTING PRACTICES

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

POSCO Maharashtra's Enterprise Resource Planning ("ERP") accounting system has fully integrated financial and cost accounting functions. The ERP accounting system utilizes standard costs and an activity-based costing methodology (analogous to process costing). In the normal course of business, this system records the standard costs incurred for each item produced as it moves through the production process. The standard costs for each finished item produced are carried forward into the inventory ledgers and thus become part of the financial accounting system.

Please refer to [CONFIDENTIAL] Attachment 31 - financial accounting system flowchart and [CONFIDENTIAL] Attachment 32 - Cost Accounting System flowchart, for further details of the operation of the ERP system.

As shown in [CONFIDENTIAL] Attachment 32, the cost accounting component of the ERP system is comprised of a number of modules. These modules collect the requisite information needed to calculate the standard production costs on a quarterly basis. A description of these modules and how they are used to derive and record the standard production costs is provided below.

[CONFIDENTIAL TEXT DELETED – description of internal accounting processes]

Thus, in the normal course of business, POSCO Maharashtra calculates manufacturing costs based upon a standard cost methodology and records this information in its inventory ledgers.

[CONFIDENTIAL TEXT DELETED – details of allocation of cost variances]

2. Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were, state whether all variances (i.e. differences between standard and actual production costs) have been allocated to the goods and describe how those variances have been allocated.

The cost of manufacture reported in "[CONFIDENTIAL] Attachment 37 - Domestic CTMS" and "[CONFIDENTIAL] Attachment 38 - Australian CTMS" of this response is taken directly from the production costs recorded in the ERP system, as detailed above. [CONFIDENTIAL TEXT DELETED – details of model based CTMS data]

A full description of the cost reporting methodology used by POSCO Maharashtra is provided below.

[CONFIDENTIAL TEXT DELETED – description of steps taken to populate CTMS]] A flowchart summarizing this methodology is provided in

## PUBLIC RECORD

**[CONFIDENTIAL] Attachment 34 – cost reporting methodology.**

3. Provide details of any significant or unusual cost variances that occurred during the investigation period.

**There were no significant or unusual cost variances during the IP.**

4. Describe the profit/cost centres in your company's cost accounting system.

**Please refer to [CONFIDENTIAL] Attachment 35 - cost centers list, for a list of POSCO Maharashtra's cost centers.**

5. For each profit/cost centre, describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated and how allowances are made for capital expenditures and other development costs.

**Please refer to the response to Question G-3.1 above.**

6. Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.

**As described above, POSCO Maharashtra utilizes a computer system, ERP, [CONFIDENTIAL TEXT DELETED – description of code]. POSCO Maharashtra's "actual item code" includes information on the item type, product group and name, grade, planning quality, quality, thickness, width and other relevant product characteristics.**

**[CONFIDENTIAL TEXT DELETED – details of uses of code]. [CONFIDENTIAL] Attachment 36 contains a comprehensive key to POSCO Maharashtra's internal product codes.**

7. List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

**POSCO Maharashtra maintains a complete cost accounting system, which is fully integrated with the financial accounting systems and, thus, with the audited financial statements. Although POSCO Maharashtra's cost accounting system relies on standard costs, it computes actual costs by adding the relevant portion of cost variances to the standard costs. Thus, POSCO Maharashtra's actual costs reported in its financial statements submitted with this Section response can be reconciled to the standard costs and relevant cost variances. The standard costs can be reconciled to the standard cost in POSCO Maharashtra's inventory ledgers, and cost variances can be reconciled to its general ledgers.**

8. State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

**Not applicable. POSCO Maharashtra has not engaged in any start-up operations in relation to the goods under consideration.**

9. State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

As per the answer to Question G-2(8) above, this question is not applicable to POSCO Maharashtra.

**G-3 COST TO MAKE AND SELL ON DOMESTIC MARKET**

This information is relevant to testing whether domestic sales are in the ordinary course of trade.<sup>2</sup>

Complete the worksheet titled '**Domestic CTMS**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell each model/type (identified in Section C) of the like goods sold on the domestic market. Please specify unit of currency.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address on the cover page of this questionnaire.

In accordance with the above instructions, POSCO Maharashtra has provided actual unit cost to make and sell for each model sold on the domestic market in [CONFIDENTIAL] Attachment 37 - Domestic CTMS. The cost data in the spreadsheet is reported on a quarterly basis over the IP because POSCO Maharashtra's ERP system collects the requisite information needed to calculate the standard production costs on a quarterly basis, as explained in the response to question G-3.1.

**G-4 COST TO MAKE AND SELL GOODS UNDER CONSIDERATION (GOODS EXPORTED TO AUSTRALIA)**

Complete the worksheet titled '**Australian CTMS**' within the '*Galvanised Steel - exporter questionnaire supporting data*' spreadsheet provided alongside this questionnaire.

Provide the completed worksheet in electronic format via email (or on CD-ROM) with your response. If formulas are used to calculate the field within this sheet, please ensure they remain included in the submitted version.

In doing so, provide the actual unit cost to make and sell each model/type (identified in Section C) of the like goods sold on the domestic market. Please specify unit of currency.

Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.

Indicate the source of cost information (account numbers etc) and/or methods used

<sup>2</sup> The Commission applies the tests set out in s.269TAAD of the *Customs Act 1901* to determine whether goods are in the ordinary course of trade. These provisions reflect the WTO Agreement – see Article 2.2.1.



## PUBLIC RECORD

to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

If you are unable to supply this information in this format, please contact the Case Manager for this investigation at the address shown on the cover page of this questionnaire.

This information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

**POSCO Maharashtra has provided the actual unit cost to make and sell each model exported to Australia during the IP in [CONFIDENTIAL] Attachment 38- Australian CTMS.**

**The Australian CTMS is reported in the same manner as is [CONFIDENTIAL] Attachment 37 - Domestic CTMS.**

- G-5** Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

**There is no difference in the unit cost of manufacture for the same models sold in the domestic market and the Australian market. However, the unit selling cost may differ between goods sold to the domestic market and those sold to Australia because the direct selling expense related to the sales to each market are different.**

**Please refer to the calculation of unit selling cost in [CONFIDENTIAL] Attachment 39 – unit selling cost.**

- G-6** Give details and an explanation of any significant differences between the costs shown and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

**Not applicable. There were no differences between the production cost data supplied in reply to this question and costs normally determined by POSCO Maharashtra's accounting system.**

- G-7** In calculating the unit cost to make and sell, provide an explanation if the allocation method used (e.g. number, or weight etc) to determine the unit cost differs from the prior practice of your company.

**Not applicable. There are no any differences in the allocation methods used in the production cost data supplied.**

- G-8** List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (e.g. market prices, transfer prices or actual cost of production).

Where the major input is produced by an associate of your company, the

## PUBLIC RECORD

Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the Customs Act 1901. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company), companies controlled by the other company and companies having the same person in the board of directors.

**Important note: if the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.**

[CONFIDENTIAL TEXT DELETED – raw material] is used to produce the goods under consideration. During the IP, POSCO Maharashtra purchased the raw materials from the affiliated company, [CONFIDENTIAL TEXT DELETED – company].

The price that POSCO Maharashtra pays for this [CONFIDENTIAL TEXT DELETED – raw material] is based on negotiation, taking into account the relevant characteristics of the market at the time of the negotiation. [CONFIDENTIAL TEXT DELETED – company] always seeks to make a profit on these sales.



SECTION H - EXPORTER'S DECLARATION



I hereby declare that **POSCO Maharashtra Pvt, Ltd.** did, during the period of investigation export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.



I hereby declare that.....(company)  
did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name

Jang-Woong Kang

Signature

:

Position in

Company

GM, Marketing

Date

27th Aug, 2014

## SECTION I - CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

SECTION	Please tick if you have responded to all questions
Section A – general information	<input checked="" type="checkbox"/>
Section B – export price	<input checked="" type="checkbox"/>
Section C – like goods	<input checked="" type="checkbox"/>
Section D – domestic price	<input checked="" type="checkbox"/>
Section E – fair comparison	<input checked="" type="checkbox"/>
Section F – exports to third countries	<input checked="" type="checkbox"/>
Section G – costing information	<input checked="" type="checkbox"/>
Section H – declaration	<input checked="" type="checkbox"/>

ELECTRONIC DATA	Please tick if you have completed worksheets
<b>INCOME STATEMENT</b>	<input checked="" type="checkbox"/>
<b>TURNOVER</b> – sales summary	<input checked="" type="checkbox"/>
<b>AUSTRALIAN SALES</b> – list of sales to Australia	<input checked="" type="checkbox"/>
<b>DOMESTIC SALES</b> – list of all domestic sales of like goods	<input checked="" type="checkbox"/>
<b>THIRD COUNTRY</b> – third country sales	<input checked="" type="checkbox"/>
<b>PRODUCTION</b> – production figures	<input checked="" type="checkbox"/>
<b>DOMESTIC COSTS</b> – costs of goods sold domestically	<input checked="" type="checkbox"/>
<b>AUSTRALIAN COSTS</b> – costs of goods sold to Australia	<input checked="" type="checkbox"/>